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Subject: State aid SA.38674 (N/2014) – Germany - Subordinated loans for SMEs – Saxony

Sir,

1. PROCEDURE

- (1) By electronic notification registered on 29 April 2014 at the Commission (SANI 2014/046406), the German authorities notified, pursuant to Article 108(3) TFEU, the prolongation of the aid scheme of the Land Saxony relating to award of subordinated loans. The prolonged scheme was notified for assessment under the Regional aid guidelines for the period 2014-2020 ("RAG")¹. The original scheme had been approved by the Commission decision N 339/2010 of 1 February 2011 and was approved for the period from 2 February 2011 until 30 June 2014, having been prolonged by Commission decision SA.37379 of 5 December 2013.
- (2) By letter of 10 June 2014 (SANI 2014/059130) the Commission asked for supplementary information. By letter of 3 July 2014 (SANI 2014/070056) Germany asked for the extension of the deadline for the submission of the additional information, which was accepted by the Commission by letter of 4 July 2014 (SANI 2014/070237). Germany submitted the requested information on 18 July 2014 (SANI 2014/075459). By letter of 31 July 2014 (SANI 2014/079515), the Commission asked for supplementary information. After a request for an extension of the deadline to respond (2014/082500), submitted on 8 August 2014 and accepted by the Commission by letter of 21 August 2014 (2014/085059), Germany submitted additional information on 24 September 2014 (2014/095777). By email of 4 November 2014 the German authorities

¹ OJ C 209, 23.07.2013, p. 1.

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clarified the scope of commitments as a response to a request from the Commission from 3 November 2014.

2. DESCRIPTION

2.1. Objective of the aid scheme

- (3) The measure aims at promoting regional development and the development of small and medium-size enterprises ("SMEs") in Saxony. The Land Saxony is an assisted area under Article 107(3)(c) TFEU as of 1 July 2014, in accordance with the German Regional Aid Map for the period 2014-2020². The maximum aid intensity in the Land Saxony for large undertakings is 10% gross grant equivalent (20% for medium-sized firms, 30% for small firms). Certain areas of the Land Saxony which were eligible for regional aid pursuant to Article 107(3)(a) TFEU under the German regional aid map 2011-June 2014³ benefit from a temporary increase of those ceilings by 5% until 31 December 2017.

2.2. Legal basis

- (4) The national legal basis for the scheme is the following:
- a) §23 and 44 of the Budget Regulation of the Free State of Saxony (Saxon Budget Regulation) in the version published on 10 April 2001 (SächsGVBl. p.153), as last amended by Article 1 of the Budget Support Act 2013/2013 of 13 December 2012 (SächsGVBl. p.725), adjusted as of January 13, 2013, in its current version;
 - b) Administrative rules of the Saxon State Ministry of Finance to Saxon Budget Regulation of 27 June 2005 (SächsABl. SDr. S.S225), as amended by administrative Regulation of 18 December 2013 (SächsABl. 2014p223), effective January 17, 2014, as amended;
 - c) Directive of the Saxon State Ministry for Economic Affairs, Labour and Transport on the granting of subordinated loans for eligible projects of small and medium-sized enterprises;
 - d) Operational Programme of the European Regional Development Funding the Free State of Saxony for the EU Structural Funds period 2014-2020 as amended;
 - e) Laws concerning the establishment of the Saxon Development Bank-Development Bank-(FördbankG) -reference: SächsGVBl. 2003Bl.-Nr. 8 pp.161; and
 - f) Coordination Framework under the Joint Task "Improvement of Regional Economic Structure" (GRW) in the currently applicable version.

2.3. The nature and form of the aid

- (5) The aid is granted in the form of interest rate-subsidised, non-collateralised subordinated loans to SMEs.
- (6) The Commission has previously found in a series of decisions⁴ that subordinated loans are not covered by the Communication from the

² SA.37423 (N/2013), OJ C 280, 22.08.2014, p. 1.

³ SA.37424 (N/2013), OJ C 50, 21.02.2014, p. 1.

⁴ See, for example, SA.31690 (N438/10)- Germany- Subordinated loan scheme for undertakings with a rating in Sachsen-Anhalt, OJ C258 of 02.09.2011 p.3; N708/2009 – Brandenburg, OJ C290, 27.10.2010, p. 1.

