



Temporary framework for state aid to support the economy in the current COVID-19 outbreak

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COVID-19 and European coordination of national measures

- EU state aid rules serve to ensure that national support measures are effective in helping the affected undertakings during the COVID-19 outbreak but also that they allow them to bounce back from the current situation, keeping in mind the importance of meeting the green and digital twin transitions objectives of the EU
- EU state aid control ensures the EU internal market is not fragmented and the level playing field stays intact; it also avoids harmful subsidy races to the detriment of cohesion within the Union

Different possibilities to tackle the economic impact of COVID-19

- General measures that do not constitute aid (e.g. suspension of payments of corporate taxes, VAT, social welfare contributions or financial support directly paid by consumers)
- Article 107 (2) (b) TFEU: aid to make good the damage caused by exceptional occurrences (COVID-19 outbreak) is compatible with the internal market
- Article 107(3) (b) TFEU: aid to remedy a serious disturbance in the economy of a Member State may be considered compatible with the internal market
 - Aid under temporary framework = aimed to remedy the liquidity shortage faced by undertakings and ensure that the disruptions cause by COVID-19 do not undermine their viability, especially of SMEs

Temporary framework for state aid – 19 March 2020

- Applicable to all sectors and to all companies except those that were in difficulty before 31.12.2019
- Direct aid to companies in 3 forms:
 - Direct grants, tax advantages or repayable advances up to 800k (120k for fisheries and 100k for agriculture)
 - Public guarantees
 - Public loans
- Aid under temporary framework may be cumulated with other forms of aid provided the other rules are respected (including structural funds rules)
- Temporary Framework not applicable to possible direct support needed by banks

EU #CORONAVIRUS RESPONSE

On 19 March, the Commission adopted a **Temporary Framework for State aid measures** to support the economy in the current coronavirus outbreak



5 types of Member State aid measures covered in the Framework:



- Direct grants, selective tax advantages and repayable advances
- State guarantees for loans
- Subsidised public loans to companies
- Safeguards for banks that channel State aid to the real economy
- Short-term export credit insurance

In just a few days, 26 national measures were adopted under the Temporary Framework and 2 were approved under Article 107(2)b TFEU*:



Overview of decisions adopted

- Decisions adopted for 12 MS +UK
- 23 decisions under art 107(3)(b) covering 32 measures
- 3 decisions under art 107(2)(b)
- List of all press releases and adopted decisions can be found here

https://ec.europa.eu/competition/state_aid/what_is_new/State_aid_decisions_TF_and_107_2_b.pdf

- [Update] Newly adopted amendment of the Temporary Framework (3 April 2020):

https://ec.europa.eu/competition/state_aid/what_is_new/covid_19.html