Council Implementing Decision (EU) 2020/1357 of 25 September 2020 granting temporary support under Regulation (EU) 2020/672 to the Slovak Republic to mitigate unemployment risks in the emergency following the COVID-19 outbreak

COUNCIL IMPLEMENTING DECISION (EU) 2020/1357

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granting temporary support under Regulation (EU) 2020/672 to the Slovak Republic to mitigate unemployment risks in the emergency following the COVID-19 outbreak

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EU) 2020/672 of 19 May 2020 on the establishment of a European instrument for temporary support to mitigate unemployment risks in an emergency (SURE) following the COVID-19 outbreak[(1)], and in particular Article 6(1) thereof,

Having regard to the proposal from the European Commission,

Whereas:

(1) On 6 August 2020, Slovakia requested financial assistance from the Union with a view to complementing its national efforts to address the impact of the COVID-19 outbreak and respond to the socioeconomic consequences of the outbreak for workers and the self-employed.

(2) The COVID-19 outbreak and the extraordinary measures implemented by Slovakia to contain the outbreak and its socioeconomic and health-related impact are expected to have a dramatic impact on public finances. According to the Commission's 2020 Spring forecast, Slovakia was expected to have a general government deficit and debt of 8,5 % and 59,5 % of gross domestic product (GDP) respectively by the end of 2020. According to the Commission's 2020 Summer interim forecast, Slovakia's GDP is projected to decrease by 9,0 % in 2020.

(3) The COVID-19 outbreak has immobilised a substantial part of the labour force in Slovakia. This has led to a sudden and severe increase in public expenditure in Slovakia in respect of the national short-time work scheme and similar measures, as set out in recital (4).

(4) More specifically, 'Act No 5/2004 Coll. on Employment Services', which is referred to in Slovakia's request of 6 August 2020, has been the basis for the introduction of a number of measures to address the impact of the COVID-19 outbreak, including a scheme to support employers who temporarily furloughed employees between March 2020 and December 2021. Such employers can request a reimbursement of wage costs of up to 80 % of the usual gross salary of the employee furloughed up to a maximum of EUR 880 per month, conditional on employee retention. In addition, a number of accompanying measures were introduced: (a) a flat-rate contribution per employee from

March to the end of September 2020 contingent on a decrease in sales of at least 20 % (monthly support from EUR 180 to EUR 540 depending on the sales decrease); (b) a flat-rate contribution until the end of September 2020 payable to the self-employed who have compulsory social insurance contingent on a decrease in sales of at least 20 % (monthly support from EUR 180 to EUR 540 depending on the sales decrease); (c) a reimbursement of 80 % of the employee's gross salary (up to a maximum of EUR 1 100) until the end of September 2020 for enterprises closed by decree; and (d) a flat-rate allowance of EUR 210 per month until the end of September 2020 for workers working under a contract, single-person companies and the self-employed. The flat-rate allowance can be considered to be a similar measure to short-time work schemes, as referred to in Regulation (EU) 2020/672, as it aims at protecting the self-employed or similar categories of workers from a reduction in or loss of income.

(5) Slovakia fulfils the conditions for requesting financial assistance set out in Article 3 of Regulation (EU) 2020/672. Slovakia has provided the Commission with appropriate evidence that the actual and planned public expenditure has increased by EUR 1 077 457 000 as of 1 February 2020 due to the national measures taken to address the socioeconomic effects of the COVID-19 outbreak. This constitutes a sudden and severe increase because the new measures cover a significant proportion of undertakings and of the labour force in Slovakia. Slovakia intends to finance EUR 390 262 000 of the increased amount of expenditure through Union funds and EUR 56 311 400 through its own financing.

(6) The Commission has consulted Slovakia and verified the sudden and severe increase in the actual and planned public expenditure directly related to short-time work schemes and similar measures referred to in the request of 6 August 2020, in accordance with Article 6 of Regulation (EU) 2020/672.

(7) Financial assistance should therefore be provided with a view to helping Slovakia to address the socioeconomic effects of the severe economic disturbance caused by the COVID-19 outbreak. The Commission should take the decisions concerning maturities, size and release of instalments and tranches in close cooperation with national authorities.

(8) This Decision should be without prejudice to the outcome of any procedures relating to distortions of the operation of the internal market that may be undertaken, in particular under Articles 107 and 108 of the Treaty. It does not override the requirement for Member States to notify instances of potential State aid to the Commission under Article 108 of the Treaty.

(9) Slovakia should inform the Commission on a regular basis of the implementation of the planned public expenditure, in order to enable the Commission to assess the extent to which Slovakia has implemented that expenditure.

(10) The decision to provide financial assistance has been reached taking into account existing and expected needs of Slovakia, as well as requests for financial assistance pursuant to Regulation (EU) 2020/672 already submitted or planned to be submitted by other Member States, while applying the principles of equal treatment, solidarity, proportionality and transparency,

HAS ADOPTED THIS DECISION:

Article 1

Slovakia fulfils the conditions set out in Article 3 of Regulation (EU) 2020/672.

Article 2

1 The Union shall make available to Slovakia a loan amounting to a maximum of EUR 630 883 600. The loan shall have a maximum average maturity of 15 years.

2 The availability period for financial assistance granted by this Decision shall be 18 months starting from the first day after this Decision has taken effect.

3 The Union financial assistance shall be made available by the Commission to Slovakia in a maximum of eight instalments. An instalment may be disbursed in one or several tranches. The maturities of the tranches under the first instalment may be longer than the maximum average maturity referred to in paragraph 1. In such cases, the maturities of further tranches shall be set so that the maximum average maturity referred to in paragraph 1 is respected once all instalments have been disbursed.

4 The first instalment shall be released subject to the entry into force of the loan agreement provided for in Article 8(2) of Regulation (EU) 2020/672.

5 Slovakia shall pay the cost of the funding of the Union referred to in Article 4 of Regulation (EU) 2020/672 for each instalment plus any fees, costs and expenses of the Union resulting from any funding related to the loan granted under paragraph 1 of this Article.

6 The Commission shall decide on the size and release of instalments, as well as on the size of the tranches.

Article 3

Slovakia may finance the national short-time work scheme and accompanying measures as provided for in Article 54(1)(e) of 'Act No 5/2004 Coll. on Employment Services'.

Article 4

Slovakia shall inform the Commission by 30 March 2021 and every six months thereafter of the implementation of the planned public expenditure until that planned public expenditure has been fully implemented.

Article 5

This Decision is addressed to the Slovak Republic.

This Decision shall take effect on the date of its notification to the addressee.

Article 6

This Decision shall be published in the *Official Journal of the European Union*.