Commission on the revision of the method for setting the reference and discount rates ("the 2008 Reference Rate Communication")⁵, and hence cannot be considered to constitute transparent forms of aid in the meaning of Article 5(1) of the General Block Exemption Regulation⁶ ("GBER 2014").

- (7) The aid scheme is aligned to the provisions of the coordination framework adopted by Germany for the coordination of regional aid measures at federal and regional (*Länder* level), as laid down in "*Koordinierungsrahmen der Gemeinschaftsaufgabe Verbesserung der regionalen Wirtschaftsstruktur*"⁷. That coordination framework entered into force on 3 September 2014 as stated by Germany in the electronic notification on 4 September 2014 registered under SANI 2014/089250.

2.4. Beneficiaries

- (8) Beneficiaries are exclusively SMEs as defined in the Commission Recommendation of 6 May 2003⁸.
- (9) Germany expects that the number of beneficiaries to be in the range between 101 and 500.
- (10) The German authorities confirmed that no loans will be granted to firms with a rating below B- (Standard & Poor's). Furthermore, undertakings for which no rating is available are excluded.
- (11) German authorities have confirmed that therefore no loans will be granted to firms in difficulties in the meaning of the 2014 Guidelines on rescuing and restructuring aid⁹.

2.5. Sectorial scope

- (12) The scheme excludes undertakings from the steel sector as defined in Annex IV of the RAG, synthetic fibres sector defined in Annex IV of the RAG, production of agricultural products listed in Annex I to the TFEU, processing and/or marketing of agricultural products listed in Annex I to the TFEU into products listed in Annex I, production, processing and/or marketing of fisheries and/or aquaculture products listed in Annex I to the TFEU, the transport sector as defined in footnote 12 of the RAG and the energy sector.

⁵ OJ C 14, 19.1.2008, p. 6.

⁶ 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.

⁷ Gemeinschaftsaufgabe „Verbesserung der regionalen Wirtschaftsstruktur“ zuletzt geändert durch Artikel 8 des Zweiten Gesetzes zum Abbau bürokratischer Hemmnisse insbesondere in der mittelständischen Wirtschaft vom 7. September 2007 (BGBl. I, S. 2246) den Koordinierungsrahmen ab 1. Juli 2014 beschlossen, der mit Wirkung vom 3. September 2014 in Kraft trat.

⁸ Cf. Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises, OJ L 124, 20.05.2003, p. 36.

⁹ Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty, OJ C 249, 31.7.2014, p. 1.

2.6. Eligible projects

- (13) Under the scheme the only projects eligible are those which qualify as an initial investment in the meaning of paragraph 20(h) of the RAG, and either take the form of setting-up a new establishment, or the extension of the capacity of an existing establishment, or the diversification of the output of an establishment into products not previously produced in the establishment, or a fundamental change in the overall production process of an existing establishment, or refer to the acquisition of assets directly linked to an establishment provided the establishment has closed or would have closed if it had not been purchased and is bought by an investor unrelated to the seller.¹⁰
- (14) For initial investments in the form of the diversification of the output of an establishment into products not previously produced in the establishment, Germany will apply the rule according to which the eligible costs must exceed by at least 200% the book value of the assets that are reused, as registered in the fiscal year preceding the start of works.
- (15) Initial investments in the form of a fundamental change in the overall production process of an existing establishment will be eligible only if the investment expenditure concerned exceeds the annual average of the depreciations realised over the previous three years by at least 50%.

2.7. Eligible expenditure

- (16) Where the eligible expenditure relates to tangible assets, the value of the investment is established as a percentage on the basis of land, buildings and plant, machinery and equipment.
- (17) Costs of preparatory studies or consultancy costs linked to the investment are not considered as eligible costs.
- (18) For plant or machinery, the lease must take the form of financial leasing and must contain an obligation for the beneficiary of the aid to purchase the asset at the expiry of the term of the lease.
- (19) Germany has confirmed that in cases involving the lease of tangible assets concerning land and buildings where land or buildings are leased, the lease must continue for at least three years for SMEs following the completion of the investment.
- (20) Where the eligible expenditure under the scheme relates to intangible assets, the value of the investment shall be established on the basis of expenditure entailed by the transfer of technology through the acquisition of patent rights, licenses, know-how or unpatented technical knowledge.
- (21) Intangible assets are eligible for the calculation of investment costs if they fulfil the following conditions:
 - (a) they must be used exclusively in the establishment receiving the aid;
 - (b) they must be amortisable;
 - (c) they must be purchased under market conditions from third parties unrelated to the buyer; and

¹⁰ The sole acquisition of the shares of an undertaking does not qualify as an initial investment.

