



Statement | 13 March 2020 | Brussels

Statement by Executive Vice-President Margrethe Vestager on State aid measures to address the economic impact of COVID-19

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The outbreak of COVID-19 affects all of us and our goal today is to bring together all of Europe's resources to tackle this unprecedented situation.

It is both lives and livelihoods that are at stake. Businesses all over Europe – and in particular smaller ones – are struggling with the effects of the actions that governments have had to take, to slow the spread of this virus. So, the European Commission will work quickly and decisively, to help governments use their resources to help citizens and businesses.

Our goal here is to make sure that businesses have the liquidity they need to keep operating, and to make sure the support reaches the companies that need it.

And support for businesses in one Member State must not undermine the unity that Europe needs, a unity that will take us through this crisis. We have to be able to rely on the European single market, to help our economy weather the outbreak, and bounce back strongly afterwards.

Many Member States are taking action. We'll work closely and quickly with them to help them provide the support which the economy needs. And in a way that limits harm to the single market. As part of that, we will give advice and share templates of schemes that work well.

There are many ways governments can help, without needing state aid approvals.

They can give all businesses, throughout the economy, a breathing space to help them cope - providing wage subsidies, or suspending corporate tax payments or payments of VAT.

But we will need to do more – and the European rules on state aid enable governments to take effective action. To name just three examples on how to compensate for damages and provide liquidity to companies.

First, some sectors, like tourism, transport or hotels and restaurants, they are hit especially hard. So we're working with governments to put in place schemes that compensate sectors for the damage they have suffered because of the COVID-19 outbreak.

Wednesday, we received the first notification of state aid to

tackle the effects of the COVID-19 outbreak. The Danish government submitted its plans to compensate companies that had to cancel events with more than 1000 people. We signed off on those plans within 24 hours.

We will work just as fast with any other Member State that want to introduce schemes to compensate businesses for the damage, which COVID-19 outbreak causes. And of course, governments can also help individuals directly – this doesn't need State aid approval. For instance, they might decide to reimburse people for tickets to cancelled events.

The second example is that our State aid rules enable governments to put in place schemes that give Small and medium-sized companies the urgent liquidity they need. Already, nine Member States have that sort of scheme in place – and we will work with others who'd like to do the same, or to increase the budgets of existing schemes.

My third example has to do with banks. Because our economy's ability to weather such an unprecedented situation will also depend on banks, and their readiness to lend. And some governments may want to use banks as a channel for support to the economy – including to Small and medium-sized companies.

We will work with governments on this. Today, more than a decade after the financial crisis, European banks are stronger and more resilient. If need be in the coming weeks and months, we do have the rules in place to enable governments to ensure banks have adequate liquidity to lend to their customers.

The situation we're dealing with is changing fast. There's every possibility, a high risk, that the strains on our

economies will grow. Governments may need to give state aid on a much larger scale. And our rules allow for wide-ranging support, throughout the economy, in Member States that are facing a serious disturbance to their economies.

As I already said on Tuesday in this pressroom, that's the case in Italy. And the situation in more and more Member States is going in the same direction.

So we're keeping a very close watch on the situation in all Member States, and staying in close contact with governments. And we are ready to respond as we did in 2008, at the time of the financial crisis. At that time, the Commission adopted a Temporary Framework, guiding Member States as to how to use state aid to help stabilise the European economy, while protecting the single market. And we're now working on a new framework, so that we have it ready, if it becomes necessary.

What matters right now, is that we are prepared to move fast.

This is why we've put in place all the procedures we need, to deal with new state aid very fast. That includes a hotline, which is open seven days a week, for public authorities to raise questions, to ask for advice, to ask a template, in order to give aid to cope with the effects of the COVID-19 outbreak.

The European Commission will continue to provide the necessary support to governments and citizens.

#coronavirus

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