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Subject: **State Aid SA.114347 (2024/N) – Slovakia**
TCTF: Reduction of social contributions due by employers in
agriculture and food sectors (third amendment to case SA.109076
(2023/N))

Excellency,

1. PROCEDURE

- (1) By electronic notification of 31 May 2024, Slovakia notified an amendment (the ‘notified amendment’) to the existing aid scheme (the ‘existing aid scheme’) under the Temporary Crisis and Transition Framework for State aid measures to support the economy following the aggression against Ukraine by Russia (the ‘Temporary Crisis and Transition Framework’) ⁽¹⁾. The Commission approved the existing aid scheme under the Temporary Crisis and Transition Framework by decision in case SA.109076 (2023/N) “*TCTF: Reduction of social contributions due by employers in agriculture and food sectors*” ⁽²⁾ (the ‘initial decision’). This scheme was

⁽¹⁾ Communication from the Commission on the Temporary Crisis and Transition Framework for State Aid measures to support the economy following the aggression against Ukraine by Russia (OJ C 101, 17.3.2023, p. 3), as amended by Commission Communications C(2023)8045 (OJ C1188, 21.11.2023, ELI: <http://data.europa.eu/eli/C/2023/1188/oj>) (“First Amendment to the Temporary Crisis and Transition Framework”) and C(2024)3113 (OJ C3113, 2.5.2024, ELI: <http://data.europa.eu/eli/C/2024/3113/oj>) (“Second Amendment to the Temporary Crisis and Transition Framework”).

⁽²⁾ Commission Decision C(2023) 6272 of 14 September 2023 (OJ C 347, 29.9.2023, p. 1).

H.E. Juraj Blanár
Minister of Foreign Affairs
Hlboká cesta 2
833 36 Bratislava

amended by decisions in cases SA.110524 (2023/N) ⁽³⁾ ('first amendment decision') and SA.111988 (2024/N) ⁽⁴⁾ ('second amendment decision').

- (2) Slovakia exceptionally agrees to waive its rights deriving from Article 342 of the Treaty on the Functioning of the European Union ('TFEU'), in conjunction with Article 3 of Regulation 1/1958 ⁽⁵⁾ and to have this Decision adopted and notified in English.

2. DESCRIPTION OF THE NOTIFIED AMENDMENTS

- (3) The objective of the existing aid scheme is to remedy the liquidity shortage faced by undertakings that are directly or indirectly affected by the serious disturbance of the economy caused by the Russian military aggression against Ukraine and its direct and indirect effects, including the sanctions imposed and the counter measures taken, for example by Russia.
- (4) Slovakia proposes to amend the existing aid scheme by:
- (a) extending until 31 December 2024 the possibility to grant aid in the form of limited amounts of aid under section 2.1 of the Temporary Crisis and Transition Framework to undertakings active in the primary production of agricultural products as well as undertakings active in the fishery and aquaculture sectors. These undertakings are considered affected by the current crisis, in line with point 7 of the Second Amendment to the Temporary Crisis and Transition Framework;
 - (b) increasing the overall budget from EUR 84 million to EUR 102 million;
 - (c) adding a new eligibility period for the reduction of social contribution from 1 July 2024 to 31 December 2024 ⁽⁶⁾.
- (5) The Slovak authorities indicate that the national legal bases for the existing aid scheme remain the same legal bases as listed in the initial decision, as amended, which will reflect the notified amendment ⁽⁷⁾ plus the draft of the act amending Act No 461/2003 Coll. On social insurance, as amended.
- (6) Apart from the notified amendments, Slovakia confirms that no further amendments are proposed to the existing aid scheme and that all other conditions of that scheme remain unaltered.
- (7) Aid may be granted under the existing aid schemes, as amended, as from the notification of the Commission's decision approving the notified amendment.

⁽³⁾ Commission Decision C(2023) 9010 of 15 December 2023 (OJ C/2023/1645, 28.12.2023).

⁽⁴⁾ Commission Decision C(2024) 1121 of 19 February 2024 (OJ C/2024/1901, 4.3.2024).

⁽⁵⁾ Regulation No 1 determining the languages to be used by the European Economic Community (OJ 17, 6.10.1958, p. 385).

⁽⁶⁾ See recital (19) of the initial decision and recital (4)(a) of the second amendment decision.

⁽⁷⁾ See recital (8) of the initial decision, recital (7) of the first amendment decision and recital (6) of the second amendment decision.

