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**Subject: State Aid SA.56995 (2020/N) – Finland  
COVID-19: Framework Scheme for State aid measures (Section 3.1  
of the Temporary Framework)**

Excellency,

**1. PROCEDURE**

- (1) By electronic notification of 9 April 2020, Finland notified aid in the form of *direct grants, tax and payment advances, repayable advances, guarantees, loan and equity* (“the measure”) under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (“the Temporary Framework”).<sup>1</sup>
- (2) The Finnish authorities confirm that the notification does not contain any confidential information.
- (3) Finland exceptionally agrees to waive its rights deriving from Article 342 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> Communication from the Commission - Temporary framework for State aid measures to support the economy in the current COVID-19 outbreak as adopted on 19 March 2020 (C(2020) 1863), OJ C 91I, 20.3.2020, p. 1-9, as amended on 3 April 2020, OJ C112 I, 4.4.2020, p.1-9.

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

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## **2. DESCRIPTION OF THE MEASURE**

- (4) Following the COVID-19 outbreak, the Finnish authorities have adopted several containment measures to avoid the spreading of the virus<sup>3</sup>. This set of restrictive measures has had and will have immediate economic consequences on undertakings in all business sectors.
- (5) The measure forms part of an overall package of measures and aims to ensure that sufficient liquidity remains available in the market, to counter the damage inflicted upon undertakings impacted by the outbreak and to preserve the continuity of economic activity during and after the outbreak.
- (6) The measure is expressly based on Article 107(3)(b) of the Treaty on the Functioning of the European Union (“TFEU”), as interpreted by Section 3.1 of the Temporary Framework.

### **2.1. The nature and form of aid**

- (7) The measure - which is articulated in detail in the acts listed in recital 10 of this Decision - is a national framework scheme allowing aid to be granted by all State aid authorities at national, regional and local level. This includes, inter alia, the relevant ministries, municipalities, State agencies, such as Centres for Economic Development, Transport and the Environment and the Government of Åland.
- (8) The aim of the measure is to grant temporary limited amounts of aid in particular to undertakings that have been affected by a sudden liquidity shortage as a result of the COVID-19 crisis. It will help the undertakings to continue or further develop their activities and start investment plans during and after the crisis and to maintain current employment.
- (9) The measure provides aid in the form of “temporary limited amounts of aid” in the form of direct grants, tax and payment advances, repayable advances, guarantees, loans and equity.

### **2.2. National legal basis**

- (10) Aid may be granted under the following acts, government decrees based on these acts as well as budgetary rules on national and local level: i) Valtionavustuslaki, 688/2001 (Act on Discretionary Government Transfers), ii) Kuntalaki, 410/2015 (Local Government Act), iii) Laki valtion talousarviosta, 423/1988 (Act on State Budget), iv) Laki valtion lainanannosta sekä valtioneuvoksesta ja valtioneuvoksesta, 449/1988 (Act on State Loans and State Guarantees), v.) Laki valtionavustuksesta yritystoiminnan kehittämiseksi, 9/2013 (Act on State aid for the Development of Business Activities), vi) Laki alueiden kehittämisestä ja rakennerahastotoiminnan

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<sup>3</sup> On 16 March 2020, the Government of Finland declared a state of emergency in the country, and decided on a series of measures to address the COVID-19 outbreak in Finland. The measures include, inter alia, the closure of Finland’s borders in accordance with international obligations. All national public facilities are closed until 13 May 2020. Public gatherings are limited to no more than ten persons, Movement restrictions in the Uusimaa region, including the city of Helsinki, entered into force on 28 March, and remain in force (at least) until 19 April 2020. The most recent restriction concerns the restaurant industry. On 31 March, the Government adopted a Decree that significantly restricts the activities of restaurants, cafes and bars until the end of May 2020.

hallinnoinnista, 7/2014 (Act on Development of Regions and Structural Funding Administration), vii) Laki valtion erityisrahoitusyhtiön luotto- ja takaustoiminnasta, 445/1998 (Act on Credits, Guarantees and Capital Investments provided by the State-Owned Specialised Financing Company), viii) Laki valtion alustakauksista, 573/1972 (Act on State Guarantees for Vessels), ix) Laki riskirahoitusta alkuvaiheen pääomarahastoihin sijoittavasta valtion kokonaan omistamasta osakeyhtiöstä, 967/201 (Act on Business Finland Venture Capital Ltd), x) Laki Suomen Teollisuussijoitus Oy -nimisestä valtionyhtiöstä, 1352/1999 (Act on Finnish Industry Investment Ltd), xi) Laki elinkeinotulon verottamisesta, 360/1968 (Act on Business Income Taxation), xii) Näringsstödslag (2008:110) för landskapet Åland (Act on Funding Business Development), xiii) Landskapslag (1988:50) om lån, räntestöd och understöd ur landskapet medel samt om landskapsgaranti (Act on Funding Loan, Subsidised Interest Rate, Direct Grant and Guarantee).

