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**Subject: State Aid SA.57829(2020/N) – Slovakia  
COVID-19: State aid scheme for temporary aid to support COVID-19 research, development and testing**

Excellency,

**1. PROCEDURE**

- (1) By electronic notification of 26 June 2020, Slovakia notified an aid scheme supporting COVID-19 related research and development (“R&D”) and testing and upscaling infrastructures (“the measure”) under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, as amended (“the Temporary Framework”).<sup>1</sup> On 30 June, 3 July, 8 July and 9 July, the Commission requested clarifications from the Slovak authorities, to which Slovakia provided replies on 3 July and 9 July.
- (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

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<sup>1</sup> Communication from the Commission - Temporary framework for State aid measures to support the economy in the current COVID-19 outbreak, 19 March 2020, OJ C 91I, 20.3.2020, p. 1-9, 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. 1-9, 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. 3-15, and 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 218 of 2 July 2020, p.3-8..

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Article 3 of Regulation 1/1958<sup>2</sup> and to have this Decision adopted and notified in English.

## **2. DESCRIPTION OF THE MEASURE**

- (3) The measure is composed of two sub-measures and aims at supporting:
- (a) industrial research and experimental development projects consisting of research on COVID-19 and other antiviral relevant research, including projects which have received a label Seal of excellence specifically targeting COVID-19 under the Horizon 2020 SME-instrument.
  - (b) investment aid for the construction or upgrade of testing and upscaling infrastructure necessary for the development, testing and upscaling of the production of COVID-19 relevant products until they reach the first commercial stage, before mass production.

Given the public health crisis and the shortage of certain related products, it is crucial that the State can provide incentives to companies to direct their activities to research and/or production of certain products, which are crucial to address that crisis. Slovakia considers that the measure contributes to address the public health crisis.

- (4) The compatibility assessment of the measure is based on Article 107(3)(c) TFEU, as interpreted by Sections 3.6 and 3.7 of the Temporary Framework.

### **2.1. The nature and form of aid**

- (5) The measure provides aid in the form of direct grants.

### **2.2. National legal basis**

- (6) The legal bases for the measure, according to the Slovak authorities, are:
- Act no. 292/2014 Coll. on the contribution provided from the European Structural and Investment Funds and on the amendment of certain laws as amended (hereinafter referred to as the “ESI Funds Contribution Act”);
  - Act no. 358/2015 Coll. on the regulation of certain relations in the field of state aid and minimum aid and on the amendment of certain laws (the State Aid Act) (hereinafter referred to as the “State Aid Act”);
  - Act no. 523/2004 Coll. on Budgetary Rules of Public Administration and on Amendments to Certain Acts, as amended (hereinafter referred to as the “Budgetary Rules Act”);
  - Act no. 172/2005 Coll. on the organization of state support for research and development and on the amendment of Act no. 575/2001 Coll. on the organization of the activities of the government and the organization of the central state administration, as amended;
  - Act no. 243/2017 Coll. on a public research institution and on the amendment of certain laws;

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

- Act no. 357/2015 Coll. on Financial Control and Audit and on Amendments to Certain Acts, as amended (hereinafter referred to as the “Financial Control Act”);
- Act no. 343/2015 Coll. on Public Procurement and on Amendments to Certain Acts, as amended (hereinafter referred to as the “Public Procurement Act”);
- Act no. 431/2002 Coll. on Accounting as amended (hereinafter referred to as the “Accounting Act”);
- Act no. 513/1991 Coll. The Commercial Code as amended (hereinafter referred to as the “Commercial; Code”);
- Act no. 455/1991 Coll. Trade Licensing Act as amended (hereinafter referred to as the “Trade Licensing Act”);
- Act no. 311/2001 Coll. Labor Code as amended (hereinafter referred to as the "Labor Code");

### **2.3. Administration of the measure**

- (7) The Slovak Ministry of Transport and Construction is the granting authority, whereas the Ministry of Education, Science, Research, and Sports is the implementing authority.

