European Commission - Press release

State aid: Commission prolongs and further expands Temporary Framework to support economy in context of coronavirus outbreak

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The European Commission has decided to prolong until 31 December 2021 the State aid Temporary Framework adopted on 19 March 2020 to support the economy in the context of the coronavirus outbreak. The Commission has also decided to expand the scope of the Temporary Framework by increasing the ceilings set out in it and by allowing the conversion of certain repayable instruments into direct grants until the end of next year.

Executive Vice-President Margrethe **Vestager**, in charge of competition policy, said "*As the coronavirus outbreak persists longer than we were all hoping for, we need to keep making sure that Member States can provide businesses with the necessary support to see it through. Today, we have prolonged the application of the Temporary Framework until the end of the year. We have also increased the ceilings of certain measures set out in the Temporary Framework and provided incentives to use repayable instruments, by enabling the conversion of certain loans and other repayable instruments into direct grants later on. In this way, we enable Member States to make full use of the flexibility of State aid rules to support their economies, while limiting distortions to competition.*"

Prolongation of the Temporary Framework

The Commission is continuously examining the need to further adapt the Temporary Framework. The Temporary Framework was set to expire on 30 June 2021, except for recapitalisation measures that could be granted until 30 September 2021. In view of the persistence and evolution of the coronavirus outbreak, today's amendment prolongs all measures set out in the Temporary Framework, including recapitalisation measures, until 31 December 2021.

Increased aid ceilings

Taking into account the continued economic uncertainty and prolonged government measures to limit economic activity in order to stop the spread of the virus, today's amendment also increases the ceilings set out in the Temporary Framework for certain support measures:

- With regard to **limited amounts of aid** granted under the Temporary Framework, the previous ceilings per company are now effectively **doubled** (taking into account the availability of *de minimis* support). The new ceilings are €225,000 per company active in the primary production of agricultural products (previously €100,000), €270,000 per company active in the fishery and aquaculture sector (previously €120,000), and €1.8 million per company active in all other sectors (previously €800,000). As before, these can be combined with *de minimis* aid of up to €200,000 per company (up to €30,000 per company operating in the fishery and aquaculture sector and up to €25,000 per company operating in the agriculture sector) over a period of three financial years, subject to complying with the requirements of the relevant *de minimis*
- For companies especially hit by the coronavirus crisis, with turnover losses of at least 30% during the eligible period compared to the same period of 2019, the State can contribute to the part of the **fixed costs of companies that are not covered by their revenues**, in an amount up to **€10 million per company** (previously €3 million).

Conversion of repayable instruments into direct grants

The Commission will also enable Member States to convert until 31 December 2022 repayable instruments (e.g. guarantees, loans, repayable advances) granted under the Temporary Framework into other forms of aid, such as direct grants, provided the conditions of the Temporary Framework are met. In principle, such conversion may not exceed the new ceilings for limited amounts of aid (€225,000 per company active in the primary production of agricultural products, €270,000 per company active in the fishery and aquaculture sector, and €1.8 million per company active in all other sectors). This aims to provide incentives for Member States to choose, in the first place, repayable instruments as a form of aid.

Extension of the temporary removal of all countries from the list of "marketable risk" countries under the Short-term export-credit insurance Communication

Finally, taking into account the continued general lack of sufficient private capacity to cover all economically justifiable risks for exports to countries from the list of marketable risk countries, the amendment provides for an extension until 31 December 2021 (currently until 30 June 2021) of the temporary removal of all countries from the list of "marketable risk" countries under the Short-term export-credit insurance Communication.

Background on Temporary Framework and ongoing work to support the Recovery and Resilience Facility

On 19 March 2020, the Commission adopted a new State aid Temporary Framework to support the economy in the context of the coronavirus outbreak, based on Article 107(3)(b) of the Treaty on the Functioning of the European Union. The Temporary framework was first amended on 3 April 2020 to increase possibilities for public support to research, testing and production of products relevant to fight the coronavirus outbreak, to protect jobs and to further support the economy. It was further amended on 8 May 2020 to enable recapitalisation and subordinated debt measures, and on 29 June 2020 to further support micro, small and start-up companies and to incentivise private investments. On 13 October 2020, the Commission adopted a fourth amendment to prolong the Temporary Framework and to enable aid covering part of the uncovered fixed costs of companies affected by the crisis.

The Temporary Framework recognises that the entire EU economy is experiencing a serious disturbance. It enables Member States to use the full flexibility foreseen under State aid rules to support the economy, while limiting negative consequences to the level playing field in the Single Market.

Furthermore, as Europe moves from crisis management to economic recovery, State aid control will also accompany and facilitate the implementation of the Recovery and Resilience Facility. In this context, on 21 December 2020, the Commission published a number of State aid guiding templates covering several types of investments projects in line with the "European flagships" of the Commission's Annual Sustainable Growth Strategy 2021. Those templates are intended to assist Member States in the design of their national recovery plans, in line with EU State aid rules. The Commission will assess all State aid notifications received from Member States in the context of the Recovery and Resilience Facility as a matter of priority.

In addition, Member States intending to modify existing aid measures in order to prolong their duration until 31 December 2021, increase their budget or align them with the Temporary Framework, as amended today (including higher aid ceilings per company), may notify such amendments in a block notification. This will minimise the administrative burden for Member States.

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