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**Subject: State Aid SA.59982 (2020/N) – Slovakia
COVID-19: Amendments to SA.57483, SA.57484 and SA.57485
under the Temporary Framework**

Excellency,

1. PROCEDURE

- (1) By electronic notification of 10 December 2020, Slovakia notified amendments to the following existing aid schemes (“the existing aid schemes”) which the Commission had approved on 18 June 2020¹ (“the initial Decision”) in light of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (“the Temporary Framework”)²:
- (a) SA.57483: the Export-Import Bank of the Slovak Republic ("Eximbanka") guarantee and grant scheme for loans between EUR 2 and 20 million;

¹ Decision C(2020) 4196 final, SA.57483, SA.57484, SA.57485, of 18 June 2020.

² 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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- (b) SA.57484: The National Development Fund I guarantee and grant scheme for loans with a nominal amount of maximum EUR 2 million;
 - (c) SA.57485: The National Development Fund II guarantee and grant scheme for loans with a nominal amount of maximum EUR 2 million.
- (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 1/1958³ and to have this Decision adopted and notified in English.

2. DESCRIPTION OF THE MEASURES

- (3) The fourth Amendment of the Temporary Framework extends the temporal validity of the Temporary Framework and expands its scope.
- (4) Following that last amendment of the Temporary Framework, the Slovakian authorities wish to extend the duration of the State aid measures approved under Sections 3.1, 3.2 and 3.4 of the Temporary Framework for the existing aid schemes listed in recital (1) until 30 June 2021.
- (5) Furthermore, the third amendment of the Temporary Framework⁴, provides that aid may be granted to micro or small enterprises (within the meaning of Annex I of the General Block Exemption Regulation⁵, Annex I of the Agricultural Block Exemption Regulation⁶ and Annex I of the Fisheries Block Exemption Regulation⁷) that were already in difficulty⁸ on 31 December 2019, provided that at the moment of the granting, these enterprises are not subject to collective insolvency procedure under national law, and that they have not received rescue aid or restructuring aid.
- (6) Slovakia plans to modify the existing aid schemes by allowing access to the scheme SA.57483 also to small enterprises⁹ that comply with the requirements of

³ Regulation No 1 determining the languages to be used by the European Economic Community, OJ 17, 6.10.1958, p. 385.

⁴ OJ C 218, 2.7.2020, p. 3.

⁵ 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, 26.6.2014, p. 1.

⁶ As defined in 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, 1.7.2014, p. 1

⁷ As defined in 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, 24.12.2014, p. 37.

⁸ As defined in Article 2 (18) of the 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 (also referring to the definitions contained in Article 2(14) of Regulation (EU) No 702/2014 and Article 3(5) of Regulation 1388/2014 respectively).

⁹ The scheme SA.57483 excludes micro enterprises.

the Temporary Framework described in recital (5) and access to the schemes SA.57484 and SA.57485 also to micro and small enterprises that comply with those requirements.

- (7) Slovakia confirms that no further amendments are proposed to the existing aid schemes listed in recital (1).

3. ASSESSMENT

3.1. Lawfulness of the measure

- (8) By notifying the amendments to the existing aid schemes before putting them into effect, the Slovakian authorities have respected their obligation under Article 108(3) of the TFEU.

3.2. Existence of State aid

- (9) For a measure to be categorised as aid within the meaning of Article 107(1) of the 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.
- (10) The measures concerned constitute State aid in the meaning of Article 107(1) of the TFEU for the reasons set out in the initial Decision¹⁰. The proposed amendments to those schemes do not alter that conclusion. The Commission therefore refers to the respective assessment of the initial Decision and concludes that the schemes as amended constitute State aid in the meaning of Article 107(1) of the TFEU.

3.3. Compatibility

- (11) The Commission assessed the existing aid schemes on the basis of Article 107(3)(b) of the TFEU in light of the Temporary Framework and concluded that the existing aid schemes were compliant with the compatibility conditions set out in the Temporary Framework. The Commission refers to its analysis of compatibility as set out in the initial Decision¹¹.
- (12) The Commission considers that the extension of the State aid measures approved under Sections 3.1, 3.2 and 3.4 of the Temporary Framework for the existing aid schemes listed in recital (1) until 30 June 2021 meet the conditions of the Temporary Framework and do not alter the Commission's conclusions on the compatibility of those aid schemes as set out in the initial Decision.
- (13) As explained in the third amendment to the Temporary Framework, the Commission considers that micro and small undertakings have been particularly affected during the current crisis by the liquidity shortage caused by the economic impact of the COVID-19 outbreak. The unprecedented supply and demand shock

¹⁰ See recitals 38-43 of the initial Decision.

¹¹ See recitals 44-53 of the initial Decision.

due to the crisis has also exacerbated the difficulties such undertakings face to access financing on the market in general, as compared to medium-sized and large enterprises. Given their limited size and limited involvement in cross-border transactions, it is therefore less likely that State aid granted to these enterprises would distort competition in the Internal Market and affect intra-EU trade than State aid granted to medium-sized and large companies. This holds true even if these enterprises were to fall under the category of an undertaking in financial difficulty already on 31 December 2019, as long as they are not subject to a collective insolvency procedure under national law and have not received rescue aid (which has not been repaid) or restructuring aid (and are still subject to a restructuring plan).

- (14) In view of the above and of points 22(c)bis and 25(h)bis of the Temporary Framework, the Commission considers that the amendments to the existing aid schemes meet the conditions of the Temporary Framework and do not alter the Commission's conclusions on the compatibility of the respective aid schemes in the initial Decision.

4. CONCLUSION

The Commission has accordingly decided not to raise objections to the amendments of the existing aid schemes listed in recital (1) on the grounds that they are 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