### **2.4. Budget and duration of the measure**

- (8) The estimated budget of the measure is EUR 80 million.
- (9) The measure will be co-financed by the European Regional Development Fund (ERDF). Slovakia confirms that the rules applicable under this Fund will be respected.
- (10) The Slovak authorities confirmed that the scheme will expire on 31 December 2020. This means that aid may be granted under the measure as from its approval until no later than 31 December 2020.

### **2.5. Beneficiaries**

- (11) The final beneficiaries of the measure are:
- a) natural or legal persons entitled to conduct business:
    - according to § 2 par. 2 letter a) of the Commercial Code, t. j. persons registered in the Commercial Register and
    - according to § 2 par. 2 letter b) of the Commercial Code, t. j. persons doing business on the basis of a trade license, if they also carry out research and development in the course of their business activities
  - b) research and dissemination organizations and research organizations (hereinafter referred to as "research organizations").

- (12) In terms of size, the beneficiaries under this scheme may be micro, small, medium-sized and large undertakings.<sup>3</sup>
- (13) The Slovak authorities confirmed that the beneficiaries are not obliged to locate their seat headquarters or headquarters in Slovakia, as well as there is no obligation to use the research results exclusively in Slovakia.
- (14) Aid may not be granted under the measure to medium and large undertakings that were already in difficulty within the meaning of the General Block Exemption Regulation (“GBER”)<sup>4</sup> on 31 December 2019. However, aid may be granted to micro and small enterprises that were in difficulty within the same meaning on 31 December 2019, if those enterprises, at the moment of the granting of the aid, are not subject to collective insolvency procedure under national law and they have not received rescue aid<sup>5</sup> or restructuring aid<sup>6</sup>.

## **2.6. Sectoral and regional scope of the measure**

- (15) The measure is open to beneficiaries in all sectors, except the financial sector. It applies to the whole territory of Slovakia.

## **2.7. Basic elements of the measure**

### *2.7.1. Sub-measure “Aid for COVID-19 relevant research and development”*

- (16) This aid is granted for COVID-19 and other antiviral relevant research, which includes, but is not limited to, research into vaccines, medicinal products and treatments, medical devices and hospital and medical equipment, disinfectants, and protective clothing and equipment, and into relevant process innovations for an efficient production of the required products. R&D projects having received a COVID-19-specific “Seal of Excellence” quality label under the Horizon 2020 SME instrument are also eligible for the aid.
- (17) The aid is granted in the form of direct grants by 31 December 2020.
- (18) For R&D projects started as of 1 February 2020 or for projects having received a COVID-19-specific Seal of Excellence, the aid is deemed to have an incentive

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<sup>3</sup> As defined in Annex I to Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 187 of 26.6.2014, p. 1.

<sup>4</sup> As defined in Article 2(18) of Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 187 of 26.6.2014, p. 1[, Article 2(14) of Commission Regulation (EU) No 702/2014 of 25 June 2014 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 193 of 1.7.2014, p.1, and Article 3(5) of Commission Regulation (EU) No 1388/2014 of 16 December 2014 declaring certain categories of aid to undertakings active in the production, processing and marketing of fishery and aquaculture products compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 369 of 24 December 2014, p. 37.]

<sup>5</sup> Alternatively, if they have received rescue aid, they have reimbursed the loan or terminated the guarantee at the moment of granting of the aid under the notified measure.

<sup>6</sup> Alternatively, if they have received restructuring aid, they are no longer subject to a restructuring plan at the moment of granting of the aid under the notified measure.

effect. For projects started before 1 February 2020, the aid is deemed to have an incentive effect, if it is necessary to accelerate their implementation or to extend their scope. In such cases, only the additional costs in relation to the acceleration efforts or the widened scope shall be eligible for aid.

