



State aid: Commission approves French guarantee scheme for exporting small and midsize companies affected by coronavirus outbreak

Brussels, 11 May 2020

The European Commission has approved, under EU State aid rules, a French guarantee scheme for small and midsize companies with export activities that are affected by the coronavirus outbreak.

Executive Vice-President Margrethe **Vestager**, in charge of competition policy, said: "*The French guarantee scheme, which is expected to mobilise €200 million, will support exporting small and midsize companies affected by the coronavirus outbreak. The measure will help these businesses continue their activity during the outbreak. 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 French support measure

France notified to the Commission a guarantee scheme to support activities of small and midsize exporting companies affected by the coronavirus outbreak. The support, in the form of State guarantees, will be accessible to all French exporting companies with an annual turnover below €1.5 billion. The measure is expected to mobilise €200 million.

The scheme aims at limiting the risk associated with issuing financing guarantees to those exporting companies that are most severely affected by the economic impact of the coronavirus outbreak, thus ensuring the continuation of their activities.

The Commission assessed the measure under EU State aid rules, and in particular Article 107(3)(b) of the Treaty on the Functioning of the European Union (TFEU), which enables the Commission to approve State aid measures implemented by Member States to remedy a serious disturbance in their economy.

The Commission found that the scheme notified by France is compatible with the principles set out in the EU Treaty and is well targeted to remedy a serious disturbance to the French economy. In particular, (i) it covers guarantees with a limited maturity and size; (ii) the guarantees will only be provided until the end of this year; (iii) it limits the risk taken by the State to a maximum of 90%; (iv) the guarantees can be offered to all exporting companies in France; (v) the guarantee mechanism ensures risk sharing among its users; and (vi) the guarantee fee premiums provide a sufficient remuneration for the French State.

The Commission therefore concluded that the measure will contribute to managing the economic impact of the coronavirus in France. It 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 general principles set out in the Temporary Framework adopted by the Commission on 19 March 2020, as amended on 3 April and 8 May 2020.

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

Background

In case of particularly severe economic situations, such as the one currently faced by all Member States and the UK due to the coronavirus outbreak, EU State aid rules allow Member States to grant support to remedy a serious disturbance to their economy. This is foreseen by Article 107(3)(b) TFEU of the Treaty on the Functioning of the European Union.

On 19 March 2020, the Commission adopted a State aid [Temporary Framework](#) based on Article 107(3)(b) TFEU 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 and [on 8 May 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; (ii) State guarantees for loans taken by companies; (iii) Subsidised public loans to companies, including subordinated loans; (iv) Safeguards for banks that channel State aid to the real

economy; (v) Public short-term export credit insurance;(vi) Support for coronavirus related research and development (R&D); (vii) Support for the construction and upscaling of testing facilities; (viii) Support for the production of products relevant to tackle the coronavirus outbreak; (ix) Targeted support in the form of deferral of tax payments and/or suspensions of social security contributions; (x) Targeted support in the form of wage subsidies for employees; (xi) Targeted support in the form of equity and/or hybrid capital instruments.

The Temporary Framework will be in place until the end of December 2020. As solvency issues may materialise only at a later stage as this crisis evolves, for recapitalisation measures only the Commission has extended this period until the end of June 2021. With a view to ensuring legal certainty, the Commission will assess before that date if it needs to be extended. This 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 non-confidential version of the decision will be made available under the case number SA.57219 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](#).

IP/20/848

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](#)