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**Subject: State Aid SA.57958(2020/N) – Finland**

**COVID-19: Modification - Framework Scheme for State aid measures (section 3.1 of the Temporary Framework) 2. Scheme of State guarantees and subsidised interest rates for public loans for undertakings under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak 3. Temporary aid in favour of undertakings in the fishery and aquaculture sector affected by the Covid-19 outbreak 4. COVID-19: Temporary aid to undertakings in primary agricultural production**

Excellency,

## **1. PROCEDURE**

- (1) By electronic notification of 7 July 2020, Finland notified two modifications concerning the following aid schemes (“the existing aid schemes”).
- (a) SA.56995 - Framework Scheme for State aid measures, which the Commission approved by Decision of 24 April 2020<sup>1</sup>;
  - (b) SA.57059 - Scheme of State guarantees and subsidised interest rates for public loans for undertakings under the Temporary Framework for State

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<sup>1</sup> Commission Decision of 24 April 2020 - SA.56995 (2020/N).

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aid measures to support the economy in the current COVID-19 outbreak, which the Commission approved by Decision of 20 April 2020<sup>2</sup>;

- (c) SA.57221 - Temporary aid in favour of undertakings in the fishery and aquaculture sector affected by the Covid-19 outbreak, which the Commission approved by Decision of 6 May 2020<sup>3</sup>; and
  - (d) SA. 57231 - COVID-19: Temporary aid to undertakings in primary agricultural production, which the Commission approved by Decision of 6 May 2020<sup>4</sup>.
- (2) 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<sup>5</sup> and to have this Decision adopted and notified in English.

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

- (3) The Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, as amended (“the Temporary Framework”)<sup>6</sup>, provides that aid may be granted to micro or small enterprises (within the meaning of Annex I of the General Block Exemption Regulation (“GBER”)<sup>7</sup>, Annex I of the Agricultural Block Exemption Regulation (“ABER”)<sup>8</sup>) and Annex I of the Fisheries Block Exemption Regulation (“FIBER”)<sup>9</sup>) that were already in difficulty on 31 December 2019, provided that at the moment of the granting,

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<sup>2</sup> Commission Decision of 20 April 2020 - SA.57059 (2020/N).

<sup>3</sup> Commission Decision of 6 May 2020 - SA.57221 (2020/N).

<sup>4</sup> Commission Decision of 6 May 2020 - SA.57231 (2020/N).

<sup>5</sup> Regulation No 1 determining the languages to be used by the European Economic Community, OJ 17, 6.10.1958, p. 385.

<sup>6</sup> Communication from the Commission - Temporary framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 91I, 20.3.2020, p. 1, as amended by Communication from the Commission C(2020) 2215 final on the Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 112I, 4.4.2020, p. 1, by Communication from the Commission C(2020) 3156 on the Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 164, 13.5.2020, p. 3 and by Communication from the Commission C(2020) 4509 final on the Third Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 218, 2.7.2020, p. 3.

<sup>7</sup> As defined in Article 2(18) of Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 187, 26.6.2014, p. 1.

<sup>8</sup> As defined in Article 2(14) of Commission Regulation (EU) 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, OJ L 193, 1.7.2014, p. 1.

<sup>9</sup> As defined in Article 3(5) of Commission Regulation (EU) No 1388/2014 of 16 December 2014 declaring certain categories of aid to undertakings active in the production, processing and marketing of fishery and aquaculture products compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 369, 24.12.2014, p. 37.

these enterprises are not subject to collective insolvency procedure under national law, and that they have not received rescue aid or restructuring aid.<sup>10</sup>

- (4) Finland plans to modify the existing aid schemes to take account of the amendment mentioned in recital (3).
- (5) In addition, Finland plans to modify the existing aid scheme SA. 56995 - Framework Scheme for State aid measures, which the Commission approved by Decision of 24 April 2020, by expanding the list of national legal bases mentioned in paragraph 10 of the Decision, to include the “Act on the financing of regional development and structural fund projects (8/2014)”.
- (6) The Finish authorities confirm that no further modifications are proposed to the existing aid schemes.

### **3. ASSESSMENT**

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

- (7) By notifying the modifications to the existing aid schemes before putting them into effect, the Finish authorities have respected their obligation under article 108(3) of the TFEU.

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

- (8) 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.
- (9) The aid measures concerned constitute State aid in the meaning of Article 107(1) of the TFEU for the reasons set out in the decisions authorising the existing aid schemes referred to in recital (1) and that assessment applies also to the notified modifications.

#### **3.3. Compatibility**

- (10) The Commission assessed the initial notifications on the basis of Article 107(3)(b) of the TFEU in light of the Temporary Framework and concluded that the existing aid schemes were compliant with the compatibility conditions set out in the Temporary Framework.
- (11) The Commission refers to its analysis of compatibility as set out in the initial decisions referred to in recital (1).
- (12) As explained in the Temporary Framework, the Commission considers that micro and small undertakings have been particularly affected during the current crisis by

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<sup>10</sup> Alternatively, if they have received rescue aid, they have reimbursed the loan or terminated the guarantee at the moment of granting of the aid under the notified measure and if they have received restructuring aid, they are no longer subject to a restructuring plan at the moment of granting of the aid under the notified measure.

the liquidity shortage caused by the economic impact of the COVID-19 outbreak. The unprecedented supply and demand shock due to the crisis has also exacerbated the difficulties such undertakings face to access financing on the market in general, as compared to medium-sized and large enterprises. Given their limited size and limited involvement in cross-border transactions, it is therefore less likely that State aid granted to these enterprises would distort competition in the Internal Market and affect intra-EU trade than State aid granted to medium-sized and large companies. This holds true even if these enterprises were to fall under the category of an undertaking in financial difficulty already on 31 December 2019, as long as they are not subject to a collective insolvency procedure under national law and have not received rescue aid (which has not been repaid) or restructuring aid (and are still subject to a restructuring plan).

- (13) Concerning the inclusion of an additional legal basis to the existing aid scheme SA. 56995 - Framework Scheme for State aid measures, the Commission considers this an administrative change that does not alter the compatibility assessment of the scheme.
- (14) In view of the above, the Commission therefore considers that the notified modifications meet the conditions of the Temporary Framework and do not affect the compatibility analysis of the existing aid schemes as set out in the initial decisions mentioned in recital (1).

#### **4. CONCLUSION**

The Commission has accordingly decided not to raise objections to the notified amendments on the grounds that they are compatible with the internal market pursuant to Article 107(3)(b) of the TFEU.

The decision is based on non-confidential information and is therefore published in full on the Internet site: <http://ec.europa.eu/competition/elojade/isef/index.cfm>.

Yours faithfully,

For the Commission

Margrethe VESTAGER  
Executive Vice-President

**CERTIFIED COPY**  
For the Secretary-General,

**Jordi AYET PUIGARNAU**  
Director of the Registry  
**EUROPEAN COMMISSION**