Subject: State Aid SA.57221 (2020/N) – Finland
Temporary aid in favour of undertakings in the fishery and aquaculture sector affected by the Covid-19 outbreak

Excellency,

1. **Procedure**

1) By electronic notification of 30 April 2020, registered on 1 May 2020, Finland notified an aid in the form of direct grants ("kalatalousalan yrityksille tilapäisesti heikentyneen taloudellisen tilanteen perusteella myönnettävästä avustuksesta", “the scheme”) under the Temporary Framework for State aid measures to support the economy in the current Covid-19 outbreak, as amended (“the Temporary Framework”).

2) The Finnish authorities confirm that the notification does not contain confidential information.

3) Finland 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, and to have this decision adopted and notified in English.

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1 Handling instructions for SENSITIVE information are given at [https://europa.eu/!db43PX](https://europa.eu/!db43PX)


2 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 SCHEME

(4) Finland considers that the Covid-19 outbreak has started to affect the real economy. The scheme forms part of an overall package of measures and aims to ensure that sufficient liquidity remains available in the market, to counter the liquidity shortage faced by undertakings because of the outbreak, to ensure that the disruptions caused by the outbreak do not undermine the viability of the undertakings and thereby to preserve the continuity of economic activity during and after the outbreak.

(5) The compatibility assessment of the scheme is based on Article 107(3)(b) TFEU, as interpreted by Section 2 and Section 3.1 of the Temporary Framework.

2.1. The nature and form of aid

(6) The scheme provides aid in the form of direct grants based on the eligible expenses.

2.2. Legal basis

(7) The national legal basis for the scheme is:

(a) Government draft Decree on a grant to an undertaking in the fisheries sector due to a temporary financial deterioration (Valtioneuvoston asetus kalatalousalan yritykselle taloudellisen tilanteen heikentymisen perusteella myönnettävästä avustuksesta);

(b) The Fishery act (2015/379) 88 §, (Kalastuslaki (2015/379) 88 §);

(c) Åland’s Åland Ordinance (1995/44) 3 § (Ålands författningssamling 1995/44 3 §);

(d) The Act on Discretionary Government Transfers (2001/688), (Valtionavustuslaki (2001/688));

(e) The Act on the State Budget (423/1988), (Laki valtion talousarviosta (1988/423)).

2.3. Administration of the scheme

(8) The granting authorities responsible for the administration of the scheme are:

(a) The Centre for Economic Development, Transport and the Environment of Southwest Finland,

(b) The Centre for Economic Development, Transport and the Environment of North Savo,

(c) The Centre for Economic Development, Transport and the Environment of Lapland,

(d) The Centre for Development and Administration of the Centres for Economic Development, Transport and the Environment and Employment
The Centre for Development and Administration pays the grants. The Ministry of Agriculture and Forestry is responsible for coordinating the scheme.

2.4. Budget and duration of the scheme

(9) The notified budget of the scheme is EUR 10 000 000. Funds will be made available for the scheme from the State budget.

(10) Aid may be granted under the scheme as from its approval until no later than 31 December 2020.

2.5. Beneficiaries

(11) The final beneficiaries of the scheme are undertakings active in the fishery and aquaculture sector in Finland.

(12) Aid may be granted under the scheme to beneficiaries subject to the condition that the financial situation of the beneficiary has deteriorated significantly due to the Covid-19 outbreak.

(13) Aid may not be granted under the scheme to undertakings that were already in difficulty within the meaning of the Fishery Block Exemption Regulation (“FIBER”) on 31 December 2019.

(14) The estimated number of the beneficiaries is 500-700.

2.6. Sectoral and regional scope of the scheme

(15) The scheme is open to undertakings in the fishery and aquaculture sector. It applies to the whole territory of Finland, including Åland.

2.7. Basic elements of the scheme

(16) The scheme provides aid to the eligible beneficiaries in the form of direct grants under Section 3.1 of the Temporary Framework.

(17) The objective of the scheme is to support undertakings in the fishery and aquaculture sector in order to cover their immediate liquidity needs and ensure that they can continue their core activities during the crisis and continue to operate after the crisis.

(18) Aid may be granted for eligible expenses deemed necessary in order to ensure the continuity of business for a maximum period of six months.

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Aid under the scheme shall not concern any of the aid categories referred to in Article 1, paragraph (1) (a) to (k) of Commission Regulation (EU) No 717/2014 (“de minimis Regulation”).

The grant may not exceed 80% of the necessary financial adjustment estimated by the competent Centre for Economic Development, Transport and the Environment.

The minimum amount of the grant to be awarded shall be EUR 3,000 and the maximum amount shall be EUR 120,000.

When considering the amount of the grant, account shall be taken of any other grants received by the undertaking to manage the Covid-19 outbreak.

The beneficiary shall submit a report on the use of the grant and on the continuation of its business.

2.8. Cumulation

The Finnish authorities confirm that aid granted under the scheme may be cumulated with aid under the de minimis Regulations or the Fishery Block Exemption Regulations (“FIBER”) provided the provisions and cumulation rules of those Regulations are respected. The Finnish authorities confirm that aid under the notified scheme may be cumulated with other forms of Union financing, provided that the maximum aid intensities indicated in the relevant Guidelines or Regulations are respected.

The Finnish authorities confirm that aid granted under the scheme may be cumulated with aid granted under other measures approved by the Commission under other sections of the Temporary Framework provided the provisions in those specific sections are respected.

The Finnish authorities confirm that if the beneficiary receives aid on several occasions or in several forms under the scheme or aid under other measures approved by the Commission under Section 3.1 of the Temporary Framework, the overall maximum cap per undertaking, as set out in points 22(a) and 23(a) of that framework, shall be respected.

