

EL PRESIDENTE DEL GOBIERNO

Madrid, March, 27th 2020

Mrs. Ursula von der Leyen
President
European Commission
BRUSSELS

Dear President,

As you know, we are facing an unprecedented crisis requiring urgent action at all levels. In Spain, a huge amount of resources are already being mobilized at regional and national level to ensure appropriate funding for health services, including building hospitals and other infrastructures, buying medical equipment, and recruiting health and other professionals.

Moreover, the crisis is already having a very negative economic and social impact, which requires an unprecedented mobilization of public and private resources to ensure liquidity, alleviate the strain on companies' finances, and ensure flexibility for capacity and employment adjustments within firms and support most affected and vulnerable workers. In order to provide a response to the economic and social impact of this crisis and to minimize the structural damage which would jeopardize the economic recovery once the health crisis is over, the Spanish government has mobilized more than EUR 100 billion and reinforced pre-existing short-term work schemes (*Expedientes de Regulación Temporal de Empleo ERTE*) as well as other instruments to protect vulnerable persons in this transitory exceptional circumstances.

In this context, we welcome the Commission's communication of March 13 on the coordinated economic response as well as the proposal for a Regulation to mobilise investments in the health care systems and other sectors of our economies in response to the COVID-19 outbreak (Coronavirus Response Investment Initiative). In particular, we welcome the announcement that Member states will not need to refund pre-financing for structural funds during 2020 as well as the commitment for a flexible implementation of the rules allowing for a fast reallocation of resources by Member states to respond to the crisis.

According to our information, the automatic application of the ongoing legislative reforms would liberate liquidity of EUR 825 million of pre-financing for 2020.

Additionally Spain would mobilize around EUR 2.7 billion via the reprogramming of 4% of the total amount remaining from the MFF plus the non-committed funds from the Investment Priority number 1 of the ERDF.

Whereas this additional flexibility is welcome, the emergency situation on the ground requires additional resources to be redeployed within the structural funds framework both at national and regional level. As you indicated, Spain could have around EUR 11 billion in additional funding, thanks to the reprogramming of available structural funds for 2020 (approx. EUR 8.4 billion from ERDF and EUR 3.2 billion from ESF).

In particular, Spain would need urgent action on two fronts: (i) allow regional and central government authorities to redirect all available funds in ERDF to respond to the health crisis and (ii) redirect all available resources in ESF at national level to fund the very significant needs derived from support to workers affected by short-term work schemes in those companies and sectors directly affected by the *force majeure* situation derived from the reinforced containment measures adopted to fight the spread of the virus. This would require an urgent redeployment of available funds to finance:


- (i) Health Infrastructure, medical equipment and salaries – EUR 8.4 billion.
- (ii) Worker compensation for extraordinary Short-Term Work Schemes (ERTE) - EUR 3.2 billion.

Whereas we would have preferred a fully EU funded action, regional and national funding already been provided would amply cover the EUR 16.500 billion required by pre-existing co-financing rules.

It is key that the Commission provides as soon as possible clarity on the available amounts as well as a fast track authorisation process for countries to be able to implement these funds as soon as possible, in a manner which targets the actual needs. We would therefore be grateful to get urgent confirmation by the Commission of the following:

- Spain will have EUR 825 million available liquidity during 2020 (no need to issue extra debt to refund to the EU Commission during 2020).
- Spain can proceed with the reallocation of EUR 8.4 billion of ERDF for regional and central government authorities to fund the exceptional measures to fight the coronavirus crisis throughout the whole territory.
- Spain can proceed with the reallocation of 3.2 billion of ESF for the national fund to cover worker's compensation under the extraordinary Short-Term Work Scheme (ERTE).

I thank you for all your support in this difficult times and I will wait for your answer.



Pedro Sánchez
President of the Government of Spain