3. ASSESSMENT

3.1. Lawfulness of the measure

- (8) By notifying the measure before putting it into effect, the Slovak authorities have respected their obligations under Article 108(3) TFEU (recital (7)).

3.2. Existence of State aid

- (9) For a measure to be categorised as aid within the meaning of Article 107(1) TFEU, all the conditions set out in that provision must be fulfilled. First, the measure must be imputable to the State and financed through State resources. Second, it must confer an advantage on its recipients. Third, that advantage must be selective in nature. Fourth, the measure must distort or threaten to distort competition and be liable to affect trade between Member States.
- (10) The existing aid scheme constitutes State aid within the meaning of Article 107(1) TFEU for the reasons set out in recitals (33) to (38) of the initial decision and in recitals (10) and (11) of the first amendment decision and in recitals (11) and (12) of the second amendment decision. The notified amendment does not affect that conclusion. The Commission therefore refers to the respective assessments of the initial decision and the amending decisions and concludes that the existing aid scheme, as amended, constitutes State aid within the meaning of Article 107(1) TFEU.

3.3. Compatibility

- (11) The existing aid scheme is compatible with the internal market pursuant to Article 107(3), point (b), TFEU, by meeting the conditions of sections 1 and 2.1 of the Temporary Crisis and Transition Framework for the reasons set out in the initial decision, as amended⁽⁸⁾. The Commission therefore refers to the respective assessments of the initial decision and of the amending decisions.
- (12) The notified amendment does not affect the conclusion that the existing aid scheme is compatible with the internal market pursuant to Article 107(3), point (b), TFEU. In particular:
- (a) the Commission notes that the extension of the date until which aid may be granted under the existing aid scheme, as described in recital (4)(a), complies with point (61)(c) of the Temporary Crisis and Transition Framework;
 - (b) the eligibility period will be prolonged (recital (4)(c)) and the total budget of the measure will be increased (recital (4)(b)). The existing aid scheme will continue to be granted on the basis of a scheme with an estimated budget (recital (4)(b)). The notified amendment thus complies with point 61(b) of the Temporary Crisis and Transition Framework.
- (13) The Commission further notes that while the economic disturbance affects the economy widely across all Member States, the implementation of certain measures

⁽⁸⁾ See recitals (39) to (53) of the initial decision, recitals (12) to (15) of the first amendment decision and recitals (13) to (16) of the second amendment decision.

to effectively remedy these effects may require more time specifically in the sectors for primary production of agricultural products, fisheries and aquaculture. In these specific sectors, that are characterised by a particular high share of small undertakings, the adjustment process to effectively overcome the current crisis requires additional time. In addition, and in particular for the primary production of agricultural products and to a certain extent also for aquaculture, the dependency on the annual growths seasons and harvesting cycles are relevant sector-specific features to be considered, including the need to acquire inputs at a time of particularly high prices whilst selling the resulting products at the current depressed prices. Against this background, the Commission considers that those undertakings can be considered undertakings affected by the current crisis for the purpose of point 61(d) of the Temporary Crisis and Transition Framework without the notifying Member State having to provide any further justification. The beneficiaries affected by the extension of the date until which aid may be granted under the existing aid scheme, as described in recital (4), are active in the sectors for primary production of agricultural products, fisheries and aquaculture and thus considered undertakings affected by the current crisis under point 61(d) of the Temporary Crisis and Transition Framework, in line with point 7 of the Second Amendment to the Temporary Crisis and Transition Framework.

- (14) Apart from the notified amendments, Slovakia confirms that no further amendments are proposed to the existing aid scheme and that all other conditions of that scheme remain unaltered (recital (6)).
- (15) The Commission therefore considers that the notified amendment does not alter the Commission's conclusion on the compatibility of the existing aid scheme in the initial decision and in the amending decisions. The Commission therefore considers that the notified amendment is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State pursuant to Article 107(3), point (b), TFEU, since it meets all of the relevant conditions of the Temporary Crisis and Transition Framework.

4. CONCLUSION

The Commission has accordingly decided not to raise objections to the existing aid schemes, as amended, on the grounds that they are compatible with the internal market pursuant to Article 107(3), point (b), of the Treaty on the Functioning of the European Union.

The decision is based on non-confidential information and is therefore published in full on the Internet site: <https://competition-cases.ec.europa.eu/search?caseInstrument=SA>.

Yours faithfully,

For the Commission

Margrethe VESTAGER
Executive Vice-President