

## Public banks ready to step in to help shield economies from the impact of the Coronavirus outbreak

The national and regional promotional banks and funding agencies, members of the EAPB, have taken measures in response to the Covid-19 crisis, fulfilling their role as counter-cyclical state instruments. Their high-level intervention capacities are fully available to participate actively in Europe's economic recovery.

The Covid-19 Crisis has hit the global economy with unprecedented intensity. This crisis is very different from the one we witnessed ten years ago. It is spreading extremely quickly and is gradually bringing all countries to an economic halt. This crisis, which is gaining a strong foothold in major economies across the globe, especially in the United States of America, requires a rapid, reasoned and coordinated response.

Unlike 2007/2008 when the economic crisis resulted from a financial crisis, this time finance can save the real economy. Public finance must lead the way. EAPB members have already demonstrated their effectiveness through their prompt response.

*« Together we are committed to preserving economic fundamentals and supporting the strongest possible recovery from the crisis. The functioning of our public infrastructure, especially hospitals, the maintaining employment and the survival of small and medium-sized enterprises are number one priorities for us. Public banks will step up their liquidity injections to the economic system as much as necessary. I would like to thank all our members' staff who are engaged in this battle. »*”, Philippe Mills, CEO of SFIL, President of the EAPB

We therefore call the European Commission and Member States to open the gates of funding wide. This must be done first through the suspension of many legal and procedural limitations, which have their purpose in normal times but cannot stand in the way of urgent liquidity needs of the European Economy right now. After the positive decisions taken by the EU to adapt the budgetary rules, make State aid rules more flexible and exempt Covid-19 measures from the scope of public deficits, the EU should:

- suspend all red tape and unnecessary restrictions on the use of EU Structural funds and financial instruments.
- quickly mobilize funding. The European Union should reallocate all available funding to short-term liquidity aid to European firms (e.g. working capital, credit lines), especially SMEs.

Second, we call for a European recovery plan coordinated with national decisions. A massive budgetary plan dedicated to long-term investments. The needs are huge, particularly in terms of sustainable investments (decarbonisation of economies), health system and infrastructure.

National and regional promotional banks and funding agencies are exceptionally equipped to unfold the necessary financial measures, in cooperation with European Investment Bank Group and the wider European financial sector. As they did in the 2007/2008 financial crisis, our members will act as counter-cyclical investors and keep finance flowing to SMEs. National and regional promotional banks across Europe have the capacity of swiftly responding to the expected sharply reduced access to finance. By providing loans and guarantees, as well as advisory services for SMEs affected by the current crisis and many others, they will contribute an important share to keeping the EU economy running moving forward.

The first measures are already in place and we welcome the quick approval process of the European Commission of the national schemes notified in this difficult context. With more than EUR 80bn of financing provided and more than EUR 10bn of sustainable bonds in 2019, European public promotional banks are

powerful counter-cyclical instruments at the disposal of governments for a European green and inclusive recovery.

You will find here more details on our specific proposals and the local measure put in place by our members:

- [EAPB comment letter on Commission proposal for temporary State aid rules](#)
- [EAPB comment letter on amending of Temporary framework](#)
- [EAPB Position paper on EAPB policy recommendations for addressing the Covid-19 Crisis \(funding aspects\)](#)
- [Overview of Covid-19 related measures of our members](#)

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### Contact:

Julien Ernout, EAPB Adviser to the Secretary-General Department Director Public Financing Policies and Compliance - Tel.: +32 / 2 / 286 90 69 – E-Mail: [julien.ernout@eapb.eu](mailto:julien.ernout@eapb.eu)

Anastasius Mpulassikis, EAPB Head of Communication - Tel.: +32 / 2 / 2869075 - E-Mail: [anastasius.mpulassikis@eapb.eu](mailto:anastasius.mpulassikis@eapb.eu)

### About EAPB:

The European Association of Public Banks (EAPB) was founded on 4 May 2000. EAPB gathers member organisations from **14** European member states and **3** non member states. We represent the interests of **28** public banks, funding agencies and associations of public banks throughout Europe representing indirectly the interests of about 90 financial institutions towards the EU and other European stakeholders. The combined balance sheet total of all EAPB members is around **EUR 3,200 billion**