- (19) Only costs directly related to and necessary for the R&D project during its duration and the subsequent intellectual property protection, clinical trial and regulatory procedures are eligible for aid.
- (20) The following costs are eligible:
  - (a) Personnel costs;
  - (b) Costs of instruments and equipment, including costs for digital and computing equipment;
  - (c) Costs of buildings and land for the duration of the project;
  - (d) Knowledge and patents bought or licensed from outside sources in arm's length transactions;
  - (e) Other operating expenses, e.g. materials;
  - (f) Additional overheads incurred directly as a result of the R&D project ;
  - (g) Costs for obtaining, validating and defending patents and other intangible assets;
  - (h) Costs incurred for obtaining the conformity assessments and/or authorisations necessary for the marketing of new and improved vaccines and medicinal products, medical devices, hospital and medical equipment, disinfectants, and personal protective equipment;
  - (i) Costs for pre-clinical and clinical trials (trial phases I-IV).
- (21) The costs related to Phase IV trials are eligible provided they allow for scientific and technological advance.
- (22) Assets (tools, equipment, etc.) that are not used during the entire duration of the R&D project and / or are used for purposes other than the R&D projects covered by this scheme, are only taken into account in the amount corresponding to *pro rata* (depreciation over the duration of the research and development project or a proportionate amount of capacity used for the research and development project).
- (23) Categories of research eligible for aid under the notified scheme are industrial research and experimental development<sup>7</sup>. The aid intensity shall not exceed 80% of eligible costs for industrial research and experimental development.
- (24) The aid cannot be granted to undertakings carrying out contract research on behalf of other undertakings, for the work packages covered by the research contract.
- (25) The aid intensity for industrial research and experimental development may be increased by 15 percentage points, if more than one Member State supports the research project, or it is carried out in cross-border collaboration with research organisations or other undertakings.

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<sup>7</sup> As defined, respectively, in paragraphs (85) and (86) of Article 2 of the GBER.

(26) Aid under this measure may be combined with support from other sources for the same eligible costs, provided the combined aid does not exceed the ceilings defined above.

(27) The aid beneficiary shall commit to grant non-exclusive licences under non-discriminatory market conditions to third parties in the EEA;

*2.7.2. Sub-measure “Investment aid for testing and upscaling infrastructures”*

(28) The aid is granted for the construction or upgrade of testing and upscaling infrastructures required to develop, test and upscale, up to first industrial deployment prior to mass production, COVID-19 relevant medicinal products (including vaccines) and treatments, their intermediates, active pharmaceutical ingredients and raw materials; medical devices, hospital and medical equipment (including ventilators and protective clothing and equipment as well as diagnostic tools) and necessary raw materials; disinfectants and their intermediary products and raw chemical materials necessary for their production; as well as data collection/processing tools.

(29) The eligible infrastructure may be operated by the aid beneficiary, or by a separate operator.

(30) The aid is granted in the form of direct grants by 31 December 2020.

(31) For projects started as of 1 February 2020, the aid is deemed to have an incentive effect; for projects started before 1 February 2020, the aid is deemed to have an incentive effect, if the aid is necessary to accelerate their implementation or extend their scope of the project. In such cases, only the additional costs in relation to the acceleration efforts or the extended scope will be eligible for aid.

(32) The investment project will be completed within six months after the date of granting the aid. An investment project is considered completed when it is accepted by the national authorities as completed. Where the six-month deadline is not met, per month of delay, 25% of the amount of aid awarded in form of direct grants shall be reimbursed, unless the delay is due to factors outside the control of the aid beneficiary.

(33) Eligible costs are the investment costs (land, buildings, and plant/equipment, immaterial assets) necessary to construct, or upgrade, the testing and upscaling infrastructures.

(34) Assets (equipment, buildings, land, etc.) that are not used for the full lifetime of the infrastructure are taken into account only *pro rata* (i.e. depreciation over the lifetime, if applicable or *pro rata* of the capacity used for the infrastructure).

(35) The aid intensity will not exceed 75% of the eligible costs.

(36) The maximum allowable aid intensity may be increased by 15 additional percentage points if the investment is concluded within two months after the date of aid granting or if the aid originates in more than one Member State.

