TEMPORARY SUPPORT TO MITIGATE UNEMPLOYMENT RISKS IN AN EMERGENCY (SURE) - Q4 2020

CONTENT

For a brief overview of the key points of the adopted text and its significance for the citizen, please see the corresponding summary note.

The idea of a European Unemployment Benefit Reinsurance Scheme (EUBRS) has been discussed in the aftermath of the 2008 financial and economic crisis since 2012. But the concept of such a European scheme first appeared already in the 1970s when the debate on the Monetary Union started and the idea of a fiscal capacity for the euro area was analysed as an instrument of stabilisation and redistribution. Since then different models have been promoted.

The European Commission's 2020 work programme announced the Commission's intention to put forward a proposal for a EUBRS (in the fourth quarter of 2020). For details about EUBRS see train 3.

As a response to the coronavirus pandemic crisis across the EU in March 2020 Executive Vice President Valdis Dombrovskis said in a statement that the crisis might necessitate 'to accelerate the creation of a European Unemployment Benefit Reinsurance Scheme'.

In the beginning of April as part of the comprehensive economic response to the COVID-19 pandemic the Commission proposed a temporary Support to mitigate Unemployment Risks in an Emergency (SURE). It is noted however, that SURE in no way precludes the establishment of a future permanent EUBRS. The SURE instrument is the emergency operationalisation of the EUBRS and is specifically designed to respond immediately to the challenges presented by the coronavirus pandemic.

SURE should complement national efforts to protect employees and self-employed from the risk of unemployment and loss of income. Under the scheme, the EU should be able to provide financial support worth up to €100 billion to ‘short-time work’ (STW) schemes and other national measures that have this objective. The proposed regulation is based on article 122 of the Treaty on Functioning of the European Union (TFEU) and the procedures established for the setting up and utilisation of the national guarantees are inspired by the Regulation on financial rules applicable to the general budget of the Union, especially its Title X.

The proposed regulation allows the Commission to grant loans to a Member State “which is experiencing, or is seriously threatened with, a severe economic disturbance caused by the COVID-19 outbreak for the financing of short-time work or similar measures aimed to protect employees and self-employed”. To that end, the regulation empowers the Commission to issue bonds in capital markets, backed by guarantees to be given by the EU Member States. The governance of the scheme is with the Commission and the Council at
different levels, with the Commission having the main responsibility. A very limited role is foreseen for the European Parliament: it is only informed of Commission’s reports on the use of financial assistance and continuation of the exceptional occurrences that justify its application.

The Eurogroup has welcomed the proposal on the 9th of April 2020. 5 May 2020 the Council reached a political agreement on SURE. The regulation was then formally adopted by the Council, by written procedure on the 19 May. The new regulation was published in the Official Journal on the 20th of May 2020 and entered into force on the day of its publication.

SURE became available after all the Member States provided their guarantees according to their share in the EU’s Gross National Income (GNI). The total amount of guarantees was €25 billion. Formally, the financial assistance has been granted by a decision adopted by the Council on a proposal from the Commission. In principle, the instrument is to be operational until 31 December 2022. On the proposal from the Commission, the Council may decide to extend the period of availability of the instrument, each time for a further 6-month period, if the severe economic disturbances caused by the COVID-19 outbreak persist.

To finance the instrument, the Commission has been issuing social bonds. The Social Bond Framework is meant to provide investors in these bonds with confidence that the funds mobilised will serve a truly social objective. By 18 May 2021, the European Commission had issued €89.6 billion social bonds in six rounds to 19 Member States to help protect jobs and keep people in work. These social bonds were registered at the Luxemburg Stock Exchange. SURE can still provide almost €6 billion of financial assistance to Member States out of the total envelope of €100 billion.

The second report of the Commission from September 2021 on the implementation of SURE finds that national labour market measures supported by it are estimated to have reduced unemployment by almost 1.5 million people in 2020. The instrument has supported approximately 31 million people in 2020, of which 22.5 million are employees and 8.5 million self-employed. This represents more than one quarter of the total number of people employed in the 19 beneficiary Member States. Moreover, around 2.5 million firms affected by the COVID-19 pandemic have benefitted from SURE, allowing them to retain workers.

The SURE programme ended in December 2022.

- Council, 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
- European Commission, Proposal for a Council Regulation on the establishment of a European instrument for temporary support to mitigate unemployment risks in an emergency (SURE) following the Covid 19 outbreak, COM(2020) 139
- European Commission, Statement by Executive Vice-President Valdis Dombrovskis, 19 March 2020
- European Council, Adoption of the financial package, September 2020
- European Commission, The European instrument for temporary Support to mitigate Unemployment Risks in an Emergency (SURE), website
Further reading:

- European Commission, SURE: tacking stock after six months, March 2021
- European Commission, Second report on the implementation of SURE, September 2021

European Parliament, EPRS, Coronavirus and the cost of non-Europe: an analysis of the economic benefits of common European action, In-depth-analysis, May 2020

- European Parliament, EPRS, Temporary support to mitigate unemployment risks in an emergency (SURE), At a Glance, April, 2020
- European Parliament, EPRS, EU27 support for national short-term work schemes, At a Glance, European Added Value, April 2020
- European Parliament, EPRS, Europe’s two trillion euro dividend: Mapping the cost of non-Europe 2019-24, Study, European Added Value Unit, 2019

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