European Commission - Press release

State aid: Commission approves Polish scheme enabling public guarantees up to €22 billion to support economy in coronavirus outbreak *

Brussels, 3 April 2020

The European Commission has approved a Polish aid scheme to support the Polish economy in the context of the coronavirus outbreak.The scheme was approved under the State aid Temporary Framework adopted by the Commission on 19 March 2020, as amended on 3 April 2020.

Executive Vice-President Margrethe **Vestager**, in charge of competition policy, said: *"This Polish guarantee scheme will help Polish businesses affected by the current coronavirus crisis cover their immediate working capital and investment needs, and continue their activities in these difficult times. We continue working closely with Member States to ensure that national support measures can be put in place in a coordinated and effective way, in line with EU rules."*

The Polish support measures

Poland notified to the Commission under the Temporary Framework a guarantee scheme on existing or new loans to support companies affected by the coronavirus outbreak. The scheme will enable the provision of public guarantees amounting to up to PLN 100 billion (€22 billion)*.

The support consists in the provision by the Polish National Development Bank, Bank Gospodarstwa Krajowego, of public guarantees on investment loans and working capital loans.

The scheme, which will be accessible by medium and large Polish companies active in all sectors,aims at limiting the risk associated with issuing loans to those companies that are most severely affected by the economic impact of the current crisis. It will help businesses cover their immediate working capital or investment needs and ensure that they have sufficient liquidity to continue their activities.

The Commission found that the Polish measure is in line with the conditions set out in the Temporary Framework. In particular: (i) the underlying loan amount per company is limited to what is needed to cover its liquidity needs for the foreseeable future, (ii) the guarantees will only be provided until the end of this year, (iii) the guarantees are limited to a maximum two-year duration, and (iv) guarantee fee premiums and interest rates do not exceed the levels foreseen by the levels foreseen by the Temporary Framework.

The Commission concluded that the measure is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State, in line with Article 107(3)(b) TFEU and the conditions set out in the Temporary Framework.

On this basis, the Commission approved the measure under EU State aid rules.

Background

The Commission has adopted a Temporary Framework to enable Member States to use the full flexibility foreseen under State aid rules to support the economy in the context of the coronavirus outbreak. The Temporary Framework, as amended on 3 April 2020, provides for the following types of aid, which can be granted by Member States:

(i) **Direct grants, equity injections, selective tax advantages and advance payments** of up to €800,000 to a company to address its urgent liquidity needs.

(ii) **State guarantees for loans taken by companies** to ensure banks keep providing loans to the customers who need them. These state guarantees can cover up to 90% of risk on loans to help businesses cover immediate working capital and investment needs. For loans up to the nominal value of €800,000, the guarantees can cover 100% of the risk.

(iii) **Subsidised public loans to companies** with favourable interest rates to companies. These loans can help businesses cover immediate working capital and investment needs. Zero-interest rates are possible for loans with a nominal amount up to €800,000.

(iv) **Safeguards for banks that channel State aid to the real economy** that such aid is considered as direct aid to the banks' customers, not to the banks themselves, and gives guidance on how to ensure minimal distortion of competition between banks.

(v) **Public short-term export credit insurance** for all countries, without the need for the Member State in question to demonstrate that the respective country is temporarily "non-marketable".

(vi) **Support for coronavirus related research and development (R&D)** to address the current health crisis in the form of direct grants, repayable advances or tax advantages. A bonus may be granted for cross-border cooperation projects between Member States.

(vii) **Support for the construction and upscaling of testing facilities** to develop and test products (including vaccines, ventilators and protective clothing) useful to tackle the coronavirus outbreak, up to first industrial deployment. **:** This can take the form of direct grants, tax advantages, repayable advances and no-loss guarantees. Companies may benefit from a bonus when their investment is supported by more than one Member State and when the investment is concluded within two months after the granting of the aid.

(viii)**Support for the production of products relevant to tackle the coronavirus outbreak** in the form of direct grants, tax advantages, repayable advances and no-loss guarantees. Companies may benefit from a bonus when their investment is supported by more than one Member State and when the investment is concluded within two months after the granting of the aid.

(ix) **Targeted support in the form of deferral of tax payments and/or suspensions of social security contributions** for those sectors, regions or for types of companies that are hit the hardest by the outbreak.

(x) **Targeted support in the form of wage subsidies for employees** for those companies in sectors or regions that have suffered most from the coronavirus outbreak, and would otherwise have had to lay off personnel.

The Temporary Framework enables Member States to combine all support measures with each other, except for loans and guarantees for the same loan and exceeding the thresholds foreseen by the Temporary Framework. It also enables Member States to combine all support measures granted under the Temporary Framework with existing possibilities to grant de minimis aid company up to €200,000 over three fiscal years. At the same time, Member States have to commit to avoid undue cumulation of support measures for the same companies to limit support to meet their actual needs.

Furthermore, the Temporary Framework complements the many other possibilities already available to Member States to mitigate the socio-economic impact of the coronavirus outbreak, in line with EU State aid rules. On 13 March 2020, the Commission adopted a Communication on a Coordinated economic response to the COVID-19 outbreak setting out these possibilities. For example, Member States can make generally applicable changes in favour of businesses (e.g. deferring taxes, or subsidising short-time work across all sectors), which fall outside State Aid rules. They can also grant compensation to companies for damage suffered due to and directly caused by the coronavirus outbreak.

The Temporary Framework will be in place until the end of December 2020. With a view to ensuring legal certainty, the Commission will assess before that date if it needs to be extended.

The non-confidential version of the decision will be made available under the case number SA.56876 in the State aid register on the Commission's competition website once any confidentiality issues have been resolved. New publications of State aid decisions on the internet and in the Official Journal are listed in the State Aid Weekly e-News.

More information on the temporary framework and other action the Commission has taken to address the economic impact of the coronavirus pandemic can be found here.

* figure updated 04/04/2020, 13h50

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Press contacts:

Arianna PODESTA (+32 2 298 70 24)
Giulia ASTUTI (+32 2 295 53 44)
Maria TSONI (+32 2 299 05 26)

General public inquiries: Europe Direct by phone 00 800 67 89 10 11 or by email