Germany starts unlimited relief program for Corona-hit firms

Government with “Special Plan 2020” to save companies from bankruptcy

Berlin (GTAI) - The German Ministries of Finance and Economic Affairs and Energy - together with the state-owned bank for domestic and foreign economic development, the KfW - announced the beginning of the massive economic relief program in Berlin on Monday.

The plan aims to ensure that German companies have funds to stay in business and ride out the coronavirus crisis. The KfW is offering to cover up to 90 percent of risk in order to encourage banks to make low-interest commercial loans to struggling companies. No limit has been set on funds available for the guarantee program, which is open to all businesses that were not encountering financial difficulties as of December 31, 2019.

“The focus is on helping businesses quickly and non-bureaucratically,” said German Economics Minister Peter Altmaier. “One major pillar is access to liquidity. Funds will be made available as quickly as possible since we know that for many companies every week counts.”

“Together with the KfW, we are ensuring that companies can remain solvent during the crisis,” said Finance Minister Olaf Scholz. “To that end we are using the great financial might of the state. The state will place the necessary volume of guarantees as the disposal of the KfW.”

The two ministries also announced that they are immediately making 50 billion euros available for small businesses and self-employed people. Companies with five to ten employees can claim a one-off payment for three months of up to 15,000 euros while enterprises with fewer than five employees are eligible for up to 9000 euros.

“In part because its budgets have been on such solid financial footing in recent years, the German government is well positioned to offer huge amounts of assistance needed to help companies mitigate the effects of the coronavirus" says Jürgen Friedrich, CEO of Germany Trade & Invest (GTAI). “Today’s announcement of such massive economic relief program shows how serious the government is about its promise not to let businesses fail because of the current pandemic.”

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