

Newsalert

Department of European Law

Coronavirus: Commission Statement on consulting Member States on the proposal to extend State aid Temporary Framework

On 27 March 2020, the European Commission has sent to Member States for consultation a draft proposal to extend the State aid Temporary Framework adopted on 19 March 2020 to support the economy in the context of the coronavirus outbreak.

Within just a few days, the Commission has taken 14 State aid decisions based on this Temporary Framework to approve 22 national measures that provide much needed liquidity to European businesses in these difficult times. The Commission is now proposing to extend the Temporary Framework by adding additional support possibilities for five types of aid measures. Member States now have the possibility to comment on the Commission's draft proposal. The Commission aims to have the amended Temporary Framework in place next week.

Executive Vice-President Margrethe Vestager, in charge of competition policy, said:

“Managing the economic impact of the coronavirus outbreak requires decisive, fast and – most importantly – coordinated action. EU State aid rules provide a toolbox for Member States to help companies in this difficult time. We will add to this toolbox to enable Member States to support companies that develop, test and produce much needed products to fight the coronavirus, such as vaccines, medical devices and protective equipment. We will also enable Member States to give targeted support to save jobs in sectors and regions that are hit particularly hard by the outbreak, by relieving them from tax payment and social contributions or giving wage subsidies. The Commission will continue to do all it can to support European governments and citizens.”

The five proposed measures are:

1. More support for coronavirus related research and development (R&D) to address the current health crisis. Even more aid can be granted, if Member States cooperate across borders.
2. More support for the construction and upgrading of testing facilities for products relevant to tackle the coronavirus outbreak, such as vaccines, medical equipment or devices, protective material and disinfectants. Member States can also grant no-loss guarantees to provide incentives for companies to invest. Even more aid can be granted, if Member States cooperate across borders.
3. More support for the production of products relevant to tackle to coronavirus outbreak, such as vaccines, medical equipment or devices, protective material and disinfectants.

Member States can also grant no-loss guarantees to provide incentives for companies to invest. Even more aid can be granted, if Member States cooperate across borders.

4. Targeted support in the form of deferral of tax payments and/or suspensions of employers' social security contributions to help avoid lay-offs due to the coronavirus crisis in specific regions or sectors that are hardest hit by the outbreak.
5. Targeted support in the form of wage subsidies for employees to help avoid lay-offs due to the coronavirus crisis in specific regions or sectors that are hit hardest by the outbreak.

The targeted support possibilities give Member States more flexibility to intervene selectively on the basis of greatest need. This possibility complements that of taking general measures available to all companies, which would fall outside the scope of EU State aid control (as already clarified in the Commission Communication of 13 March and the existing State aid Temporary Framework).

Finally, the Commission has today decided to temporarily remove all countries from the list of "marketable risk" countries under the Short-term export-credit Communication. This enables Member States to make available public short-term export credit insurance in light of the increasing insufficiency of private insurance capacity for exports to all countries in the current coronavirus crisis.

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