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Proposal for a

## **COUNCIL IMPLEMENTING DECISION**

**amending Implementing Decision (EU) 2020/1346 granting temporary support pursuant to Regulation (EU) 2020/672 to the Hellenic Republic to mitigate unemployment risks in the emergency following the COVID-19 outbreak**

## **EXPLANATORY MEMORANDUM**

### **1. CONTEXT OF THE PROPOSAL**

#### **• Reasons for and objectives of the proposal**

Council Regulation (EU) 2020/672 (“SURE Regulation”) lays down the legal framework for providing Union financial assistance to Member States, which are experiencing, or are seriously threatened with, a severe economic disturbance caused by the COVID-19 outbreak. Support under SURE serves for the financing, primarily, of short-time work schemes or similar measures aimed at protecting employees and the self-employed and thus reducing the incidence of unemployment and loss of income, as well as for the financing, as an ancillary, of some health-related measures, in particular in the workplace.

On 25 September 2020, the Council granted financial assistance to Greece 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.

On 9 March 2021, Greece submitted a new request for Union financial assistance under the SURE Regulation.

In accordance with Article 6(2) of the SURE Regulation, the Commission has consulted the Greek authorities to verify the sudden and severe increase in actual and planned expenditure directly related to Greece’s labour market measures and caused by the COVID-19 pandemic. In particular, the increased expenditure for which additional financial assistance is being requested pertains to existing measures referred to in Council Implementing Decision (EU) 2020/1346:

- (a) A special allowance for private sector employees whose labour contracts have been suspended. That measure aims to protect employment in companies that cease their operations by public order or belong to economic sectors that are heavily affected by the COVID-19 outbreak, and concerns the provision of a special monthly allowance of EUR 534 to employees whose labour contracts are suspended. The measure, in force since mid-March 2020, has been extended until 31 March 2021 for regular workers and until 31 October 2021 for seasonal workers. Further extensions may apply to a decreasing number of eligible economic sectors in the coming months. The precondition to benefit from the scheme is that the employer retains the same number of employees (meaning the same exact employees) for a period equal to the period for which the labour contract had been suspended.
- (b) The financing by the state of the social security coverage of employees that benefit from the special allowance referred to in point (a). The precondition to benefit from the scheme is that the employer retains the same number of employees (meaning the same exact employees) for a period equal to the period for which the labour contract had been suspended.

Greece provided the Commission with the relevant information.

Taking into account the available evidence, the Commission proposes to the Council to adopt an Implementing Decision to grant financial assistance to Greece under the SURE Regulation in support of the measures above.

- **Consistency with existing policy provisions in the policy area**

The present proposal is fully consistent with Council Regulation (EU) 2020/672, under which the proposal is made.

The present proposal comes in addition to another Union law instrument to provide support to Member States in case of emergencies, namely Council Regulation (EC) No 2012/2002 of 11 November 2002 establishing the European Union Solidarity Fund (EUSF) (“Regulation (EC) No 2012/2002”). Regulation (EU) 2020/461 of the European Parliament and of the Council, which amends that instrument to extend its scope to cover major public health emergencies and to define specific operations eligible for financing, was adopted on 30 March.

- **Consistency with other Union policies**

The proposal is part of a range of measures developed in response to the current COVID-19 pandemic such as the “Coronavirus Response Investment Initiative”, and it complements other instruments that support employment such as the European Social Fund and the European Fund for Strategic Investments (EFSI)/InvestEU. By making use of borrowing and lending in this particular case of the COVID-19 outbreak for supporting Member States, this proposal acts as a second line of defence to finance short-time work schemes and similar measures, helping protect jobs and thus employees and self-employed against the risk of unemployment.

## **2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY**

- **Legal basis**

The legal basis for this instrument is Council Regulation (EU) 2020/672.

- **Subsidiarity (for non-exclusive competence)**

The proposal follows a Member State request and shows European solidarity by providing Union financial assistance in the form of temporary loans to a Member State affected by the COVID-19 outbreak. As a second line of defence, such financial assistance supports the government’s increased public expenditure on a temporary basis in respect of short-time work schemes and similar measures to help them protect jobs and thus employees and self-employed against the risk of unemployment and loss of income.