- (37) The aid will not be combined with other investment aid for the same eligible costs.
- (38) The eligible infrastructures are not predominantly dedicated to one undertaking, but constitute service providers that are open to, and serve multiple users, based on transparent and non-discriminatory conditions.
- (39) The price charged for the services provided by the testing and upscaling infrastructure will correspond to the market price.
- (40) Any exceptional preferential access under more favourable conditions will be granted only to those undertakings that financed at least 10% of the investment costs of the infrastructure.

## **2.8. Cumulation**

- (41) The aid ceilings and cumulation maxima fixed under the measure shall apply regardless of whether the support for the aided project is financed entirely from State resources or partly financed by the European Structural and Investment Funds (ESIF).
- (42) The Slovak authorities confirm that aid granted under the measure may be cumulated with aid under de minimis Regulations<sup>8</sup> or a block-exemption Regulation<sup>9</sup> provided the provisions and cumulation rules of those Regulations are respected.
- (43) The Slovak authorities confirm that aid under the notified measure may be cumulated with other forms of Union financing, provided that the maximum aid intensities indicated in the relevant Guidelines or Regulations are respected.
- (44) The Slovak authorities confirm that aid granted under the measure may be cumulated with aid granted under other measures approved by the Commission under other sections of the Temporary Framework provided the provisions in those specific sections are respected.
- (45) The Slovak authorities confirm that aid granted under the measure may be combined with support from other sources for the same eligible costs, provided

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<sup>8</sup> Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid (OJ L 352, 24.12.2013, p.1), Commission Regulation (EU) No 1408/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid in the agriculture sector (OJ L 352, 24.12.2013 p. 9), Commission Regulation (EU) No 717/2014 of 27 June 2014 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid in the fishery and aquaculture sector (OJ L 190, 28.6.2014, p. 45) and Commission Regulation (EU) No 360/2012 of 25 April 2012 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid granted to undertakings providing services of general economic interest (OJ L 114 of 26.4.2012, p. 8).

<sup>9</sup> The GBER, Commission Regulation (EC) No 702/2014 of 25 June 2014 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union, OJ L 193, 1.7.2014, p. 1 and Commission Regulation (EU) No 1388/2014 of 16 December 2014 declaring certain categories of aid to undertakings active in the production, processing and marketing of fishery and aquaculture products compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union OJ L 369, 24.12.2014, p. 37.

the total amount of combined aid does not exceed the aid ceilings approved in this Decision.

- (46) For the Sub-measure “*Investment aid for testing and upscaling infrastructures*” the Slovak confirm that aid granted under the measure shall not be combined with other investment aid for the same eligible costs.

## **2.9. Monitoring and reporting**

- (47) The Slovak authorities confirm that they will respect the monitoring and reporting obligations laid down in Section 4 of the Temporary Framework (including the obligation to publish relevant information on each individual aid above EUR 100 000 granted under the measure and EUR 10 000 in the agricultural and fisheries sector on the comprehensive national State aid website or Commission’s IT tool within 12 months from the moment of granting<sup>10</sup>).

## **3. ASSESSMENT**

### **3.1. Lawfulness of the measure**

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

### **3.2. Existence of State aid**

- (49) 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.
- (50) The measure is imputable to the State, since it is granted and administered by the Slovak Ministry of Transport and Construction and it is based on the national legal basis defined in recital (6). It is financed through State resources, since it is financed by public funds.
- (51) The measure confers an advantage on its beneficiaries in the form direct grants. The measure thus relieves those beneficiaries of costs which they would have had to bear under normal market conditions.
- (52) The advantage granted by the measure is selective, since it is awarded only to certain undertakings, in particular those involved in COVID-19 relevant research, testing and upscaling, excluding the financial sector.
- (53) The measure is liable to distort competition, since it strengthens the competitive position of its beneficiaries. It also affects trade between Member States, since those beneficiaries are active in sectors in which intra-Union trade exists.

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<sup>10</sup> Referring to information required in Annex III to the GBER, Annex III to Commission Regulation (EU) No 702/2014 and Annex III of the Commission Regulation (EU) No 1388/2014 of 16 December 2014.

