



## State aid: Commission approves €7.3 million Czech scheme to support research and development activities related to coronavirus outbreak

Brussels, 7 May 2020

The European Commission has approved a CZK 200 million (approximately €7.3 million) Czech aid scheme to support research and development (R&D) activities related to 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 €7.3 million Czech scheme will support research and development activities needed for finding solutions to address the current health crisis. We continue to work closely with all Member States to support measures that can help fighting the pandemic, in line with EU rules."*

### The Czech support measure

Following the approval by the Commission of a Czech scheme to support investment in the production of coronavirus relevant products on [15 April 2020](#), Czechia notified to the Commission under the [Temporary Framework](#) an aid scheme to support coronavirus related R&D activities. The public support will take the form of direct grants. The scheme will be accessible to all companies in Czechia that are capable of carrying out relevant R&D projects in all sectors.

The aim of the scheme is to support the development of innovative solutions to the coronavirus pandemic, such as medical and paramedical technologies and solutions including 3D printing systems and applications to facilitate logistics.

The Commission found that the Czech scheme is in line with the conditions set out in the Temporary Framework. In particular, the aid will cover 75% of the relevant R&D costs. Furthermore, under the scheme, any results of the research activities will be made available to third parties in the European Economic Area through non-exclusive licences.

The Commission concluded that the aid scheme is necessary, appropriate and proportionate to fight the health crisis, in line with Article 107(3)(c) 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 €100,000 to a company active in the primary agricultural sector, €120,000 to a company active in the fishery and aquaculture sector and €800,000 to a company active in all other sectors to address its urgent liquidity needs. Member States can also give, up to the nominal value of €800,000 per company zero-interest loans or guarantees on loans covering 100% of the risk, except in the primary agriculture sector and in the fishery and aquaculture sector, where the limits of €100,000 and €120,000 per company respectively, apply.
- (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.
- (iii) **Subsidised public loans to companies** with favourable interest rates to companies. These loans can help businesses cover immediate working capital and investment needs.
- (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 to a company of up to €25,000 over three fiscal years for companies active in the primary agricultural sector, €30,000 over three fiscal years for companies active in the fishery and aquaculture sector and €200,000 over three fiscal years for companies active in all other sectors. 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.57071 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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