EUROPEAN COMMISSION

Brussels, 2.2.2010
C(2010)756

Subject: **State aid N711/2009 – Slovakia**

Amendment to the Framework Scheme "Limited amounts of compatible aid" (N 222/2009)

("*Dodatok c. 1 k Schéme pre docasné poskytovanie malej pomoci v Slovenskej republike pocas trvania financnej a hospodárskej krízy*")

Sir,

1. PROCEDURE

(1) By electronic notification of 21 December 2009 Slovakia notified an amendment to the framework scheme "Limited amounts of compatible aid" (N 222/2009). In response to a Commission's request for information, dated 5 January, 15 January (D/5018) and 22 January 2010 (D/5270), the Slovak authorities provided further information on 11 January (A/541), 18 January (A/1031) and 25 January 2010 (A/1353).

(2) The existing framework scheme was approved by the Commission on 29 April 2009 (N 222/2009).[1]

2. DESCRIPTION OF THE AMENDMENT

(3) According to the European Commission's European Economic forecast of autumn 2009, the financial crisis is still affecting the Slovak economy. It has been primarily affected through the trade channel, as demand from trading partners has

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1 OJ C 146, 26 June 2009, p. 3.

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plummeted, triggering a plunge in exports by some 25% in the first half of 2009 compared to the same period of 2008. This was followed by an even larger fall in imports, as uncertainties related to the crisis led to a massive increase in savings by households. As a consequence, real GDP slowed markedly and tumbled by 11% (non annualised) in the first quarter of 2009.

(4) In order to counter the negative effects the Slovak authorities notify an amendment to the approved aid scheme. Under the original scheme, aid will be provided in the form of transparent forms of aid, as defined by the General Block Exemption Regulation[2], and in particular in the form of direct grants, non reimbursable grant and remission of penalties for non payment of taxes or other kind of payment. The amendment foresees additional aid in the form of *remission of debts*, which creditors[3] (e.g., tax authorities, health insurance, social insurance authority, municipalities, etc.) grant to firms (debtors) which were not in difficulty on 1 July 2008, but entered in difficulty thereafter as a result of the global financial and economic crisis.[4]

(5) All other elements of the approved scheme remain unchanged.

(6) The Slovak authorities confirm that the monitoring and reporting obligations laid down in Section 6 of the Temporary Framework will be respected.

(7) The Slovak authorities confirm that the notification does not contain business secrets.

3. ASSESSMENT

(8) The Commission approved the framework scheme "Limited amounts of compatible aid" (N 222/2009) on 26 June 2009. The Commission considered that the scheme is

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2 OJ L 214, 9 August 2008, p. 3, Commission Regulation (EC) No 800/2008 of 6 August 2008 declaring certain categories of aid compatible with the common market in application of Articles 87 and 88 of the Treaty (General block exemption Regulation).

3 Creditors are entities as indicated in Article 1 (b) of State Aid Act No. 231/1999 of 24 August 1999 as amended. Examples given: state authorities (*štátne orgány*), higher territorial units (*vyššie územné celky*) municipalities (*obce*), and other legal persons granting State Aid according to the specific legal act *iné právne osoby poskytujúce štátnu pomoc podľa osobitného zákona*.

4 See Resolution of the Slovak government No. 777 of 9 November 2009. The creditor must have registered the debt in court according to Articles 121-125 of the Slovak Law No. 7/2005 on "Bankruptcy and Restructuring" of 9 December 2004 as amended. The creditor must also submit a declaration that the registered debt was validated in his book-keeping.

in conformity with the Temporary Framework[5] and with the Treaty on the basis of Article 107(3)(b) TFEU.[6]

(9) The Commission accordingly considers that the notified measure is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State and meets all the conditions of the Temporary Framework. In particular,

- The maximum aid amount will not exceed the cash equivalent of EUR 500,000 (in line with point 4.2.2. (a) of the Temporary Framework);
- The measure is granted through an aid scheme (in line with point 4.2.2. (b) of the Temporary Framework);
- Firms in difficulty (situation of 1.7.2008) are excluded from eligibility under the scheme (in line with point 4.2.2. (c) of the Temporary Framework;
- Firms active in the fisheries sector are excluded from the scope of this measure (in line with point 4.2.2. (d) of the Temporary Framework);
- Export aid and aid favouring domestic over imported goods and services are excluded (in line with point 4.2.2. (e) of the Temporary Framework;
- Aid may be granted until 31.12.2010 (in line with point 4.2.2. (f) of the Temporary Framework;
- The cumulation rules with *de minimis* aid and aid for other purposes are respected (in line with points 4.2.2.(g) and 4.7. of the Temporary Framework);
- Firms active in the primary production of agricultural products remain excluded from the scope of this measure. The conditions on aid to undertakings active in the processing and marketing of agricultural products as laid down in the provisions of Paragraph 4.2.2 (h) of the Temporary Framework will be respected.
- The monitoring and reporting rules laid down in section 6 of the Temporary Framework will be respected.

Given that all other aspects of the scheme remain the same, the Commission's assessment in case N222/2009 remains valid.

(10) For these reasons, the Commission considers that the notified measure is in conformity with the Temporary Framework and considers it to be compatible with

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5 Communication from the Commission - Temporary framework for State aid measures to support access to finance in the current financial and economic crisis, (consolidated version) OJ C 83 of 7 April 2009. (http://ec.europa.eu/competition/state_aid/legislation/horizontal.html). Point 4.2.2 (h) and point 4.7 of the Temporary Framework were amended by Communication from the Commission of 28 October 2009 C(2009) 8462, (OJ C 261, 31.10.2009, p.2) allowing to Member States to grant separate limited amounts of aid to primary agricultural producers of up to EUR 15 000. Point 4.3.2 (d) of the Temporary Framework was amended by Communication from the Commission of 8 December 2009 (OJ C 303, 15.12.2009, p.4) allowing to Member States to calculate, for underlying investment loans, the maximum loan on the basis of the annual EU 27 average labour cost.

6 With effect from 1 December 2009, Articles 87 and 88 of the EC Treaty have become Articles 107 and 108, respectively, of the TFEU. The two sets of provisions are, in substance, identical. For the purposes of this Decision, references to Articles 107 and 108 of the TFEU should be understood as references to Articles 87 and 88, respectively, of the EC Treaty where appropriate.

the Treaty on the basis of Article 107(3)(b) TFEU. The Commission notes that the notification does not contain business secrets, and that Slovakia has agreed that the decision be adopted in English as its authentic language.

4. DECISION

(11) The Commission has accordingly decided

– to consider the notified aid scheme as compatible with the Treaty under Article 107(3)(b) TFEU.

Yours faithfully,
For the Commission

Neelie KROES
Member of the Commission