- (11) Any aid granted under these legal bases and related schemes will comply with the Temporary Framework, in particular with Section 3.1. In addition, the Finnish State aid authority will give specific written instructions to the beneficiaries on e.g. what criteria needs to be fulfilled in order to be eligible for the aid. The requirements laid down in the Temporary Framework (Section 3.1) will be fully taken into account in these instructions.

### **2.3. Administration of the measure**

- (12) The measure will be administrated by the respective granting authorities at the national, regional and local levels. The Ministry of Employment and the Economy coordinates the administration of the measure.

### **2.4. Budget and duration of the measure**

- (13) The budget available under the measure is estimated by the Finnish authorities to be EUR 3 billion. The measure will be financed through the national budget, local budgets and the budget of Åland. To the extent the scheme is co-financed by the European Regional Development Fund (ERDF), European Social Fund (ESF), Cohesion Fund (CF), European Agricultural Fund for Rural Development (EAFRD), European Maritime and Fisheries Fund (EMFF), European Union Solidarity Fund (EUSF) or the Coronavirus Response Investment Initiative (CRII), the Finnish authorities confirm that the rules applicable under these Funds will be respected.
- (14) Aid may be granted under the measure as from its approval by the Commission no later than 31 December 2020.

### **2.5. Beneficiaries**

- (15) The measure applies to small and medium-sized enterprises (“SMEs”) and large firms, including companies backed by private equity and venture capital firms that have been affected by a sudden liquidity shortage as a result of the COVID-19 crisis.
- (16) Aid may be granted under the measure to undertakings that were not already in difficulty within the meaning of the General Block Exemption Regulation (“GBER”) on 31 December 2019.

## **2.6. Sectoral and regional scope of the measure**

- (17) The scheme applies in all sectors, with the exclusion of undertakings active in the primary agricultural, fisheries and aquaculture sectors. It applies to the whole territory of Finland.

## **2.7. Basic elements of the measure**

- (18) The measure consists of a ‘Temporary limited amounts of aid’ in the form of direct grants, tax and payment advances, repayable advances, guarantees, loans and equity with the following conditions:
- the overall nominal value of the direct grants, tax and payment advances, repayable advances, guarantees, loans and equity does not exceed EUR 800 000 per undertaking (all figures used must be gross, that is, before any deduction of tax or other charge).
  - the aid is granted on the basis of various national schemes with an estimated budget for ‘temporary limited amounts of aid’ probably not exceeding EUR 3 billion.
  - the aid granted to undertakings active in the processing and marketing of agricultural products<sup>4</sup> is conditional on not being partly or entirely passed on to primary producers and is not fixed on the basis of the price or quantity of products purchased from primary producers or put on the market by the undertakings concerned.
  - the aid is granted no later than 31 December 2020.

## **2.8. Cumulation**

- (19) The aid ceilings and cumulation maxima fixed under the measure shall apply regardless of whether the support for the aided project is financed entirely from State resources or partly financed by the Union.
- (20) The Finnish authorities will ensure that cumulation conditions are respected across all measures implemented by Finland under the Temporary Framework and across all granting authorities. For individual aid to be implemented on the basis of the measure and of other Sections of the Temporary Framework, the Finnish authorities will respect the specific cumulation provisions of the relevant section of the Temporary Framework. Aid granted under Section 3.1 of the Temporary Framework may be cumulated with aid granted under the “de minimis” Regulation or with the General Block Exemption Regulation provided that the cumulation rules in the relevant regulations are respected.

## **2.9. Monitoring and reporting**

- (21) The Finnish authorities confirm that they will respect the monitoring and reporting obligations laid down in Section 4 of the Temporary Framework.

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<sup>4</sup> As defined in Article 2(6) and Article 2(7) of Commission Regulation (EC) No 702/2014 of 25 June 2014 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union, OJ L 193, 1.7.2014, p. 1.