- (54) In view of the above, the Commission 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**

- (55) Since the measure involves aid within the meaning of Article 107(1) TFEU, it is necessary to consider whether that measure is compatible with the internal market.
- (56) Pursuant to Article 107(3)(c) TFEU, the Commission may declare compatible with the internal market *“aid to facilitate the development of certain economic activities or of certain economic areas, where such aid does not adversely affect trading conditions to an extent contrary to the common interest”*.
- (57) By amending the Temporary Framework on 3 April 2020, the Commission acknowledged the need to take specific temporary measures enabling Member States to address the health crisis caused by the COVID-19 outbreak. The measure aims at enhancing and accelerating COVID-19 relevant research, testing, and upscaling to address the current emergency health crisis. The measure has been designed to meet the requirements of the specific categories of aid (“Aid for COVID-19 relevant research and development” and “Investment aid for testing and upscaling of infrastructure”) described in Sections 3.6 and 3.7 of the Temporary Framework. Moreover, Slovakia confirmed that the aid under the measure is not conditioned on the relocation of a production activity or of another activity of the beneficiary from another country within the EEA to the territory of the Member State granting the aid. This is irrespective of the number of job losses actually occurred in the initial establishment of the beneficiary in the EEA.
- (58) The Commission accordingly considers that the measure contributes to the achievement of a common objective of crucial importance, is appropriate and necessary to address the health crisis. In particular:
- (59) The first sub-measure meets all the conditions provided for by Section 3.6 of the Temporary Framework for COVID-19 relevant R&D:
- Aid granted under the measure is limited to the eligible research areas listed in point 35 of the Temporary Framework (recital (16)).
  - Aid is granted under the measure in the form of direct grants by 31 December 2020 (recital (17)). The measure therefore complies with point 35(a) of the Temporary Framework.
  - For R&D projects started as of 1 February 2020, aid granted under the measure is deemed to have an incentive effect; for R&D projects started before 1 February 2020, aid granted under the measure is deemed to have an incentive effect provided the aid is necessary to accelerate or widen the scope of the project (recital (18)). The measure therefore complies with point 35(b) of the Temporary Framework.
  - Eligible costs are defined under the measure in accordance with point 35(c) of the Temporary Framework (recitals (19)-(22)). All costs necessary for the duration of the R&D aided project are eligible for aid under the measure. For projects started before 1 February 2020, only the additional costs in relation

to the acceleration efforts or the widened scope shall be eligible for aid under the measure, in line with point 35(b) of the Temporary Framework (recital (18)).

- The aid intensity for each beneficiary and shall not exceed 80% of eligible costs for industrial research<sup>11</sup> and experimental development<sup>12</sup>. The measure therefore complies with point 35(d) of the Temporary Framework (recital (23)). The cooperation/collaboration bonus shall not exceed 15 percentage points and its grant is limited in accordance with the conditions laid down by point 35(e) of the Temporary Framework (recital (25)).
- Aid granted under the measure may be combined with support from other sources for the same eligible costs, provided the total combined amount of aid does not exceed the aid ceilings laid down in points 35(d) and (e) of the Temporary Framework (recital (26)).
- Beneficiaries of aid under the measure shall commit to grant non-exclusive licences under non-discriminatory market conditions to third parties in other EEA states (recital (27)). The measure therefore complies with point 35(g) of the Temporary Framework.
- Aid may not be granted under the measure to medium and large undertakings that were already in difficulty on 31 December 2019 (recital (14)). It may be granted to micro and small undertakings that were in difficulty within the same meaning on 31 December 2019, only if those undertakings, at the moment of the granting of the aid, are not subject to collective insolvency procedure under national law and if they have not received rescue aid or restructuring aid. The measure therefore complies with points 35(h) and 35(h)bis of the Temporary Framework.

