Council Implementing Decision (EU) 2020/1343 of 25 September 2020 on granting temporary support under Regulation (EU) 2020/672 to the Republic of Bulgaria to mitigate unemployment risks in the emergency following the COVID-19 outbreak

COUNCIL IMPLEMENTING DECISION (EU) 2020/1343

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on granting temporary support under Regulation (EU) 2020/672 to the Republic of Bulgaria 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, Bulgaria 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 Bulgaria 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, Bulgaria was expected to have a general government deficit and debt of 2,8 % and 25,5 % of gross domestic product (GDP) respectively by the end of 2020. According to the Commission's 2020 Summer interim forecast, Bulgaria's GDP is projected to decrease by 7,1 % in 2020.

(3) The COVID-19 outbreak has immobilised a substantial part of the labour force in Bulgaria. This has led to a sudden and severe increase in public expenditure in Bulgaria in respect of two wage subsidy measures, as set out in recitals (4) and (5).

(4) More specifically, 'Decree No 55 of 30 March 2020 of the Council of Ministers'[(2)], which is referred to in Bulgaria's request of 7 August 2020, introduced a measure that provides wage subsidies to undertakings, which, due to the COVID-19 outbreak, have voluntarily or by law reduced or stopped their activity. The employment of employees is required to be maintained during participation in the measure and for an equal period afterwards. The monthly wage subsidy to the eligible undertakings amounts to 60 % of the monthly gross salary (including employers' social security contributions) of the benefitting employees.

Changes to legislation: *There are currently no known outstanding effects for the Council Implementing Decision (EU) 2020/1343. (See end of Document for details)*

(5) Furthermore, 'Decree No 151 of 3 July 2020 of the Council of Ministers'[(3)], which is referred to in Bulgaria's request of 7 August 2020, introduced a measure that provides wage subsidies to undertakings, which, due to the COVID-19 outbreak, have suffered a revenue reduction of at least 20 %. The employment of employees is required to be maintained during participation in the measure and for an equal period afterwards. The monthly wage subsidy to the eligible undertakings amounts to 60 % of the monthly gross salary (including employers' social security contributions) of the benefitting employees.

(6) Bulgaria fulfils the conditions for requesting financial assistance set out in Article 3 of Regulation (EU) 2020/672. Bulgaria has provided the Commission with appropriate evidence that the actual and planned public expenditure has increased by EUR 511 000 000 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 or are intended to cover a significant proportion of undertakings and of the labour force in Bulgaria.

(7) The Commission has consulted Bulgaria 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.

(8) Financial assistance should therefore be provided with a view to helping Bulgaria 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.

(9) 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.

(10) Bulgaria 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 Bulgaria has implemented that expenditure.

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

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

***Changes to legislation:** There are currently no known outstanding effects for the Council Implementing Decision (EU) 2020/1343. (See end of Document for details)*

Article 2

1 The Union shall make available to Bulgaria a loan amounting to a maximum of EUR 511 000 000. 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 Bulgaria 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 Bulgaria 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

Bulgaria may finance the following measures:

(a) wage subsidies to undertakings as provided for in ‘Decree No 55 of 30 March 2020 of the Council of Ministers’;

(b) wage subsidies to undertakings as provided for in ‘Decree No 151 of 3 July 2020 of the Council of Ministers’.

Article 4

Bulgaria 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 Republic of Bulgaria.

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*.