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**Subject: State Aid SA.59808 (2020/N) – Slovakia
COVID-19: Prolongation of SA.57829 (2020/N) – State aid scheme
for temporary aid to support COVID-19 research, development and
testing**

Excellency,

1. PROCEDURE

- (1) By electronic notification of 27 November 2020, Slovakia notified a prolongation of an aid scheme supporting COVID-19-relevant R&D projects 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”).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 218, 2.7.2020, p. 3 and 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.

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- (2) This is the first prolongation of the State aid scheme approved by the Commission's Decision of 13 July 2020 under the reference SA.57829 (2020/N) ("the initial scheme").
- (3) 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

- (4) Like the initial scheme, the measure provides aid in the form of direct grants and is aimed at supporting COVID-19-relevant research and development activities, and testing and upscaling infrastructures that contribute to develop COVID-19-relevant products. According to Slovakia, given the ongoing COVID-19 outbreak³, it is crucial that the State continues to provide incentives to companies to direct their activities to research, development and testing/upscaling of products that are crucial to address that outbreak. Slovakia therefore considers that the measure contributes to address the COVID-19 outbreak.
- (5) Under the initial scheme, individual aid may be granted until 31 December 2020.⁴ Slovakia intends to prolong it by six additional months. Therefore, aid may be granted under the scheme, as amended, until 30 June 2021. In addition, Slovakia intends to increase the budget of the initial scheme, from the EUR 80 million approved in the Decision of 13 July 2020,⁵ to EUR 95.5 million. Like the budget already approved,⁶ the additional budget will be co-financed by the European Regional Development Fund (ERDF).
- (6) All the other elements of the initial scheme (i.e. nature and form of aid, granting and implementing authority, beneficiaries, sectoral and regional scope, eligible activities and infrastructures, eligible costs, maximum aid intensities, cumulation and other applicable conditions) will remain as described in the Decision of 13 July 2020. The Slovak authorities confirmed that the commitments provided for the purposes of the initial scheme are valid in their entirety also for the measure.
- (7) The compatibility assessment of the measure is based on Article 107(3)(c) TFEU, in light of Sections 3.6 and 3.7 of the Temporary Framework.

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

³ In response to the evolution of the COVID-19 outbreak in Slovakia, on 30 September 2020 the Slovak authorities declared the state of emergency for the second time in the year, for a period of 45 days (Resolution No. 587/2020). On 11 November 2020, the state of emergency was extended for an additional period of 45 days (Resolution No. 718/2020).

⁴ See recital (10) of the Decision of 13 July 2020 (SA.57829).

⁵ See recital (8) of that Decision.

⁶ See recital (9) of the Decision of 13 July 2020 (SA.57829).

3. ASSESSMENT

3.1. Lawfulness of the measure

- (8) By notifying the prolongation and budgetary increase of the initially approved scheme before putting it into effect, the Slovak authorities have respected their obligations under Article 108(3) TFEU.

3.2. Existence of State aid

- (9) The qualification of the initial scheme as State aid was established in the Decision of 13 July 2020. The Commission refers, for its analysis, to recitals (49) to (54) of that Decision. The Commission concludes that the notified modifications, as described above, do not alter the conclusion that the scheme, as amended, constitutes aid within the meaning of Article 107(1) TFEU, as set out in the Decision of 13 July 2020.
- (10) 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

- (11) 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.
- (12) 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*”.
- (13) 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, and 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.
- (14) The Commission refers to the compatibility analysis set out in recitals (55) to (63) of the Decision of 13 July 2020, regarding the initial scheme. The measure, as notified, introduces modifications that are limited to the prolongation of the scheme’s duration until 30 June 2021 and a budget increase (see recital (5) above).
- (15) In the light of the above elements, the Commission considers that the measure does not alter the Commission’s conclusion on the compatibility of the aid scheme under the Temporary Framework, the validity of which was prolonged on 13 October 2020 until 30 June 2021. The Commission has taken due consideration of the 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