(60) The second sub-measure meets all the conditions provided for by Section 3.7 of the Temporary Framework for the construction and upgrade of testing and upscaling infrastructures:

- Aid granted under the measure is limited to the construction or upgrade of testing and upscaling infrastructures required to develop, test and upscale, up to the first industrial deployment prior to mass production, COVID-19 relevant products listed in point 37(a) of the Temporary Framework (recital (28)).
- Aid is granted under the measure in the form of direct grants by 31 December 2020 (recital (30)). The measure therefore complies with point 37(b) of the Temporary Framework;
- For investment projects started as of 1 February 2020, aid granted under the measure is deemed to have an incentive effect; for projects started before 1 February 2020, aid granted under the measure is deemed to have an incentive effect provided the aid is necessary to accelerate or widen the scope of the

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<sup>11</sup> As defined in paragraph (85) of Article 2 of Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 187 of 26.6.2014, p. 1.

<sup>12</sup> As defined in paragraph (86) of Article 2 of Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 187 of 26.6.2014, p. 1.

project (recital (31)). The measure therefore complies with point 37(c) of the Temporary Framework.

- Investment projects must be completed within six months after the investment aid was granted. If this deadline is not respected, the beneficiary of the measure shall reimburse 25% of the amount of the aid awarded per month of delay, unless the delay is due to factors outside the control of the beneficiary (recital (32)). The measure therefore complies with point 37(d) of the Temporary Framework;
- The costs eligible for aid under the measure are the investment costs necessary for setting up the testing and upscaling infrastructures required to develop the products listed in point 37(a) of the framework (recitals (33)-(34)). The measure therefore complies with point 37(e) of the Temporary Framework. For projects started before 1 February 2020, only the additional costs in relation to the acceleration efforts or the widened scope of the project are eligible for aid under the measure in line with point 37(c) of the Temporary Framework (recital (31)).
- The aid intensity shall not exceed 75% of the eligible costs. The measure therefore complies with point 37(e) of the Temporary Framework. A bonus of up to 15 percentage points may be granted under the conditions laid down in point 37(f) of the Temporary Framework (i.e. if the investment is finalised within two months or if the aid comes from more than one Member States) (recitals (35)-(36)).
- The cumulation of the aid granted under the measure with other investment aid for the same costs shall not be permitted (recital (37)). The measure therefore complies with point 37(g) of the Temporary Framework;
- The prices charged for the services provided by the testing and upscaling infrastructure shall correspond to the market price (recital (39)). The measure therefore complies with point 37(i) of the Temporary Framework;
- The testing and upscaling infrastructures shall be open to several users and access shall be granted on a transparent and non-discriminatory basis (recital (38)). Undertakings that have financed at least 10 % of the investment costs may be granted preferential access under more favourable conditions (recital (40)). The measure therefore complies with point 37(j) of the Temporary Framework.
- Aid may not be granted under the measure to medium or large undertakings that were already in difficulty on 31 December 2019 (recital (14)). It may be granted to micro and small undertakings that were in difficulty within the same meaning on 31 December 2019, only if those undertakings, at the moment of the granting of the aid, are not subject to collective insolvency procedure under national law and if they have not received rescue aid or restructuring aid. The measure therefore complies with points 37(k) and 37(k)bis of the Temporary Framework

- (61) The Slovak authorities confirm that the monitoring and reporting rules laid down in section 4 of the Temporary Framework will be respected (recital (47)). The Slovak authorities further confirm that the aid under the measure may only be cumulated with other aid, provided the specific provisions in the sections of the Temporary Framework are respected and the cumulation rules of the relevant Regulations are respected (recitals (41)-(46)).

- (62) The Slovak authorities also confirm that the rules under the ERDF will be respected.
- (63) In light of the elements above, the Commission considers that the measure complies with the compatibility conditions laid down by the Temporary Framework. The Commission has taken due consideration of the common objective pursued by the measure and its positive effects on tackling the health crisis provoked by the COVID-19 outbreak when balancing those effects against the potential negative effects of the measure on the internal market. The Commission concludes that those positive effects of the measure outweigh its potential negative effects on competition and trade.

#### **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)(c) 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