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LEGISLATIVE ACTS AND OTHER INSTRUMENTS

Subject: COUNCIL IMPLEMENTING DECISION granting temporary support under Regulation (EU) 2020/672 to the Republic of Estonia to mitigate unemployment risks in the emergency following the COVID-19 outbreak

COUNCIL IMPLEMENTING DECISION (EU) ...

of ...

**granting temporary support under Regulation (EU) 2020/672
to the Republic of Estonia 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 outbreak¹, and in particular Article 6(1) thereof,

Having regard to the proposal from the European Commission,

¹ OJ L 159, 20.5.2020, p. 1.

Whereas:

- (1) On 4 February 2021, Estonia 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 Estonia 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 Autumn forecast, Estonia was expected to have a general government deficit and debt of 5,9 % and 17,2 % of gross domestic product (GDP) respectively by the end of 2020. According to the Commission's 2021 Winter interim forecast, Estonia's GDP is projected to have decreased by 2,9 % in 2020.
- (3) The COVID-19 outbreak has immobilised a substantial part of the labour force in Estonia. This has led to a sudden and severe increase in public expenditure in Estonia in respect of short-time work schemes and similar measures as well as the recourse to relevant health-related measures related to the COVID-19 outbreak, as set out in recitals (4) to (9).

- (4) Government Regulation no. 130 'Tööhõiveprogramm 2017–2020' of 17 November 2016, as amended in 2020¹, which is referred to in Estonia's request of 4 February 2021, introduced a short-term labour market scheme for the preservation of jobs (the scheme is in force as from 23 March 2020). The objective was to support private sector employees whose salaries or working hours had been temporarily reduced because of the substantial impact of the emergency situation by providing employees with up to 70 % of their average monthly salary or wage, capped at EUR 1 000 per employee per month. It was a temporary scheme for the period of the emergency situation from March to May 2020. Given the continued impact of the emergency situation, Regulation no. 130 was amended again² and applied, as amended, until the end of June 2020. Conditions for the furlough scheme were adjusted so that government support to an employee was reduced to up to 50 % of the employee's average monthly salary or wage and capped at EUR 800 per employee. In order to receive the government support for employees, companies had to pay at least EUR 150 (on a gross basis) per employee per month, so that each employee received monthly earnings of at least EUR 584, which is equal to the minimum wage.

¹ Riigi Teataja ("RT") I, 20.03.2020, 3.

² RT I, 30.05.2020, 4.

- (5) Government Regulation no. 26 'Erivajadusega lapse vanema toetuse saamise ja maksmise tingimused ning toetuse arvutamise alused', of 9 April 2020¹, which is referred to in Estonia's request of 4 February 2021, introduced an allowance for the preservation of earnings for parents who during the emergency situation had to suspend work to take care of their children with special educational needs. It was a temporary measure for the period of the emergency situation from 12 March to 17 May 2020. The allowance was calculated on the basis of social tax paid on the parent's salary or wage in 2019. The support covered 70 % of the average daily salary or wage of one parent.

¹ RT I, 10.04.2020, 5.

- (6) Minister of Culture Regulation no. 7 'COVID-19 haigust põhjustava koroonaviiruse levikuga seotud kriisi leevendamiseks ette nähtud toetusmeede laulu- ja tantsupeo liikumises osalevatele kollektiividele' of 30 April 2020¹ and Minister of Culture Regulations no. 9 'COVID-19 puhangust tingitud erakorraline abi kultuuri- ja spordivaldkonnale' of 30 April 2020² (in force from 3 May to 11 September 2020) and 'Treeneri tööjõukulu toetuse määramise tingimused, sealhulgas nõuded spordialaliidule, spordiklubile ja spordikoolile ning selle omaosalusele, treeningrühmale ja treenerile, ning toetuse suuruse, jaotamise, tagasimaksmise ja tagasinõudmise kord' of 26 November 2014, as amended in 2020³, which are referred to in Estonia's request of 4 February 2021, introduced a short-term scheme for freelance artists, sports coaches and heads of choirs and dance groups. It concerns a temporary measure for the period of the emergency situation due to the COVID-19 outbreak. Freelance artists were supported by an amount equal to the minimum salary for a period of two months. Heads of choirs and folk dance groups and sports coaches were provided with government income support that represented 70 % of the average salary or wage for the period from October 2019 to February 2020, capped at EUR 1000. Sports coaches were supported by an amount of 50 % of their regular salary or wage, the other 50 % being paid by the sports organisation.

¹ RT I, 30.04.2020, 28.

² RT I, 30.04.2020, 29.

³ RT I, 05.05.2020, 21.