Such support will help the population affected and helps to mitigate the direct societal and economic impact caused by the present COVID-19 crisis.

- **Proportionality**

The proposal respects the proportionality principle. It does not go beyond what is necessary to achieve the objectives sought by the instrument.

## **3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS**

- **Stakeholder consultations**

Due to the urgency to prepare the proposal so that it can be adopted in a timely manner by the Council, a stakeholder consultation could not be carried out.

- **Impact assessment**

Due to the urgent nature of the proposal, no impact assessment was carried out.

#### **4. BUDGETARY IMPLICATIONS**

The Commission should be able to contract borrowings on the financial markets with the purpose of on-lending them to the Member State requesting financial assistance under the SURE instrument.

In addition to the provision of Member State guarantees, other safeguards are built into the framework in order to ensure the financial solidity of the scheme:

- A rigorous and conservative approach to financial management;
- A construction of the portfolio of loans that limits concentration risk, annual exposure and excessive exposure to individual Member States whilst ensuring sufficient resources could be granted to Member States most in need; and
- Possibilities to roll over debt.

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## COUNCIL IMPLEMENTING DECISION

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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<sup>1</sup>, and in particular Article 6(1) thereof,

Having regard to the proposal from the European Commission,

Whereas:

- (1) On 25 September 2020, the Council granted financial assistance to Greece taking the form of a loan amounting to a maximum of EUR 2 728 000 000 with a maximum average maturity of 15 years, following Greece's request of 6 August 2020, with a view to complementing its national efforts to address the impact of the COVID-19 outbreak and respond to the socio-economic consequences of the outbreak for workers and the self-employed.
- (2) The loan was to finance the short-time work schemes and similar measures adopted by Greece, as referred to in Council Implementing Decision (EU) 2020/1346<sup>2</sup>.
- (3) The COVID-19 outbreak continues to immobilise a substantial part of the labour force in Greece. This has led to a still sudden and severe increase in public expenditure by Greece in respect of the measures referred to in Article 3(a) and (b) of Implementing Decision (EU) 2020/1346.
- (4) The COVID-19 outbreak and the extraordinary measures implemented by Greece in 2020 and 2021 to contain the outbreak and its socio-economic and health-related impact had and still have a dramatic impact on public finances. According to the Commission's 2020 autumn forecast, Greece was expected to have a general government deficit and debt of 6.9% and 207.1% of gross domestic product (GDP) respectively by the end of 2020. In 2021, Greece's general government deficit and debt are forecast to narrow to 6.3% and 200.7% of GDP respectively. According to the Commission's 2021 winter interim forecast, Greece's GDP is projected to increase by 3.5% in 2021.
- (5) On 9 March 2021, Greece requested further financial assistance from the Union in an amount of EUR 2 537 000 000 with a view to continue complementing its national

<sup>1</sup> OJ L 159, 20.5.2020, p. 1.

<sup>2</sup> Council Implementing Decision (EU) 2020/1346 of 25 September 2020 on granting temporary support under Regulation (EU) 2020/672 to the Hellenic Republic to mitigate unemployment risks in the emergency following the COVID-19 outbreak, OJ L 314, 29.9.2020, p.21.

efforts undertaken in 2020 and 2021 to address the impact of the COVID-19 outbreak and respond to the socioeconomic consequences of the outbreak for workers. In particular it concerns the measures set out in recitals 6 to 7.

