

**Question for written answer E-001714/2020
to the Commission**
Rule 138
Eva Kaili (S&D)

Subject: Support for startups from the Commission and the European Investment Bank

The emergency funding schemes announced by the EU to support small and medium-sized enterprises (SMEs) are extremely welcome. In her statement on a draft proposal for a State aid Temporary Framework to support the economy in the context of the COVID-19 outbreak, Executive Vice-President Margrethe Vestager, highlighted three initiatives:

1. direct grants for companies of up to EUR 500 000;
2. subsidised state guarantees on bank loans;
3. subsidised interest rates on public and private loans. There is an emphasis on ways in which the banking sector can help its customers. Schemes related to tax collection delays and support for employee salary payments are also commendable.

The usefulness of these schemes, and in particular loan guarantees, is understandable for SMEs, but less so for innovative and young startups who face different types of liquidity needs. For startups, loans are not the ideal instrument for dealing with cash flow issues. Instead, they add to the problem, and a different approach is necessary.

Consequently:

1. Does the Commission agree that loans are not the appropriate instruments to support startups through the COVID-19 macroeconomic shock?
2. What tailored support plans will it adopt for young startups?
3. Alongside the European Investment Bank, does it plan to set up a dedicated facility to issue convertible notes or similarly tailored instruments in order to provide young startups with emergency relief?