



EUROPEAN COMMISSION

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PUBLIC VERSION

WORKING LANGUAGE

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**Subject: State aid 32031 (2010) – Germany
Prolongation of the "Federal Framework: Limited amounts of
compatible aid" ("Bundesregelung Kleinbeihilfen") (N 668/2008)**

Sir,

1. PROCEDURE

- (1) By electronic notification of 3 December 2010 Germany notified the prolongation of the existing aid scheme "Federal Framework: Limited amounts of compatible aid" ("Bundesregelung Kleinbeihilfen"). By electronic communications of 9 December 2010 the German authorities submitted further clarifications and confirmations to the Commission. The existing aid scheme has been approved by the Commission on 30 December 2008 (N 668/2008)¹. Amendments to the scheme have been approved by the Commission on 4 June 2009 (N 299/2009)², on 17 July 2009 (N 411/2009)³ and on 31 August 2010 (N 255/2010)⁴.

2. DESCRIPTION OF THE NOTIFIED PROLONGATION

- (2) The existing aid scheme "Federal Framework: Limited amounts of compatible aid" was approved by the Commission on the basis of the Communication from the

¹ OJ C 152, 4 July 2009, p.2.

² OJ C 152, 4 July 2009, p.3.

³ OJ C 179, 1 August 2009, p.4.

⁴ OJ C 259, 25 September 2010, p. 2.

Seiner Exzellenz Herrn Dr. Guido Westerwelle
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Commission – Temporary Community framework for State aid measures to support access to finance in the current financial and economic crisis (Temporary Community Framework)⁵. Now the German authorities notify the prolongation of the aid scheme on the basis of the Commission Communication on the Temporary Union framework for State aid measures to support access to finance in the current financial and economic crisis (Temporary Union Framework).⁶

- (3) Aid on the basis of the prolonged aid scheme "Federal Framework: Limited amounts of compatible aid" can be granted in the year 2011 on the condition that the beneficiary submits its application under the existing scheme as approved under the Temporary Community Framework no later than 31 December 2010.
- (4) The aid will not raise the total amount of aid received by the undertaking during the period from 1 January 2008 to 31 December 2011 to a level above the ceiling of EUR 500 000.
- (5) The German authorities estimate that the number of beneficiaries will be between 500 and 1000.
- (6) The aid volume available during the prolonged period has been estimated not to exceed EUR 500 million.
- (7) The scheme will enter into force on 1 January 2011 and expire on 31 December 2011.
- (8) All other elements of the existing scheme remain unchanged.
- (9) The German authorities confirmed that the monitoring and reporting obligations laid down in particular in Section 4 of the Commission Communication on the Temporary Union Framework will be respected.
- (10) Furthermore, the German authorities declared to respect the applicable rules in case of co-financing with the EU Structural Funds and other EU financing instruments.
- (11) The German authorities confirmed further that the notification does not contain business secrets and that, in view of the urgency of the measure, they exceptionally accept that the Commission decision is adopted in the English language.

3. ASSESSMENT

- (12) In its decision of 30 December 2008 and in the amending decisions of 4 June 2009, 17 July 2009 and 31 August 2010, the Commission concluded that the aid scheme "Federal Framework: Limited amounts of compatible aid" ("Bundesregelung Kleinbeihilfen") constitutes State aid within the meaning of Article 107(1) of the Treaty on the Functioning of the European Union ("TFEU"). It found that the measures were compatible with the internal market under Article 107(3)(b) TFEU, because they were apt to remedy a serious distortion of the German economy. To

⁵ OJ C 83, 7 April 2009, p.1, as amended OJ C 261, 31 October 2009, p.2 as amended OJ C 303, 15 December 2009, p.6.

⁶ (not yet published); http://ec.europa.eu/competition/state_aid/legislation/temporary_framework_en.pdf

this end, the Commission had assessed the appropriateness, necessity and proportionality of the measure.

- (13) In view of the continued volatility of financial markets and the uncertainty about the economic outlook, the Commission decided that a prolongation until end 2011 of the Temporary Community Framework measures targeted to facilitate companies' access to finance was justified in order to assure a gradual return to normal state aid rules while limiting their impact on competition.
- (14) The Commission observes that the prolongation of the scheme is a response to the continuing difficulties that enterprises in Germany experience in obtaining funding by the banks. Even though in broad terms the health of the banking sector has improved compared with the situation one year ago, the recovery is still fragile as the future evolution of financing remains uncertain. Thus the risk persists that the banking system may not be ready to sustain the recovery when credit demands picks up.
- (15) Against this background and taking into account the residual fragility of the recovery process and the possibility of setbacks in that process, the continuation of the scheme "Federal Framework: Limited amounts of compatible aid" ("Bundesregelung Kleinbeihilfen") can be deemed necessary to facilitate companies' access to finance. The Commission considers that an abrupt withdrawal of the scheme might put further stress on the recovery process. The Commission therefore considers that the prolongation of the scheme until the end of 2011 is appropriate, necessary and proportional to remedy a serious disturbance of the German economy.
- (16) On the basis of the above, the notified prolongation of the "Federal Framework: Limited amounts of compatible aid" ("Bundesregelung Kleinbeihilfen") scheme does not alter the Commission's previous assessment in the decision of 30 December 2008 and the amending decisions of 4 June 2009, 17 July 2009 and 31 August 2010.
- (17) On the basis of these considerations, the prerequisites for the compatibility of schemes with Article 107(3)(b) TFEU that have been established by the Temporary Community Framework continue to apply. Furthermore, the Commission considers that the notified prolongation of the scheme "Federal Framework: Limited amounts of compatible aid" ("Bundesregelung Kleinbeihilfen") until 31 December 2011 (as described above under Section 2) complies with the requirements set out in point 2.2. of the Temporary Union Framework and is therefore compatible with the internal market.
- (18) The Commission notes that the notification does not contain business secrets, and that Germany has exceptionally agreed that the decision be adopted in English as its authentic language.

4. DECISION

- (19) The Commission has accordingly decided

- to consider the notified prolongation of the aid scheme as compatible with Article 107(3)(b) of the TFEU.

Yours faithfully,
For the Commission

Joaquin ALMUNIA
Vice President of the Commission