### **3. ASSESSMENT OF THE MEASURE**

#### **3.1. Lawfulness of the measure**

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

#### **3.2. Existence of State aid**

- (23) For a measure to be categorised as aid within the meaning of Article 107(1) TFEU, all the conditions set out in that provision must be fulfilled. First, the measure must be imputable to the State and financed through State resources. Second, it must confer an advantage on its recipients. Third, that advantage must be selective in nature. Fourth, the measure must distort or threaten to distort competition and affect trade between Member States.
- (24) The measure is imputable to the State, since it is based on the legislative acts described in recital (10), administered by several Finnish granting authorities. It is financed through State resources, since it is financed from the public budget.
- (25) The measure confers an advantage on its beneficiaries in the form of temporary limited amounts of aid in the form of direct grants, tax and payment advances, repayable advances, guarantees, loans and equity (recital (9)). The measure thus relieves those beneficiaries of costs which they would have to bear under normal market conditions.
- (26) The advantage granted by the measure is selective, since it is awarded only to undertakings in certain sectors (see recital (17)).
- (27) The measure is liable to distort competition, since it strengthens the competitive position of its beneficiaries. It also affects trade between Member States, since those beneficiaries are active in sectors in which intra-Union trade exists.
- (28) In view of the above, the Commission concludes that the measure constitutes aid within the meaning of Article 107(1) TFEU.

#### **3.3. Compatibility**

- (29) Since the measure involves aid within the meaning of Article 107(1) TFEU, it is necessary to consider whether that measure is compatible with the internal market.
- (30) Pursuant to Article 107(3)(b) TFEU the Commission may declare compatible with the internal market aid “*to remedy a serious disturbance in the economy of a Member State*”.
- (31) By adopting the Temporary Framework on 19 March 2020, the Commission acknowledged (Section 2) that “*the COVID-19 outbreak affects all Member States and that the containment measures taken by Member States impact undertakings*”. The Commission concluded that “*State aid is justified and can be declared compatible with the internal market on the basis of Article 107(3)(b) TFEU, for a limited period, to remedy the liquidity shortage faced by undertakings and ensure that the disruptions caused by the COVID-19 outbreak do not undermine their viability, especially of SMEs*”.

- (32) The measure is one of a series of measures conceived at national level by the Finnish authorities to remedy a serious disturbance in their economy. It aims at supporting undertakings affected by the economic repercussions of the COVID-19 in Finland. The measure is of a scale that can be reasonably anticipated to produce effects across the entire economy of Finland. Furthermore, the measure has been designed to meet the requirements of aid described in Section 3.1 of the Temporary Framework.
- (33) The Commission considers that the measure is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State and meets all the conditions provided for by Section 3.1 of the Temporary Framework for ‘temporary limited amounts of aid’ in the form of direct grants, tax and payment advances or other forms such repayable advances, guarantees, loans and equity. In particular:
- The aid will be granted in form of direct grants, tax and payment advances, repayable advances, guarantees, loans and equity (recital (9)) as laid down in point 22(a) of the Temporary Framework.
  - The overall nominal value of the direct grant, tax and payment advances, repayable advances, guarantees, loans and equity does not exceed EUR 800 000 per undertaking; all figures used must be gross, that is, before any deduction of tax or other charge (recital (18)). Hence, the maximum aid amount per undertaking will not exceed EUR 800 000 as laid down in point 22(a) of the Temporary Framework.
  - The estimated budget is indicatively provided by Finland (recital (13)). Therefore, the condition of point 22(b) of the Temporary Framework is considered to be met;
  - The aid will only be granted to undertakings, which were not in difficulty on 31 December 2019 (recital (16)). Therefore, the condition of point 22(c) of the Temporary Framework is met.
  - The aid will be granted no later than 31 December 2020 (recital (14)); hence the condition set out in point 22(d) of the Temporary Framework is met;
  - The aid granted to undertakings active in the processing and marketing of agricultural products is conditional on not being partly or entirely passed on to primary producers and is not fixed on the basis of the price or quantity of products purchased from primary producers or put on the market by the undertakings concerned (recital (18)) in compliance with point 22(e) of the Temporary Framework.
- (34) The Finnish authorities committed to comply with all the monitoring and reporting provisions laid down in Section 4 of the Temporary Framework (recital (21)). The Commission may request additional information regarding the aid granted, to verify whether the conditions laid down in this decision have been met as provided for in the para (48) of the Temporary Framework.
- (35) Aid granted under Section 3.1 of the Temporary Framework may be cumulated with aid under the other sections within the limits of the specific provisions of the other sections of the Temporary Framework as stipulated in para (20) of the Temporary Framework and with aid granted under the “de minimis” Regulation

or under the General Block Exemption Regulation provided that the cumulation rules in the relevant regulations are respected (recital (19) and (20)).

#### **4. CONCLUSION**

The Commission has accordingly decided not to raise objections to the aid on the grounds that it is compatible with the internal market pursuant to Article 107(3)(b) of the Treaty on the Functioning of the European Union.

Yours faithfully,

For the Commission

Margrethe VESTAGER  
Executive Vice-President