Moreover, where an undertaking is active in several sectors to which different maximum amounts apply in accordance with points 22(a) and 23(a) of the Temporary Framework, and where the same undertaking receives aid under other measures approved by the Commission under Section 3.1 of the Temporary Framework, the granting authorities, by appropriate means such as separation of

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accounts, ensure that for each of these activities the relevant ceiling is respected and that the highest possible amount is not exceeded in total.

2.9. Monitoring and reporting

(28) The Finnish authorities confirm that they will respect the monitoring and reporting obligations laid down in Section 4 of the Temporary Framework (including the obligation to publish relevant information on each individual aid granted under the scheme on the comprehensive State aid website or Commission’s IT tool within 12 months from the moment of granting).

3. ASSESSMENT

3.1. Lawfulness of the scheme

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

3.2. Existence of State aid

(30) 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.

(31) The scheme is imputable to the State, since it is administered by Centres for Economic Development, Transport and the Environment and it is based on the Government Decree on a grant to an undertaking in fisheries sector due to a temporary financial deterioration and the Act on Discretionary Government Transfers (2001/688) (recitals (7) and (8)). The scheme is financed through State resources, since it is financed by public funds (recital (9)).

(32) The scheme confers an advantage on its beneficiaries in the form of direct grants (recital (6)). The scheme thus relieves those beneficiaries of costs, which they would have had to bear under normal market conditions.

(33) The advantage granted by the scheme is selective, since it is awarded only to certain undertakings, in particular undertakings active in fisheries sectors (recital (11)).

(34) The scheme 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.

(35) In view of the above, the Commission concludes that the measure constitutes aid within the meaning of Article 107(1) TFEU. The Finnish authorities do not contest that conclusion.

3.3. Compatibility

(36) Since the scheme involves State aid within the meaning of Article 107(1) TFEU, it is necessary to consider whether that scheme is compatible with the internal market.

(37) 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”.

(38) By adopting the Temporary Framework on 19 March 2020, the Commission acknowledged (in 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”.

(39) The scheme aims at facilitating the liquidity of undertakings active in the fisheries and aquaculture sector at a time when the normal functioning of markets is severely disturbed by the Covid-19 outbreak and that outbreak is affecting the wider economy and leading to severe disturbances of the real economy of Member States.

(40) The scheme is one of a series of measures conceived at national level by the Finnish authorities to remedy a serious disturbance in their economy. The importance of measures to preserve employment and economic continuity is widely accepted by economic commentators. In Finland, undertakings active in the fisheries and aquaculture sector are excluded from the financing and support provided by the administrative sector of the Ministry of Employment and the Economy. However, in the fisheries sector, the financial difficulties due to the Covid-19 outbreak are similar to those of enterprises in other sectors. Therefore, a specific scheme for the fisheries and aquaculture sector is needed in order to ensure the continuity of business operations. The scheme is of a scale, which can be reasonably anticipated to produce effects in that sector. Furthermore, the scheme has been designed to meet the requirements of a specific category of aid in the form of direct grant described in Section 3.1 of the Temporary Framework.

(41) The Commission accordingly considers that the scheme is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State and meets all the conditions of the Temporary Framework. In particular:

(a) The aid takes the form of direct grants (recital (6)).

(b) Under the scheme the overall nominal value of a direct grant does not exceed EUR 120 000 per undertaking (recital (21)). Under the scheme aid can be granted only to undertakings active in the fishery and aquaculture sector (recital (11)). The scheme therefore complies with point 23(a) of the Temporary Framework;
(c) Aid is granted under the scheme with an estimated budget as indicated in recital (9). The scheme therefore complies with point 22(b) of the Temporary Framework;

(d) Aid will not be granted to undertakings under the scheme that were already in difficulty on 31 December 2019 (recital (13)). The scheme therefore complies with point 22(c) of the Temporary Framework;

(e) Aid will be granted under the scheme no later than 31 December 2020 (recital (10)). The scheme therefore complies with point 22(d) of the Temporary Framework;

(f) Aid granted to undertakings active in the fishery and aquaculture sector does not concern any of the categories of aid referred to in Article 1, paragraph (1)(a) to (k) of Commission Regulation (EU) No 717/2014 (recital (19)). The scheme therefore complies with point 23(c) of the Temporary Framework.

(g) The maximum amount of aid per beneficiary under this measure is limited to EUR 120 000. However, it may occur that aid under this measure is cumulated with aid under other measures authorised by the Commission under the Temporary Framework. Where an undertaking is active in several sectors to which different maximum aid amounts apply in accordance with points 22(a) and 23(a) of the Temporary Framework, Finland will ensure, by appropriate means such as separation of accounts that the relevant ceiling of EUR 120 000 is respected for each of those activities and that the highest possible total amount of EUR 800 000 is not exceeded (recital (24)). The scheme therefore complies with point 23bis of the Temporary Framework.

(42) The Finnish authorities confirm that the monitoring and reporting rules laid down in section 4 of the Temporary Framework will be respected (recital (29)). The Finnish authorities further confirm that the aid under the scheme may only be cumulated with other aid, provided the specific provisions in the sections of the Temporary Framework are respected and the cumulation rules of the relevant Regulations are respected (recitals (24) and (25)). The scheme therefore complies with point 20 of the Temporary Framework.
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

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CERTIFIED COPY
For the Secretary-General,

Jordi AYET PUIGARNAU
Director of the Registry
EUROPEAN COMMISSION