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PUBLIC VERSION

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**Subject: State Aid SA.61931 (2021/N) – Slovakia
COVID-19: Second amendment to SA.57483 (2020/N) - Export-
Import Bank of the Slovak Republic (“Eximbanka”) guarantee and
grant scheme for loans between EUR 2 and 20 million**

Excellency,

1. PROCEDURE

- (1) By electronic notification of 12 February 2021, Slovakia notified a second amendment to the aid scheme SA.57483 “Export-Import Bank of the Slovak Republic (“Eximbanka”) guarantee and grant scheme for loans between EUR 2 and 20 million” approved by Commission Decision C(2020) 4196 final of 18 June 2020 (“the notified amendment”, “the existing scheme” and “the initial decision” respectively), as amended by Commission Decision C(2020) 9299 final of 15 December 2020 in case SA.59982 (“the first amendment decision”), under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (the “Temporary Framework”).¹

¹ Communication from the Commission - Temporary framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 91I, 20.3.2020, p. 1, as amended by Communication from the Commission C(2020) 2215 final of 3 April 2020 on the Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 112I, 4.4.2020, p. 1, by Communication from the Commission C(2020) 3156 final of 8 May 2020 on the Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 164, 13.5.2020, p. 3, by Communication from the Commission C(2020) 4509 final of 29 June 2020 on the Third Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C

Ivan KORČOK
minister zahraničných vecí a európskych záležitostí Slovenskej republiky
Hlboká cesta 2
SK-833 36 Bratislava
SLOVENSKÁ REPUBLIKA

- (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 1/1958² and to have this Decision adopted and notified in English.

2. DESCRIPTION OF THE MEASURE

- (3) The existing scheme provides aid in the form of guarantees on loans between EUR 2 and 20 million, and direct grants covering the value of the premiums applicable to such guarantees. It forms part of an overall package of measures and aims to ensure that sufficient liquidity remains available in the market, to counter the liquidity shortage faced by undertakings because of the outbreak, to ensure that the disruptions caused by the outbreak do not undermine the viability of the undertakings and thereby to preserve the continuity of economic activity during and after the outbreak.
- (4) The existing scheme is administered by Eximbanka, a specialised financial institution, which combines banking, guarantee and insurance activities, promoting, *inter alia*, trade.
- (5) Since its approval by means of the initial decision, the existing scheme has been amended once in December 2020, to extend its duration until 30 June 2021 and to include in the scope of its beneficiaries small enterprises that comply with the requirements of the Temporary Framework.³
- (6) On 28 January 2021, the Commission adopted the Fifth Amendment of the Temporary Framework, which has, *inter alia*, extended its duration until 31 December 2021, adapted the aid ceilings of certain measures in order to address the prolonged economic effects of the ongoing crisis, and clarified and amended the conditions for certain measures that the Commission considers compatible under Article 107(3)(b) of the Treaty on the Functioning of the European Union (“TFEU”) in light of the COVID-19 outbreak.
- (7) Following that last amendment to the Temporary Framework, the Slovak authorities notified an amendment to the existing scheme as set out below in recital (9).
- (8) The legal basis for the notified amendment consists of the following provisions:

218, 2.7.2020, p. 3., by Communication from the Commission C(2020) 7127 final of 13 October 2020 on the Fourth Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak and amendment to the Annex to the Communication from the Commission to the Member States on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to short-term export-credit insurance, OJ C 340 I, 13.10.2020, p. 1. and by Communication from the Commission C(2021) 564 final of 28 January 2021 on the Fifth Amendment to the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak and amendment to the Annex to the Communication from the Commission to the Member States on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to short term export-credit insurance, OJ C 34, 1.2.2021, p. 6–15.

² Regulation No 1 determining the languages to be used by the European Economic Community, OJ 17, 6.10.1958, p. 385.

³ Recitals (4) and (6) of the first amendment decision.

