Council Implementing Decision (EU) 2020/1352 of 25 September 2020 granting temporary support under Regulation (EU) 2020/672 to the Republic of Malta to mitigate unemployment risks in the emergency following the COVID-19 outbreak

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to the Republic of Malta 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, Malta 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 Malta 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, Malta was expected to have a general government deficit and debt of 6,7 % and 50,7 % of gross domestic product (GDP) respectively by the end of 2020. According to the Commission's 2020 Summer interim forecast, Malta's GDP is projected to decrease by 6,0 % in 2020.

(3) The COVID-19 outbreak has immobilised a substantial part of the labour force in Malta. This has led to a sudden and severe increase in public expenditure in Malta in respect of a wage supplement measure, a disability benefit measure, a parent benefit measure and in support of public health measures for a medical benefit measure, as set out in recitals (4) to (7).

(4) 'Malta Enterprise Act (Chap. 463 of the Laws of Malta)'/'L-Att dwar il-Korporazzjoni għall-Intrapriża ta' Malta (Kap. 463 tal-Liġijiet ta' Malta)' and 'Government Notice No 389 of 13 April 2020'/'Notifikazzjoni tal-Gvern Nru 389 tat-13 ta' April 2020', which are referred to in Malta's request of 7 August 2020, introduced a COVID-19 wage supplement, which covers employees and the self-employed, to address the disruption

caused by the pandemic. Full-time employees working in the sectors hardest hit by the crisis listed in Annex A, referred to in the Government Notice (e.g. the hospitality sector) are eligible for wage support of EUR 800 per month. In less affected sectors listed in Annex B, referred to in the Government Notice, full-time employees may receive EUR 160 per month. In July 2020, the scheme was extended until September 2020 and the list of sectors included in the two annexes was revised. Sectors previously supported under the scheme but not included in the updated Annex A or B will be assisted with a wage supplement of EUR 600 for full-time employees.

(5) 'Government Notice No 331 of 25 March 2020'/'Notifikazzjoni tal-Gvern Nru 331 tal-25 ta' Marzu 2020', which is referred to in Malta's request of 7 August 2020, introduced a COVID-19 disability benefit enabling persons with disabilities working in the private sector to stay at home for health and safety reasons, whilst maintaining their contract with their employer. This benefit amounts to EUR 166,15 per week if working full-time.

(6) On the basis of 'Government Notice No 330 of 25 March 2020'/'Notifikazzjoni tal-Gvern Nru 330 tal-25 ta' Marzu 2020', which is referred to in Malta's request of 7 August 2020, a COVID-19 parent benefit scheme, provides a benefit to parents working in the private sector who are required to stay at home to take care of school-aged children. The benefit is provided on condition that the parent cannot carry out his or her functions through teleworking arrangements. Full-time employees are eligible to receive a weekly direct payment of EUR 166,15.

(7) Finally, 'Government Notice No 353 of 30 March 2020'/'Notifikazzjoni tal-Gvern Nru 353 tat-30 ta' Marzu 2020', which is referred to in Malta's request of 7 August 2020, introduces a COVID-19 medical benefit measure, from 27 March 2020, for persons employed in the private sector who have not been able to leave their home to go to work because they have been ordered to stay at home. Eligible persons are persons who are not able to work from home and are not paid by their employer during their absence from work. Eligible persons receive a weekly direct payment of EUR 166,15.

(8) Malta fulfils the conditions for requesting financial assistance set out in Article 3 of Regulation (EU) 2020/672. Malta has provided the Commission with appropriate evidence that the actual and planned public expenditure has increased by EUR 243 632 000 as of 1 February 2020 due to the increased amount directly related to the COVID-19 wage supplement, COVID-19 disability benefit and COVID-19 parent benefit. This constitutes a sudden and severe increase because the new measures cover a significant proportion of undertakings and of the labour force in Malta.

(9) The Commission has consulted Malta and verified the sudden and severe increase in the actual and planned public expenditure directly related to short-time work schemes and similar measures, as well as the recourse to relevant health-related measures related to the COVID-19 outbreak, referred to in the request of 7 August 2020, in accordance with Article 6 of Regulation (EU) 2020/672.

(10) Financial assistance should therefore be provided with a view to helping Malta to address the socioeconomic effects of the severe economic disturbance caused by the COVID-19 outbreak. The Commission should take the decisions concerning

***Changes to legislation:** There are currently no known outstanding effects for the Council Implementing Decision (EU) 2020/1352. (See end of Document for details)*

maturities, size and release of instalments and tranches in close cooperation with national authorities.

(11) 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.

(12) Malta 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 Malta has implemented that expenditure.

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

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

Article 2

1 The Union shall make available to Malta a loan amounting to a maximum of EUR 243 632 000. 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 Malta 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 Malta 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

Malta may finance the following measures:

(a) the COVID-19 wage supplement, as provided for in 'Malta Enterprise Act (Chap. 463 of the Laws of Malta)'/'L-Att dwar il-Korporazzjoni għall-Intrapriża ta' Malta