



## State aid: Commission approves €13 billion Portuguese schemes to support economy in coronavirus outbreak

Brussels, 4 April 2020

The European Commission has approved two Portuguese State aid schemes to support the Portuguese economy in the context of the coronavirus outbreak. The schemes were 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: "*The €13 billion Portuguese schemes will enable Portugal to provide direct grants and public guarantees on loans to help SMEs and large companies cover investment and working capital 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 manner, in line with EU rules.*"

### The Portuguese support measures

Portugal notified to the Commission two schemes, with a total estimated budget of €13 billion, to support companies affected by the coronavirus outbreak under the [Temporary Framework](#), namely:

- A direct grant scheme; and
- A State guarantee scheme for investment and working capital loans granted by commercial banks.

The support under both schemes will be accessible to small and medium-sized enterprises (SMEs) and large companies facing difficulties as a result of the economic impact of the coronavirus outbreak. The aim of the scheme is to help businesses to cover their immediate working capital or investment needs, thus ensuring the continuation of their activities.

The Commission found that the Portuguese measures are in line with the conditions set out in the Temporary Framework. In particular:

- With respect to direct grants, the support per company will not exceed €800 000 per company as foreseen by the Temporary Framework;
- With respect to State guarantees, (i) the underlying loan amount per company covered by a guarantee is limited as set out in the Temporary Framework, (ii) the guarantees are limited to a maximum of six years, and (iii) the guarantee fee premiums do not exceed the levels foreseen by the Temporary Framework.

The Commission concluded that the measures are 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 measures 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.56873 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](#).

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