- (d) they must be included in the assets of the undertaking receiving the aid and must remain associated with the project for which the aid is granted for at least three years.

2.8. Administration of the scheme

- (22) The scheme will be administered by the public support bank of Saxony "Sächsische Aufbaubank – Förderbank" ("SAF").

2.9. Budget and duration of the notified scheme

- (23) The aid scheme is financed from resources of the Joint Task scheme "Improvement of Regional Economic Structures" (GRW). It is to be co-financed from the European Fund for Regional Development ("ERDF") as an "investment priority 3d: Support the ability of SMEs for the growth on regional, national and international markets and participation in the innovation process" as foreseen in the draft Operational Programme of the Free State of Saxony for the European Regional Development Fund (ERDF) in the programming period 2014 – 2020. The total budget available from the ERDF for the scheme amounts to EUR 80 million for the funding period 2014-2020. The overall maximum budget for subordinated loans foreseen under the scheme in the period until 2020 is EUR 80 million.
- (24) The scheme as notified will be operated until 31 December 2020. In view of the fact that the scheme is financed from the ERDF and thus subject to the condition of reinvestment of profits, according to Germany the reinvestment obligation going beyond 2020 will be respected by further prolongations of the scheme.

2.10. Basic elements of the loan

- (25) The maximum amount of the loan is limited to 75% of the eligible costs incurred in acquiring or producing the fixed assets that form part of the initial investment project. The loans are granted for investment with eligible expenditure exceeding EUR 100,000. The minimum loan amount is EUR 20,000. The maximum loan amount is EUR 5 million per investment project.
 - (a) The loan contracts run over a maximum period of 15 years, and are combined with a grace period of up to five years. Reimbursement takes place every three months in equal amounts.
 - (b) The scheme does not define a maximum annual interest-rate subsidy. The aid element of the loan will be calculated on the basis of the method to establish the aid element of the subordinated loan. The interest rate is fixed at a level that ensures that the aid element from the interest-rate subsidised loan, in combination with any other regional investment aid, does not exceed the applicable regional aid ceiling.
- (26) The beneficiary does not have to provide any collateral for the loan.

2.11. Own contribution

- (27) The beneficiary is obliged to participate with an own contribution of at least 25% of the eligible costs in accordance with the RAG.

2.12. Incentive effect

- (28) In order for the incentive effect to be fulfilled, the beneficiary will have to apply for aid and wait for a confirmation of eligibility before starting works.
- (29) Germany has confirmed that each aid application has to be submitted on a completed obligatory application form for regional investment aid from the Annex V of the RAG.

2.13. Maintenance of the investment for a minimum period after its completion

- (30) The aid beneficiary will have to maintain the investment for a minimum period of three years.

2.14. Aid intensity ceiling and combination with other regional investment aid

- (31) The maximum annual interest rate subsidy will be adjusted on a case-by-case basis, in order to ensure that the aid element of the subsidised loan respects the applicable regional aid ceiling¹¹, where appropriate taking into account any combination with other regional investment aid. As a rule, the subordinated loans are combined with an investment grant under the Joint Federal/Länder scheme "Improvement of Regional Economic Structures" (GRW) for the support of productive investments insofar as it refers to transparent forms of aid that comply with Article 5 of the GBER 2014.

2.15. Mechanism to establish the aid element of the subordinated loan¹²

- (32) In a first step, in order to establish the annual aid element of the subordinated loan, Germany uses as point of departure the rating of the beneficiary, as established by its "Hausbank". The Hausbank uses its own (Basel II certified) rating systems, which can be transferred into standard rating categories used by international rating agencies via the one-year probability of default.
- (33) In a second step, the rating established by the Hausbank, as translated into a Standard & Poors rating, is downgraded by one notch in order to reflect the higher risk of subordination compared to normal senior debt.
- (34) In a third step, a proxy for the market interest rate of the subordinated loan is established by identifying which risk margin would result under the risk margin table indicated in the 2008 Reference Rate Communication for the column "low collateralisation" and the downgraded rating', and adding the resulting risk margin to the base rate established in line with the 2008 Reference Rate Communication, as applicable at the time of granting the loan.
- (35) The annual aid element is the difference between that market rate and the interest rate payable under the loan scheme, multiplied by the outstanding amount of the loan at the start of the year.

