



Coronavirus: Commission Statement on consulting Member States on proposal to prolong and adjust State aid Temporary Framework

Brussels, 2 October 2020

Today, the European Commission has sent to Member States for consultation a draft proposal to prolong until 30 June 2021 the [State aid Temporary Framework](#), adopted on 19 March 2020 to support the economy in the context of the coronavirus outbreak, and adjust its scope.

Executive Vice-President Margrethe **Vestager**, in charge of competition policy, said *"Over the past seven months, our State Aid Temporary Framework has paved the way for almost €3 trillion of Member State potential support to businesses hit hardest by the coronavirus crisis. The effects of the crisis will stay with us for a while. That's why we are proposing to prolong the Temporary Framework until mid-next year and adjust it to continued needs of businesses, while protecting the EU's Single Market. We will decide on the way forward taking into account the views of all Member States.*

In parallel, we are working on the way forward to enable Europe's green and digital recovery – our State aid rules will play an important role guiding Member States to ensure that limited public funds are well targeted, do not crowd out private investments and seize the benefits of effective competition."

As already announced at the time of its adoption in March 2020, the Commission is now assessing the need to prolong the Temporary Framework beyond its current validity until 31 December 2020, based on important competition policy or economic considerations.

The Commission has sent to Member States for consultation a draft proposal:

- to prolong at current limits existing provisions of the Temporary Framework (including for liquidity support) for an additional six months until 30 June 2021. The objective is to enable Member States to support businesses in the context of the coronavirus crisis, especially where the need or ability to use the Temporary Framework has not fully materialised so far, while protecting the level playing field;
- to extend the scope of the Temporary Framework, taking into account the continued economic uncertainty and the needs of businesses with significant turnover losses, by enabling Member States to contribute to the fixed costs of companies that are not covered by their revenues. Supporting these companies by contributing to part of their costs on a temporary basis aims at preventing the deterioration of their capital, maintaining their business activity and providing them with a strong platform to recover; and
- to adapt the conditions for recapitalisation measures under the Temporary Framework, in particular for the State's exit from enterprises where the State was an existing shareholder prior to the recapitalisation. The proposed changes would allow the State to exit from the equity of such enterprises through an independent valuation, whilst maintaining the safeguards to preserve effective competition in the Single Market.

Member States now have the possibility to comment on the Commission's draft proposal.

Background

The Temporary Framework was first [amended on 3 April 2020](#) to increase possibilities for public support to research, testing and production of products relevant to fight the coronavirus outbreak, to protect jobs and to further support the economy. On [8 May 2020](#), the Commission adopted a second amendment extending the scope of the Temporary Framework to recapitalisation and subordinated debt measures. On [29 June 2020](#), the Commission adopted a third amendment extending the scope of the Temporary Framework to further support micro, small and start-up companies and incentivise private investments. The Temporary Framework was initially set to expire on 31 December 2020, except for recapitalisation measures that may be granted until 30 June 2021.

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](#)