- (7) Estonia introduced a series of health-related measures to address the COVID-19 outbreak. Under the Parliament Act 'Riigi 2020. aasta lisaelarve seadus' adopted on 15 April 2020¹, which is referred to in Estonia's request of 4 February 2021, there is a health-related measure, which has allowed government purchases of personal protective equipment, additional general supplies and consumables.
- (8) Government Regulation no. 28 'Eriolukorras Eesti Haigekassa kaudu hüvitiste ja teenuste eest maksmise tingimused ja kord', of 23 April 2020², which is referred to in Estonia's request of 4 February 2021, introduced a short-term support scheme for hospitals to compensate for the costs of hiring temporary staff for COVID-19 units and intensive care units, and paying for extended working hours for doctors, nurses and other related staff. It covers the costs of an additional need for staff in COVID-19 units and intensive care units in hospitals. The additional staff was hired at a higher salary to keep the staff motivated during the emergency situation.
- (9) Government Regulation no. 28 'Eriolukorras Eesti Haigekassa kaudu hüvitiste ja teenuste eest maksmise tingimused ja kord', of 23 April 2020³, which is referred to in Estonia's request of 4 February 2021, introduced a compensation for employees for the first three days of sick leave. It was a temporary measure for the period of the emergency situation from 13 March to 17 May 2020. Compensation for increased use of sick leave and care leave due to COVID-19 was granted for persons insured by the Estonian Health Insurance Fund for the first three days of sickness, which is normally paid for by the employee.

¹ RT I, 21.04.2020, 2.

² RT I, 24.04.2020, 13.

³ RT I, 24.04.2020, 13.

- (10) Estonia fulfils the conditions for requesting financial assistance set out in Article 3 of Regulation (EU) 2020/672. Estonia has provided the Commission with appropriate evidence that the actual public expenditure has increased by EUR 230 000 000 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 it is related to both new measures and an increased demand for existing measures, which together cover a significant proportion of the labour force in Estonia.
- (11) The Commission has consulted Estonia and verified the sudden and severe increase in the actual 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 4 February 2021, in accordance with Article 6 of Regulation (EU) 2020/672.
- (12) Financial assistance should therefore be provided with a view to helping Estonia 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) The decision to provide financial assistance has been reached taking into account existing and expected needs of Estonia, 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

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

Article 2

1. The Union shall make available to Estonia a loan amounting to a maximum of EUR 230 000 000. 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 Estonia 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. Estonia 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

Estonia may finance the following measures:

- (a) a short-term labour market scheme for the preservation of jobs, as provided for in Government Regulation no. 130 'Tööhõiveprogramm 2017–2020' of 17 November 2016, as amended in 2020;
- (b) an allowance for the preservation of income for parents who, during the emergency situation, have had to suspend work to take care of their children with special educational needs, as provided for by Government Regulation no. 26 'Erivajadusega lapse vanema toetuse saamise ja maksmise tingimused ning toetuse arvutamise alused' of 9 April 2020;

- (c) a short-term scheme for freelance artists, sports coaches and heads of choirs and dance groups, as provided for in Minister of Culture Regulation no. 7 'COVID-19 haigust põhjustava koroonaviiruse levikuga seotud kriisi leevendamiseks ette nähtud toetusmeede laulu- ja tantsupeo liikumises osalevatele kollektiividele' of 30 April 2020 and Minister of Culture Regulations no. 9 'COVID-19 puhangust tingitud erakorraline abi kultuuri-ja spordivaldkonnale' of 30 April 2020 and 'Treeneri tööjõukulu toetuse määramise tingimused, sealhulgas nõuded spordialaliidule, spordiklubile ja spordikoolile ning selle omaosalusele, treeningrühmale ja treenerile, ning toetuse suuruse, jaotamise, tagasimaksmise ja tagasinõudmise kord' of 26 November 2014, as amended in 2020;
- (d) a health related measure, which allowed government purchases of personal protective equipment, additional general supplies and consumables, as provided for in the Parliament Act 'Riigi 2020. aasta lisaelarve seadus' of 15 April 2020;
- (e) a short-term support scheme for hospitals to compensate for costs of hiring temporary staff for COVID-19 units and intensive care units, and paying for extended working hours for doctors, nurses and other staff, as provided for in Government Regulation no. 28 'Eriolukorras Eesti Haigekassa kaudu hüvitiste ja teenuste eest maksmise tingimused ja kord' of 23 April 2020;
- (f) a compensation for employees for the first three days of sick leave, as provided for in Government Regulation no. 28 'Eriolukorras Eesti Haigekassa kaudu hüvitiste ja teenuste eest maksmise tingimused ja kord' of 23 April 2020.

Article 4

This Decision is addressed to the Republic of Estonia.

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

Article 5

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

Done at Brussels,

For the Council

The President