¹¹ See recital 3.

¹² That approach was used already in the past in a series of decisions regarding subordinated loans; the first corresponding decision was taken in case N 55/2008 – Germany- Joint Task-FEDER subordinated loan programme for Brandenburg, decision of 10 December 2008, OJ C 9, 14.01.2009, p. 1.

- (36) The overall amount of the aid results from the sum of the discounted annual aid elements. For discounting purposes, as required by the 2008 Reference Rate Communication, a discount rate equal to the base rate applicable at the date of granting the loan, plus 100 basis points, is applied.

2.16. Cumulation

- (37) Germany has confirmed that cumulation is allowed subject to the condition that the allowable aid intensities are in line with those foreseen in the German Regional Aid Map for 2014-2020, taking into account all sources of public support. The aid application will contain all relevant documents for establishment of cumulation.

2.17. Monitoring

- (38) The German authorities agreed to submit a yearly report to the Commission on the application of the notified scheme, indicating the number and amounts of subordinated loans granted in each rating category and the loan margins applied.
- (39) In addition, the German authorities will provide to the Commission after five years, counted from the start of the measure a detailed report, which allows for an evaluation of the appropriateness of the applied loans margins.

3. ASSESSMENT

3.1. Legality of the measure

- (40) By notifying the aid measure before putting it into effect, the German authorities respected their obligations under Article 108(3) TFEU.
- (41) Considering the fact that the subordinated loans are not transparent aid within the meaning of Article 5 of the GBER 2014, this scheme has to be assessed according to the criteria laid down in the RAG.

3.2. Existence of State aid

- (42) The fund for financing of the subordinated loans was established by legal act of the Land Saxony. It is administered by the SAF and financed from the ERDF. Any financial contributions from the ERDF are first transferred to the national budget of the Member State, pursuant to Article 77 of 1303/2013¹³. The Member States then transfer those funds onto the beneficiaries, in this case to the fund. The ERDF resources therefore constitute State resources.
- (43) The measure is selective since it will be granted only to certain firms in the Land Saxony. Moreover, the State has a discretionary power in awarding the loans.

¹³ Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006, OJ L 347, 20.12.2013, p. 320.

- (44) The measure conveys an advantage by relieving the beneficiaries of a part of the interest which they would have to bear under normal market conditions since, without the intervention of the State, the borrowers would obtain loans only at a higher interest rate.
- (45) Because the scheme grants an advantage while strengthening the financing possibilities of the SMEs, the provision of loans as envisaged under the scheme in question is likely to distort competition within the meaning of Article 107(1) TFEU.
- (46) The measure affects trade between Member States since the scheme is not limited to beneficiaries which are active in sectors where no intra-Union trade exists.
- (47) In view of the above, the Commission considers that the notified measure constitutes State aid within the meaning of Article 107(1) TFEU. The German authorities do not contest that conclusion.

3.3. Compatibility of the scheme

- (48) Having established that the measure involves State aid within the meaning of Article 107(1) TFEU, it is necessary to consider whether it can be found compatible with the internal market. The Commission has examined the measure in the light of Article 107(3) TFEU, in light of the guidelines it has adopted in the form of the RAG and in particular its common assessment principles applicable to investment aid schemes for SMEs.
- (49) To assess whether a notified aid measure can be considered compatible with the internal market, the Commission generally analyses whether the design of the aid measure ensures that the positive impact of the aid towards an objective of common interest exceeds its potential negative effects on trade and competition. To that end, the Commission analyses the following elements:

a) Contribution to regional objective and need for State intervention

- (50) According to paragraphs 31 and 32 of the RAG, regional aid schemes should form an integral part of a regional development strategy with clearly defined objectives and should be consistent with and contribute towards those objectives. Those requirements are met by measures implemented in accordance with regional development strategies defined in the context of the European Structural Funds with a view to contributing towards the objectives of the Europe 2020 strategy.
- (51) The Commission notes in that context that the notified scheme is a part of the Operational Programme of the Free State Saxony for the programming period 2014-2020 and on that basis clearly contributes to regional objectives.
- (52) When awarding aid to individual investment projects on the basis of a scheme, the granting authority must confirm that the selected project will contribute towards the objective of the scheme and thus towards the development strategy of the area concerned.
- (53) In that context, the Commission notes that a prioritization of the projects to be supported is made on the basis of the promotion of the main objectives pursued by the GRW scheme, such as creation or safeguard of permanent jobs, as well

as the value of the investment.

