Council Implementing Decision (EU) 2020/1356 of 25 September 2020 granting temporary support under Regulation (EU) 2020/672 to the Republic of Slovenia to mitigate unemployment risks in the emergency following the COVID-19 outbreak

COUNCIL IMPLEMENTING DECISION (EU) 2020/1356

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granting temporary support under Regulation (EU) 2020/672 to the Republic of Slovenia 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 7 August 2020, Slovenia 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 Slovenia 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, Slovenia was expected to have a general government deficit and debt of 7,2 % and 83,7 % of gross domestic product (GDP) respectively by the end of 2020. According to the Commission's 2020 Summer interim forecast, Slovenia's GDP is projected to decrease by 7,0 % in 2020.

(3) The COVID-19 outbreak has immobilised a substantial part of the labour force in Slovenia. This has led to a sudden and severe increase in public expenditure in Slovenia in respect of short-time work schemes and similar measures, as set out in recitals (4) to (9).

(4) The 'Act Determining the Intervention Measures on Salaries and Contributions (ZIUPPP)'[(2)] and the 'Act Determining the Intervention Measures to Contain the COVID-19 Epidemic and Mitigate its Consequences for Citizens and the Economy (ZIUZEOP)'[(3)], which are referred to in Slovenia's request of 7 August 2020, introduced a wage compensation scheme for employees who did not work (or waited for work) due to a temporary incapacity of the employers to provide work for business reasons, *force majeure* or quarantine. The benefit payable under the scheme is capped at 80 % of the employee's average wage in the last three months, but is not lower than the

Changes to legislation: *There are currently no known outstanding effects for the Council Implementing Decision (EU) 2020/1356. (See end of Document for details)*

minimum wage in Slovenia, and is conditional on the retention of the employee during the employer's participation. The scheme was in force from 13 March 2020 to 31 May 2020. On the basis of the 'Act Determining the Intervention Measures to Mitigate and Remedy the Consequences of the COVID-19 Epidemic (ZIUOOPE)'[(4)], the scheme has since been extended with some amendments from 1 June 2020 until 31 August 2020 with a planned further extension until the end of September 2020.

(5) An exemption from the payment of social security insurance contributions for employees benefitting from the wage compensation scheme was introduced. That scheme was in force from 13 March 2020 to 31 May 2020.

(6) A short-time work scheme has been created that allows employers to temporarily introduce part-time work, whilst employees are paid a full-time salary. The employer receives a fixed-amount subsidy for each employee's non-worked hours, which is conditional on employee retention during the employer's participation and for one additional month. The scheme is in force from 1 June 2020 to 31 December 2020.

(7) For employees who remained in the workplace, the authorities introduced a scheme that subsidised the payment of pension and disability insurance contributions, including contributions for professional pensions. The measure was coupled with an obligation for the employer to pay a monthly crisis allowance of EUR 200 to the working employees earning a wage below three times the minimum wage. Only the part of the expenditure related to the employees who were continuously in employment until the latest available outturn data was requested by the authorities. The measure was in force from 13 March 2020 to 31 May 2020.

(8) A measure has been introduced that provides financing of social security contributions for self-employed persons, farmers and religious workers. The measure covers all social security insurance contributions for such beneficiaries who were insured and could not perform their economic activity, or could only perform part of that activity, during the epidemic. The measure was in force from 13 March 2020 to 31 May 2020.

(9) Finally, a basic-income support measure for self-employed persons, farmers and religious workers was introduced that provided support of EUR 350 in March 2020 and of EUR 700 in April and May 2020 for such beneficiaries who were insured and could not perform their economic activity, or could only perform part of that activity, during the epidemic. The measure was in force from 13 March 2020 to 31 May 2020.

(10) Slovenia fulfils the conditions for requesting financial assistance set out in Article 3 of Regulation (EU) 2020/672. Slovenia has provided the Commission with appropriate evidence that the actual and planned public expenditure has increased by EUR 1 203 670 000 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 Slovenia. Slovenia intends to finance EUR 90 000 000 of the increased amount of expenditure through Union funds.

(11) The Commission has consulted Slovenia 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 7 August 2020, in accordance with Article 6 of Regulation (EU) 2020/672.

(12) Financial assistance should therefore be provided with a view to helping Slovenia 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.

(13) 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.

(14) Slovenia 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 Slovenia has implemented that expenditure.

(15) The decision to provide financial assistance has been reached taking into account existing and expected needs of Slovenia, 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

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

Article 2

1 The Union shall make available to Slovenia a loan amounting to a maximum of EUR 1 113 670 000. 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 Slovenia 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 Slovenia 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.