

# European Scrutiny Committee

House of Commons London SW1A 0AA

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From: Sir William Cash MP

11 June 2020

Paul Scully MP

Parliamentary Under Secretary of State

Department for Business, Energy and Industrial Strategy

1 Victoria Street

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## **COVID-19: Impact of EU State aid rules on UK Government support for businesses**

The Committee has this week considered your helpful updates of 18 and 27 May on the UK Government's position on the European Commission's Temporary State Aid Framework, which as you are aware significantly relaxes the EU's normal restrictions on taxpayer subsidies for businesses in the context of the coronavirus crisis.<sup>1</sup>

In light of recent developments, we would be grateful if you could expand on the information you have provided to date by:

- setting out the Government's position on the concerns raised by the CBI last month in relation to access to financial support by companies considered to be "in difficulty" (as defined in EU law) before the start of 2020, and whether the UK has raised – or will raise – this issue with the European Commission with a view to amending either the Temporary Framework or the underlying EU legal definition of when a business is "in difficulty"; and
- clarifying if the Government has applied, or is planning to apply, for any further approvals from the EU for support schemes under the Framework, for example relating to support for the provision trade credit insurance or to direct recapitalisation of businesses by the Treasury.

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<sup>1</sup> EU documents C(2020)1863 (41148) and C(2020) 3156 (41242).

We look forward to receiving your response by the end of June.

I am copying this letter to Hilary Benn MP, Chair of the Committee on the Future Relationship with the EU and Gordon Clarke, Clerk of that Committee; Darren Jones MP, Chair of the Business, Energy and Industrial Strategy Committee and Rebecca Davies, Clerk of that Committee; the Rt Hon Mel Stride MP, Chair of the Treasury Committee, and Gosia McBride, Clerk of that Committee; to Lord Kinnoull and Christopher Johnson in the Lords; to Les Saunders at the Cabinet Office; and to Wendy Merrick and Richard Dowling at your Department.

**CHAIR**