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**PUBLIC VERSION**

**WORKING LANGUAGE**

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**Subject: State Aid SA.32036 (N/2010) – Italy  
Prolongation of the "Limited amount of compatible aid under the  
Temporary Framework" (N 248/2009 and N706/2009) – Aiuti  
compatibili di importo limitato**

Sir,

## **1. PROCEDURE**

- (1) By electronic notification of 6 December 2010 Italy notified the prolongation of the existing aid scheme "Limited amount of compatible aid under the Temporary Framework" and by electronic communications on 7 December 2010 additional information was submitted. By electronic notification of 10 December 2010 the Italian authorities submitted further clarifications and confirmations to the Commission. The existing aid scheme was approved by the Commission on 28 May 2009 (N248/2009)<sup>1</sup> and amended by the decision of 1 February 2010 (N706/2009)<sup>2</sup>.

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<sup>1</sup> OJ C 151, 3 July 2009, p. 19

<sup>2</sup> C(2010) 715, 1.2.2010 (Not yet published)

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## **2. DESCRIPTION OF THE NOTIFIED PROLONGATION**

- (2) The existing aid scheme "Limited amount of compatible aid under the Temporary Framework" was approved by the Commission on the basis of the Communication from the Commission – Temporary Community framework for State aid measures to support access to finance in the current financial and economic crisis (Temporary Community Framework)<sup>3</sup>. Now the Italian 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)<sup>4</sup>.
- (3) Aid on the basis of the prolonged aid scheme "Limited amount of compatible aid under the Temporary Framework" can be granted in the year 2011 on the condition that the beneficiary submits its application under the existing aid scheme as approved under the Temporary Community Framework no later than 31 December 2010, and no later than 31 March 2011 for undertakings active in the primary production of agricultural products<sup>5</sup>.
- (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 and to a level above the ceiling of EUR 15,000 for undertakings active in the primary production of agricultural products.
- (5) The Italian authorities estimate that the number of beneficiaries will be over 1000.
- (6) The aid volume available during the prolonged period has been provisionally estimated at EUR 1 billion<sup>6</sup>.
- (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, including the budget foreseen for undertakings active in the primary production of agricultural products, which amounts to EUR 320 million, as stated in the above mentioned decision of 1 February 2010 (N706/2009).
- (9) The Italian 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.

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<sup>3</sup> 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.

<sup>4</sup> (not yet published); [http://ec.europa.eu/competition/state\\_aid/legislation/temporary\\_framework\\_en.pdf](http://ec.europa.eu/competition/state_aid/legislation/temporary_framework_en.pdf)

<sup>5</sup> As defined in Article 2(3) and (4) of Commission Regulation (EC) No 1857/2006 of 15 December 2006 on the application of Articles 87 and 88 of the Treaty to State aid to small and medium-sized enterprises active in the production of agricultural products and amending Regulation (EC) No 70/2001 (OJ L 358, 16.12.2006, p. 3).

<sup>6</sup> The maximum aid volume for undertakings active in the primary production of agricultural products amounts to EUR 320 million.

- (10) Furthermore, the Italian authorities declared to respect the applicable rules in case of co-financing with the EU Structural Funds and other EU financing instruments.
- (11) The Italian authorities confirmed 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 decisions of 28 May 2009 and of 1 February 2010, the Commission concluded that the "Limited amount of compatible aid under the Temporary Framework" scheme constitutes State aid within the meaning of Article 107(1) of the Treaty on the Functioning of the European Union ("TFEU"). However 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 Italian economy. To 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 has decided that a prolongation until end 2011 of the Temporary Framework measures targeted to facilitate companies' access to finance is 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 Italy continue to experience in obtaining funding by the banks. Even though in broad terms the health of the banking sector has improved compared with the situation existing 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 "Limited amount of compatible aid under the Temporary Framework" scheme 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 Italian economy.
- (16) On the basis of the above, the notified prolongation of the "Limited amount of compatible aid under the Temporary Framework" scheme does not alter the Commission's previous assessment in the decision of 28 May 2009.
- (17) On the basis of these considerations, the prerequisites for the compatibility of "Limited amount of compatible aid under the Temporary Framework" with Article 107(3)(b) TFEU that have been established by the Temporary Framework continue to apply. Furthermore, the Commission considers that the notified prolongation of the scheme "Limited amount of compatible aid under the Temporary Framework" scheme complies with the requirements set out in point 2.2. of the Temporary Union Framework above and is therefore compatible with the internal market.
- (18) The Commission notes that the notification does not contain business secrets, and that Italy 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

Joaquín ALMUNIA  
Vice-President