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LEGISLATIVE ACTS AND OTHER INSTRUMENTS

Subject:	COUNCIL IMPLEMENTING DECISION amending Implementing Decision (EU) 2020/1343 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) 2022/…

of …

amending Implementing Decision (EU) 2020/1343 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,

[1] OJ L 159, 20.5.2020, p. 1.

Whereas:

(1) Further to a request from Bulgaria on 7 August 2020, the Council, by means of Implementing Decision (EU) 2020/1343[1], granted financial assistance to Bulgaria in the form of a loan amounting to a maximum of EUR 511 000 000 with a maximum average maturity of 15 years, and with an availability period of 18 months, with a view to complementing Bulgaria's national efforts to address the impact of the COVID-19 outbreak and respond to the socioeconomic consequences of that outbreak for workers and the self-employed.

(2) The loan was to be used by Bulgaria to finance the short-time work schemes and similar measures, as referred to in Article 3 of Implementing Decision (EU) 2020/1343.

(3) The COVID-19 outbreak continues to immobilise a substantial part of the labour force in Bulgaria. This has led to repeated sudden and severe increase in public expenditure in Bulgaria in respect of the measure referred to in Article 3, point (b), of Implementing Decision (EU) 2020/1343.

[1] Council Implementing Decision (EU) 2020/1343 of 25 September 2020 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, (OJ L314, 29.09.2020, p. 10).

(4) The COVID-19 outbreak and the extraordinary measures implemented by Bulgaria in 2020, 2021 and 2022 to contain that outbreak and its socioeconomic and health-related impact had and are still having a dramatic impact on public finances. In 2020, Bulgaria had a general government deficit and debt of 4,0 % and 24,7 % of gross domestic product (GDP) respectively, which increased to 4,1 % and 25,1 % respectively at the end of 2021. According to the Commission's 2022 spring forecast, Bulgaria is forecast to have a general government deficit and debt of 3,7 % and 25,3 % of GDP respectively by the end of 2022. Bulgaria's GDP is projected to increase by 2,1 % in 2022.

(5) On 23 June 2022 Bulgaria requested further financial assistance from the Union in the amount of EUR 460 170 000 with a view to continuing to complement its national efforts undertaken in 2020, 2021 and 2022 to address the impact of the COVID-19 outbreak and respond to the socioeconomic consequences of the outbreak for workers. In particular, Bulgaria further extended and amended the short-time work schemes and similar measures referred to in recital (6).

(6) The extended wage subsidy is provided to undertakings, which, due to the COVID-19 outbreak, have suffered a revenue reduction of at least 30 % due to restrictions on their activities between 13 March 2020 and 31 December 2020. The employment of employees is required to be maintained during the period of participation in the measure and for an equal period afterwards. The monthly wage subsidy to the eligible undertakings amounts to between 50 and 60 % of the employee's monthly gross salary (including employers' social security contributions), depending on the size of the decrease in revenue. This measure is an extension of the measure described in Article 3, point (b), of Implementing Decision (EU) 2020/1343 and provided for in Decree No. 151 of 3 July 2020 of the Council of Ministers, as amended by Decree No. 278 of 12 October 2020, Decree No. 416 of 30 December 2020, Decree No. 93 of 18 March 2021, Decree No. 213 of 1 July 2021, Decree No. 322 of 7 October 2021, Decree No. 482 of 30 December 2021 and Decree No. 40 of 31 March 2022.[1]

[1] Prom. State Gazette No. 60 of 07 July 2020, amended and supplemented SG No. 89 of 16 October 2020, supplemented SG No. 110 of 29 December 2020, amended SG No. 2 of 08 January 2021, amended and supplemented SG No. 24 of 23 March 2021, amended and supplemented SG No. 56 of 06 July 2021, amended and supplemented SG No. 85 of 12 October 2021, supplemented SG No. 97 of 19 November 2021, amended SG No. 1 of 04 January 2022, amended SG No. 27 of 05 April 2022.

(7) 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 1 015 050 000 as of 1 February 2020 as a result of 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 the extension or amendment of existing national measures directly related to short-time work scheme and similar measures that cover a significant proportion of undertakings and of the labour force in Bulgaria. Bulgaria intends to finance EUR 43 880 000 of the increased amount of expenditure through its own financing.

(8) 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, as referred to in the request of 23 June 2022, in accordance with Article 6 of Regulation (EU) 2020/672.

(9) 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.

(10) Given that the availability period indicated in Implementing Decision (EU) 2020/1343 has expired, a new availability period for the additional financial assistance is needed. The availability period for financial assistance granted by Implementing Decision (EU) 2020/1343 should be extended by 21 months and, as a consequence, the total availability period should be 39 months starting from the first day after Implementing Decision (EU) 2020/1343 has taken effect.

(11) Bulgaria 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) 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.

(14) 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

Implementing Decision (EU) 2020/1343 is amended as follows:

(1) Article 2 is amended as follows:

(a) paragraphs 1 and 2 are replaced by the following:

‘1. The Union shall make available to Bulgaria a loan amounting to a maximum of EUR 971 170 000. The loan shall have a maximum average maturity of 15 years.

2. The availability period for financial assistance granted by this Decision shall be 39 months starting from the first day after this Decision has taken effect.’;

(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 that loan agreement or, where relevant, be subject to the entry into force of an addendum thereto, or of an amended loan agreement concluded between Bulgaria and the Commission replacing the original loan agreement.’;

(2) Article 3 is replaced by the following:

‘*Article 3*

Bulgaria may finance the following measures:

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

(b) wage subsidies to undertakings provided for in Decree No. 151 of 3 July 2020 of the Council of Ministers, as amended by Decree No. 278 of 12 October 2020, Decree No. 416 of 30 December 2020, Decree No. 93 of 18 March 2021, Decree No. 213 of 1 July 2021, Decree No. 322 of 7 October 2021, Decree No. 482 of 30 December 2021 and Decree No. 40 of 31 March 2022.’;

(3) Article 4 is replaced by the following:

‘*Article 4*

1. 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.

2. Where measures referred to in Article 3 are based on planned public expenditure and have been subject to an implementing decision amending this Decision , Bulgaria shall inform the Commission within six months of the date of adoption of that amending implementing decision, and every six months thereafter of the implementation of the planned public expenditure until that planned public expenditure has been fully implemented.'.

Article 2

This Decision is addressed to the Republic of Bulgaria.

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

Article 3

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

Done at Brussels,

For the Council
The President