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**Subject: State Aid SA.57063 (2020/N) – Czech Republic – Amendment of State aid scheme SA.56961 (2020/N) - Investment aid scheme for COVID-19 relevant products**

Excellency,

#### **1. PROCEDURE**

- (1) By electronic notification of 17 April 2020, the Czech Republic notified a modification of the State aid scheme SA.56961 – Investment aid scheme for COVID-19 relevant products, which the Commission approved by Decision of 14 April 2020<sup>1</sup>.
- (2) The Czech authorities confirmed that the notification does not contain confidential information.
- (3) The Czech Republic exceptionally agrees to waive its rights deriving from Article 342 of the Treaty on the Functioning of the European Union (TFEU), in conjunction with Article 3 of Regulation 1/1958,<sup>2</sup> and to have this Decision adopted and notified in English.

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<sup>1</sup> Commission Decision of 14 April 2020 - SA.56961 (2020/N), hereinafter: “Decision of 14 April 2020”.

<sup>2</sup> Regulation No 1 determining the languages to be used by the European Economic Community, OJ 17, By 6.10.1958, p. 385.

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## **2. DESCRIPTION OF THE MEASURE AND OF ITS AMENDMENT**

- (4) By this notification, the Czech authorities want to amend the existing State aid scheme SA.56961 “Investment aid scheme for COVID-19 relevant products” (“existing aid scheme”), approved by Commission decision on the basis of Article 107(3)(c) TFEU (Decision of 14 April 2020). The modification concerns removing the sectoral limitation included in the existing aid scheme.
- (5) The main objective of the existing aid scheme is to support the growth and strengthening of the competitiveness of SMEs in the production of medical and personal protection products, technologies, materials and protective equipment needed to fight coronavirus infection directly. The acquisition of facilities for infectious waste disposal will also be supported, as the existence of large amounts of infected waste is problematic. The notified measure pursues the same objective.
- (6) The existing aid scheme included in its section 2.6, recitals 13 and 14 of the Decision of 14 April 2020, a list of sectors that could benefit from the scheme, by reference to NACE codes. The notified measure removes this sectoral limitation, because it unduly limits the application of the existing aid scheme. All sectors will therefore be eligible for the aid under the amended scheme, to the extent that they engage in the investments listed in point 16 of the Decision of 14 April 2020.

## **3. ASSESSMENT**

### **3.1. Existence of State aid**

- (7) Article 107(1) TFEU defines State aid as ‘any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the common market’.
- (8) The qualification of the measure as State aid was established in the Decision of 14 April 2020. The Commission therefore refers, for this analysis, to recitals (24) to (30) of the Decision of 14 April 2020.

### **3.2. Lawfulness of the measure**

- (9) By notifying the measure before putting it into effect, the Czech authorities have respected their obligations under Article 108(3) TFEU.

### **3.3. Compatibility**

- (10) The Commission has examined the notified scheme pursuant to Article 107(3)(c) TFEU.
- (11) By adopting the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak on 19 March 2020, as amended on 3 April 2020 (“Temporary Framework”), the Commission acknowledged the need to take specific temporary measures enabling Member States to combat the health crisis caused by the COVID-19 outbreak.

- (12) In its Decision of 14 April 2020, the Commission concluded that the existing scheme was compliant with the compatibility conditions set out by the Temporary Framework.
- (13) The Commission refers to its analysis of compatibility as set out in recitals (32) to (37) of the Decision of 14 April 2020. Concerning the modification mentioned in recital (6) of this Decision, the Commission finds that to lift a sectoral limitation is in line with the Temporary Framework, as the Temporary Framework does not impose any such limitation.
- (14) The Commission therefore considers that the notified scheme does not affect the compatibility analysis of the existing aid scheme as set out in the Decision of 14 April 2020.

#### **4. CONCLUSION**

The Commission has accordingly decided not to raise objections to the modification of the existing aid scheme on the grounds that it is compatible with the internal market pursuant to Article 107(3)(c) TFEU.

Yours faithfully,

For the Commission

Margrethe VESTAGER  
Executive Vice-President