- (54) The Commission notes that, on the basis of the evidence provided by the German authorities, 64 subordinated loans worth in total EUR 30 640 510 were granted on the basis of the previous scheme N 339/2010 as of 1 October 2014. Those loans led to investments worth EUR 136.5 million and creation of 456 new jobs. On average, therefore, more than 7 jobs were created per one subordinated loan granted.
- (55) To ensure that the investment makes a real and sustained contribution to the development of the area concerned, the investment must be maintained in the area concerned for at least three years after its completion.
- (56) In that context, the Commission notes that the assets part of the assisted investment must remain in the area concerned for at least three years after completion of the investment project, unless they are replaced by items of equal or higher value. The replaced assets are not again eligible for aid.
- (57) To ensure that the investment is viable, the Member State must ensure that the beneficiary provides a financial contribution of at least 25% of the eligible costs, through its own resources or by external financing, in a form that is exempt of any public financial support.
- (58) To that end, the Commission notes that the contribution of the borrower to finance the investment project must be at least 25% of total financing.

b) Appropriateness of the scheme

- (59) According to section 3.4 of the RAG, the notified aid measure must be an appropriate policy instrument to address the policy objective concerned. An aid measure will not be considered compatible if other less distortive policy instruments or other less distortive types of aid instrument make it possible to achieve the same positive contribution to regional development. Member States must indicate why regional aid is an appropriate instrument to tackle the common objective of equity or cohesion when introducing a scheme outside an operational programme financed from the cohesion policy funds.
- (60) The notified scheme is eligible under the Operational Programme of the Free State Saxony for the European Regional Development Fund in the programming period 2014-2020 and as such is co-financed from the ERDF. It is part of the priority axis 3d concerning the support of SMEs and the contribution to their growth on the regional, national and international markets as well as their participation in the innovation processes of the Operational Programme of the Saxony in the programming period 2014-2020. Since the scheme is implementing the objectives of that Operational Programme, it is considered to be an appropriate instrument.

c) Incentive effect

- (61) According to section 3.5 of the RAG, regional aid can only be found compatible with the internal market if it has an incentive effect. An incentive effect is present when the aid changes the behaviour of an undertaking in a way it engages in additional activity contributing to the development of an area which it would not have engaged in without the aid or would only have engaged in such activity in a restricted or different manner or in another location. The aid

must not subsidise the costs of an activity that an undertaking would have incurred in any event and must not compensate for the normal business risk of an economic activity.

- (62) Works on an individual investment can start only after submitting the application form for aid.
- (63) Member States must introduce a standard application form for aid annexed to the RAG. In the application form, SMEs must explain counterfactually what would have happened had they not received the aid, indicating which of the scenarios described in paragraph 61 of the RAG applies without providing additional supporting documents.
- (64) The granting authority must carry out a credibility check of the counterfactual and confirm that regional aid has the required incentive effect. A counterfactual is credible if it is genuine and relates to the decision-making factors prevalent at the time of the decision by the beneficiary regarding the investment.
- (65) The Commission notes that Germany committed to respect those requirements.

d) Proportionality of the scheme

- (66) According to section 3.6 of the RAG the aid amount must be limited to the minimum needed to induce the additional investment or activity in the area concerned.
- (67) Germany explains that the scheme is applicable only to SMEs. Pursuant to paragraph 82 of the RAG, in cases of schemes applicable to SMEs the maximum aid intensities from the regional aid map serve as safe harbours. As long as they are not exceeded the criterion "aid limited to the minimum" is deemed to be fulfilled and therefore the aid is proportional.
- (68) In line with paragraph 87 of the RAG, Germany confirms that if the increased aid intensities for SMEs are used in line with the regional aid map those increased aid intensities for SMEs will not apply to large investment projects.
- (69) Germany confirmed that it would respect the applicable regional aid ceiling, where appropriate taking into account any combination with other regional investment aid. Thus the aid is considered to be limited to the minimum.

e) Avoidance of undue negative effects

- (70) For the aid to be compatible, the negative effects of the aid measure in terms of distortions of competition and impact on trade between Member States must be limited and outweighed by the positive effects in terms of contribution to the objective of common interest.
- (71) In line with the requirement from paragraphs 121 and 126 of the RAG the Commission notes that when awarding aid under the scheme to individual projects, the granting authority will verify and confirm that without aid the investment would not have been located in a region with a regional aid intensity which is higher or the same as the target region.
- (72) As required by paragraph 122 of the RAG, the Commission notes that when awarding aid under the scheme to individual projects, the granting authority will

notify individual aid grants in cases where the beneficiary has closed down the same or similar activity in another area in the EEA two years preceding the date of applying for aid or at the moment of the aid application has the intention to close down such an activity within a period of two years after the investment to be subsidised is completed.

