



Press Release

The Spanish government adopts a package of economic and social measures to face COVID-19, including public guarantees to ensure additional liquidity for businesses and flexibility to adjust to exceptional circumstances through an enhanced short-term work scheme

- Mobilizing liquidity for companies and SMEs through public guarantees of up to EUR 100 billion
- Public expenditure of EUR 5 billion for measures to support self-employed workers, SMEs, social assistance to dependent and vulnerable persons, as well as an enhanced short-term work scheme
- This economic and social support package is directed to minimize the risk of defaults and job losses during the transitory exceptional economic circumstances linked to the COVID-19 shock in order to bring the economy back on to a robust growth path as quickly as possible.

Madrid, March 18th 2020.- The Government of Spain has adopted this Tuesday a second package of comprehensive economic and social measures, mobilizing up to EUR 100 billion in guarantees estimated to mobilize up to EUR 200 billion in liquidity for companies and SMEs, and an estimated 5 billion in expenditure, as a response to the extraordinary situation and the reinforced contention measures decided by the declaration of the state of alarm last Saturday.

Mobilizing liquidity for companies and SMEs

This extremely ambitious and forthcoming package has four main pillars. First, mobilizing liquidity for companies through the extensive provision of loans and guarantees in favorable conditions.

The Government will open a new line of guarantees via the national development bank (Instituto de Crédito Oficial) of up to EUR 100 billion, so that the financial sector provides liquidity to firms and self-employed workers to fund working capital, payment of bills and other needs to maintain operations and protect economic activity and employment.

Furthermore, the Instituto de Crédito Oficial is allowed to increase its funding by EUR 10 billion to extend its existing lines of credit to companies and self-employed workers.

The package includes additional guarantees of up to EUR 2 billion through the Spanish Export Insurance Credit Company (CESCE), for financial institutions to provide new working capital credit to export companies; also, suspension of public contracts affected by COVID-19, with compensations foreseen for certain cases in order to avoid termination of contracts leading to companies exiting the market.

Procedural and administrative requirements for companies are facilitated: for the holding of shareholder and management meetings, preparation of financial statements, and extension of deadlines for the submission of certified documentation. Deadlines for insolvency declarations as well as for tax filing procedures and requirements are also extended.

Support self-employed workers, SMEs, and an enhanced short-term work scheme

Second, these measures support the self-employed, SME's and an enhanced short-term employment schemes, to avoid job losses and closures.

Temporary employment adjustment schemes (ERTE) are significantly simplified, with an extension of access conditions, exemptions of Social Security contributions directed to maintain employment and an extraordinary allowance is provided for self-employed workers (autónomos), affected by the suspension of economic activity.

The measures also include a flexibilization of working conditions, encouragement of telework and adjustment of working times. Reduced working times are permitted for workers having to take care of children, elderly or dependent persons.

The Government will also support the digitalization of small and medium companies through grants and loans to finance investment in digital equipment or solutions for remote working conditions (programme ACELERA PYME).

Social assistance to dependent and vulnerable persons

Third, this package aims protecting the income of workers, self-employed and families impacted by the virus. This includes one-month credit postponement on mortgage payments for the most vulnerable, additional budgetary funds of EUR 300 million to ensure the provision of assistance to dependent persons and additional flexibility for local authorities to use their 2019 budgetary surplus to fund social services and primary assistance to dependent persons.

The Government ensures the supply of water and energy to vulnerable groups, as well as telecommunication services. The social benefit for energy provision ("bono social") will be automatically extended until September 15. In order to avoid price increases, the Government guarantees no updates of maximum sale prices of liquefied petroleum gas for six months.

Reinforcing the health sector

Reinforcing the health sector and providing additional funds for research of a vaccine or cure is one of the main priorities of the Government. An additional 110 million will be devoted to fund R+D+I for the development of drugs and vaccines for COVID-19.

Exceptional measures will be applicable for one month and can be extended if the reinforced containment measures persist. Expenditure measures amount to an estimated 5 billion euros per month.