- (a) Act No 67/2020 on certain exceptional measures in the financial area related to the spread of dangerous contagious human disease COVID-19, as amended by Act No 75/2020, Act No 96/2020 and Act No 120/2020;
 - (b) Act No 358/2015 regulating certain relations in the field of State aid and de minimis aid and amending certain acts (State Aid Act).
- (9) The Slovak authorities notified the following modifications to the existing scheme:
- (a) extension of the period during which aid may be granted under the scheme until 31 December 2021;
 - (b) increase of the overall aid ceiling per undertaking, as referred to in section 3.1 of the Temporary Framework, from EUR 800 000 to EUR 1.8 million per undertaking, save for:
 - undertakings active in the fishery and aquaculture sector, with regard to which the ceiling has been increased from EUR 120 000 to EUR 270 000; and
 - undertakings active in the primary production of agricultural products, with regard to which the ceiling has been increased from EUR 100 000 to EUR 225 000;
 - (c) insertion of a specification, in line with point 22(e) of the Temporary Framework, that the aid granted to undertakings active in the processing and marketing of agricultural products is conditional on not being partly or entirely passed on to primary producers and is not fixed on the basis of the price or quantity of products put on the market by the undertakings concerned or purchased from primary producers, unless, in the latter case, the products were either not put on the market or were used for non-food purposes such as distillation, methanization or composting by the undertakings concerned;
 - (d) allowing the possibility for beneficiaries to be entitled to a direct grant covering the value of the guarantee premiums in full or in part even if the average number of employees is not maintained at same levels for 12 months from the first drawdown of the guaranteed loan (unlike under the existing scheme⁴), according to the levels set out below:
 - beneficiaries maintaining:
 - 91% or more of the average number of employees may be entitled to a grant covering 100% of the premium;
 - between 81% and 91% of the average number of employees may be entitled to a grant covering 80% of the premium;
 - between 71% and 81% of the average number of employees may be entitled to a grant covering 60% of the premium;

⁴ See recital 24(a) of the initial decision.

- between 61% and 71% of the average number of employees may be entitled to a grant covering 40% of the premium;
 - between 51% and 61% of the average number of employees may be entitled to a grant covering 20% of the premium;
- (e) modification of the provisions concerning monitoring and reporting obligations, consistently with the obligations introduced by the latest amendment of the Temporary Framework. Accordingly, Slovakia committed to publish relevant information on each individual aid above EUR 10 000 in the primary agriculture and in the fisheries sectors, and above EUR 100 000 as regards individual aid measures to eligible beneficiaries in other sectors, granted under the scheme.
- (10) The total budget of the scheme (i.e. EUR 1815.625 million, as set out in recital (12) of the initial decision) remains unchanged. The Slovak authorities confirmed that all other conditions of the existing aid scheme remain unchanged.
- (11) The notified amendment will be put into effect only after the Commission's approval.

3. ASSESSMENT

3.1. Lawfulness of the measure

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

3.2. Existence of State aid

- (13) 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 affect trade between Member States.
- (14) The qualification of the measure as State aid was established in the initial decision and was not altered by the modifications approved by the first amendment decision. The notified amendment does not alter the assessment of the existence of State aid and therefore they do not affect the conclusions reached in the initial decision.
- (15) The Commission therefore refers, for this analysis, to recitals (38) to (43) of the initial decision and concludes that the measure constitutes aid within the meaning of Article 107(1) TFEU. The Slovak authorities do not contest that conclusion.

3.3. Compatibility

- (16) The Commission has examined the notified amendment pursuant to Article 107(3)(b) TFEU.

- (17) In the initial decision and in the first amendment decision, the Commission concluded that the existing scheme fulfilled the conditions set out in sections 3.1, 3.2 and 3.4 of the Temporary Framework and was therefore compatible with the internal market on the basis of Article 107(3)(b) TFEU. The Commission refers to its compatibility analysis as set out in recitals (44) to (53) of the initial decision and recitals (11) to (14) of the first amendment decision.
- (18) As regards the notified amendment, the Commission considers that:
- (a) the extension of the duration of the scheme (see recital (9)(a)) complies with points 22(d) and 25(c) of the Temporary Framework, as amended;
 - (b) the increase of the overall aid ceilings per undertaking (see recital (9)(b)) complies with points 22(a) and 23(a) of the Temporary Framework, as amended;
 - (c) the specification concerning the conditionality of aid granted to undertakings active in the processing and marketing of agricultural products (see recital (9)(c)) complies with point 22(e) of the Temporary Framework, as amended;
 - (d) the modification of the monitoring and reporting obligations (see recital (9)(e)) is in line with point 88 of the Temporary Framework, as amended;
 - (e) the modification concerning the criteria defining the eligibility of beneficiaries for a direct grant covering the value of the guarantee premiums in full or in part (see recital (9)(d)) has no impact on the measure's compatibility, since, despite this modification, the existing scheme remains in compliance with section 3.1 of the Temporary Framework, as amended.
- (19) Apart from the amendments referred to in recital (9), the Commission notes that there are no other alterations to the existing scheme (see recital (10)).
- (20) The notified amendment therefore does not alter the Commission's conclusions on the compatibility of the existing aid scheme as set out in the initial decision and in the first amendment decision and the measure continues to comply with the conditions laid down in the Temporary Framework.

4. CONCLUSION

The Commission has accordingly decided not to raise objections to the aid on the grounds that it is compatible with the internal market pursuant to Article 107(3)(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: <http://ec.europa.eu/competition/elojade/isef/index.cfm>.

Yours faithfully,

For the Commission

Margrethe VESTAGER
Executive Vice-President