- (73) The Commission notes that Germany has demonstrated that the negative effects will be limited to the minimum taking into account, for example, the size of the projects concerned, the individual and cumulative aid amounts, the expected beneficiaries as well as the characteristics of the targeted sectors. In line with the underlying principle of the strategy for regional growth, according to which SMEs play a decisive role in job creation and, more generally, act as a factor of social stability and economic development, since the scheme is applicable only to SMEs it contributes significantly to the support of investments by the SMEs. The subordinated loans are not securitized and are considered by banks to be own capital. In connection with the lower interest rates, such subordinated loans offer more possibilities for further financing. Therefore significant positive effects arise in terms of the competitive advantage to the SMEs whereas at the same time, due to the design of the measure, distortion of competition remains minimal.

f) Transparency

- (74) In view of paragraph II.2 of the Transparency Communication from the Commission¹⁴ Member States must ensure the publication on a comprehensive State aid website, at national or regional level, of a full text of the approved aid scheme or the individual aid granting decision and its implementing provisions, or a link to it; the identity of the granting authority/(ies); the identity of the individual beneficiaries, the form and amount of aid granted to each beneficiary, the date of granting, the type of undertaking (SME/large company), the region in which the beneficiary is located (at NUTS level II) and the principal economic sector in which the beneficiary has its activities (at NACE group level). Such a requirement can be waived with respect to individual aid awards below EUR 500,000. Such information must be published after the decision to grant the aid has been taken, must be kept for at least ten years and must be available to the general public without restrictions. Member States are not required to publish the abovementioned information before 1 July 2016.
- (75) Germany confirms that all requirements concerning transparency set out in paragraph II.2 of the Transparency Communication will be respected.

3.4. Conclusion on the compatibility of the scheme

- (76) The Commission concludes that the notified measure meets all the compatibility criteria of the RAG.

¹⁴ Communication from the Commission amending the Communications from the Commission on EU Guidelines for the application of State aid rules in relation to the rapid deployment of broadband networks, on Guidelines on regional State aid for 2014-2020, on State aid for films and other audiovisual works, on Guidelines on State aid to promote risk finance investments and on Guidelines on State aid to airports and airlines, OJ C 198, 27.6.2014, p. 30.

3.5. Aid elements of the loans

(77) With regard to the validity of the proposed methodology to establish the aid element of the subsidised loans, the Commission notes that Saxony relies on a pragmatic approach that appears appropriate to reflect the higher risk of subordinated loans, and has already been accepted by the Commission in earlier decisions¹⁵ on subordinated loans schemes for aid beneficiaries with a rating.

3.6. Final conclusion

(78) The Commission is of the opinion that the notified scheme is in line with the general provisions of the RAG.

4. DECISION

(79) The Commission has accordingly decided:

- not to raise objections to the aid on the grounds that it is compatible with the internal market pursuant to Article 107(3)(c) of the Treaty on the Functioning of the European Union.

(80) The Commission, therefore, accepts that Germany grants investment aid in the form of subordinated loans at favourable interest rate in the Land Saxony on the basis of that scheme until 31 December 2020.

(81) The Commission reminds the German authorities of their commitment to fulfil the reporting obligations.

(82) The Commission further reminds the German authorities that all plans to modify that aid scheme must be notified to the Commission.

If this letter contains confidential information, which should not be disclosed to third parties, please inform the Commission within fifteen working days of the date of receipt. If the Commission does not receive a reasoned request by that deadline, you will be deemed to agree to the disclosure to third parties and to the publication of the full text of the letter in the authentic language on the Internet site:

<http://ec.europa.eu/competition/elojade/isef/index.cfm>.

Your request should be sent by registered letter or fax to:

European Commission
Directorate-General for Competition
State Aid Greffe
B – 1049 Brussels
Fax No: 32 2 296 12 42

Yours faithfully,
For the Commission

Margrethe Vestager
Member of the Commission

¹⁵ See footnote 5.