



HOUSE OF LORDS

European Union Committee

House of Lords
London
SW1A 0PW

Tel: 020 7219 3616
Fax: 020 7219 6715
euclords@parliament.uk
www.parliament.uk/lords

Paul Scully MP
Parliamentary Under Secretary of State
Department for Business, Energy and Industrial Strategy
1 Victoria Street
London
SW1H 0ET

8 June 2020

Dear Paul,

Temporary framework for state aid measures to support the economy in the current COVID-19 outbreak (including successive amendments)

Thank you for your Explanatory Memoranda dated 23 April and 27 May 2020 on the above document, which the EU Goods Sub-Committee considered at its meeting on 8 June 2020.

The Temporary Framework has now been in place for almost three months, during which it appears to have been intensively used by Member States as well as the UK. What interim conclusions can you draw on its effectiveness in allowing the UK Government to provide much-needed support to the economy at these difficult times, and on its practical operation?

In particular, we note with some concern media reports that the ‘undertaking in difficulty’ test included in the Framework may be preventing viable businesses from accessing the Government’s Coronavirus loan facilities. Has the Government received representations from businesses or other stakeholders that this is indeed the case? What leeway does the Government have in determining how the test, and any other elements of the Framework, should be applied in the UK? Has the Government discussed with the Commission the possibility of softening the test or removing it from the Framework?

We would also welcome clarification of whether Project Birch might be captured by state aid rules, including the Temporary Framework, and thus require approval by the Commission. If so, has the Government had any initial discussions with the Commission about the Project’s design and compatibility with the EU State aid regime? In addition, we would be interested to understand if the Government considers the Joint Treasury and Bank of England Covid Corporate Financing Facility to be a state aid measure, and the rationale for the Government’s assessment in this regard.

On a separate though related point, could you also clarify if the recently launched Future Fund comes under EU state aid rules and, if so, whether eligibility for the Fund is in any way constrained by these rules?

We have decided to retain the documents under scrutiny. We look forward to receiving a response to this letter within 10 days.

I am copying this letter Sir William Cash MP, Chair of the House of Commons European Scrutiny Committee, Jessica Mulley, Clerk to the House of Commons European Scrutiny Committee, Les Saunders, Scrutiny Coordinator, Cabinet Office; and Callum Gray, Departmental Scrutiny Coordinator, BEIS.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'L Kinnoull', with a horizontal line underneath.

Lord Kinnoull
Chair of the European Union Committee