- (6) More specifically, it pertains to 'Legal Act of 14 March 2020'<sup>3</sup>, as referred to in Article 3(a) of of Implementing Decision (EU) 2020/1346 that introduced a special allowance for private sector employees whose labour contracts have been suspended. That measure aims to protect employment in companies that cease their operations by public order or belong to economic sectors that are heavily affected by the COVID-19 outbreak, and concerns the provision of a special monthly allowance of EUR 534 to employees whose labour contracts are suspended. The precondition to benefit from the scheme is that the employer retains the same number of employees (meaning the same exact employees) for a period equal to the period for which the labour contract had been suspended. The measure has been extended until 31 March 2021 for regular workers and until 31 October 2021 for seasonal workers. Further extensions may apply to a decreasing number of eligible economic sectors in the coming months.
- (7) The authorities additionally introduced the financing by the State of the social security coverage of employees that benefit from the special allowance referred to in recital (6), as referred to in Article 3(b) of Implementing Decision (EU) 2020/1346. The precondition to benefit from the scheme is that the employer retains the same number of employees (meaning the same exact employees) for a period equal to the period for which the labour contract had been suspended.
- (8) Greece fulfils the conditions for requesting financial assistance set out in Article 3 of Regulation (EU) 2020/672. Greece has provided the Commission with appropriate evidence that the actual and planned public expenditure has increased by EUR 6 071 899 097 as of 1 February 2020 due to the national measures taken to address the socio-economic effects of the COVID-19 outbreak. This constitutes a sudden and severe increase because it is related also to an extension of existing national measures directly related to short-time work scheme and similar measure that cover a significant proportion of undertakings and of the labour force in Greece. Greece intends to finance EUR 806 899 097 of the increased amount of public expenditure through its own financing.
- (9) The Commission has consulted Greece 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 9 March 2021, in accordance with Article 6 of Regulation (EU) 2020/672.
- (10) Financial assistance should therefore be provided with a view to helping Greece to address the socio-economic 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.

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<sup>3</sup> Legal Act of 14 March 2020 (Government Gazette A' 64) ratified by Article 3 of Law 4682/2020 (Government Gazette A' 76); Ministerial Decision 12998/232 (Government Gazette B' 1078/28 March 2020), Ministerial Decision 16073/287/22 April 2020 (Government Gazette B' 1547/22 April 2020), Ministerial Decision 17788/346/8 May 2020 (Government gazette B' 1779/10 May 2020), Ministerial Decision 23102/477/2020 (Government Gazette B' 2268/13 June 2020), Ministerial Decision 49989/1266/2020 (FEK B' 5391/07-12-2020); and Ministerial Decision 45742/1748 (FEK B' 5515/16/12/2020).

- (11) Greece and the Commission should take this Decision into account in the loan agreement referred to in Article 8(2) of Regulation (EU) 2020/672.
- (12) 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 pursuant to 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.
- (13) Greece 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 Greece has implemented that expenditure.
- (14) The decision to provide financial assistance has been reached taking into account existing and expected needs of Greece, 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*

Implementing Decision (EU) 2020/1346 is amended as follows:

- (1) Article 2 is amended as follows:
  - (a) paragraph 1 is replaced by the following:

‘1. The Union shall make available to Greece a loan amounting to a maximum of EUR 5 265 000 000. The loan shall have a maximum average maturity of 15 years.’;
  - (b) paragraph 4 is replaced by the following:

‘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. Any further instalments shall be released in accordance with the terms of such loan agreement or, where relevant, be subject to the entry into force of an addendum to the latter, or an amended loan agreement concluded between Greece and the Commission.’;
- (2) Article 3 is replaced by the following:

#### *Article 3*

Greece may finance the following measures:

- (a) a special allowance provided to employees whose labour contracts have been suspended, as provided for in Article 13 of 'Legal Act of 14 March 2020', as extended;
- (b) the social security coverage of employees under the measure referred to in point (a) of this Article, as provided for in Article 13 of 'Legal Act of 14 March 2020', as extended;
- (c) a special allowance to professionals who are self-employed, as provided for in Article 8 of 'Legal Act of 20 March 2020';

- (d) a short-time work scheme, as provided for by Article 31 of 'Law 4690/2020';
- (e) the employer social security contributions for employees in seasonal enterprises in the tertiary sector, as provided for in Article 123 of 'Law 4714/2020'.

*Article 2*

This Decision is addressed to the Hellenic Republic.

Done at Brussels,

*For the Council  
The President*