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**Subject: State Aid SA.58007 (2020/N) – Greece**

**COVID-19 - Extension of State aid measures (1) support to SMEs loan obligations (SA.56839), and (2) Capped business loans portfolio guarantees for new working capital loans (SA.57048 amending SA.56857)**

Excellency,

**1. PROCEDURE**

- (1) By electronic notification of 3 July 2020, registered under case number SA.58007 Greece notified the amendment of the following two aid schemes previously approved by the Commission (“the existing aid schemes”):
  - (a) SA.56839 - Support to SMEs loan obligations, which the Commission approved by Decision of 8 April 2020<sup>1</sup>; and
  - (b) SA.56857, amended by SA.57048- Capped business loans portfolio guarantees for new working capital loans, which the Commission approved by Decisions of 3 April 2020<sup>2</sup> and 30 April 2020<sup>3</sup> respectively.
- (2) Greece 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>4</sup> and to have this Decision adopted and notified in English.

<sup>1</sup> Commission Decision of 8 April 2020 - SA.56839 (2020/N).

<sup>2</sup> Commission Decision of 3 April 2020 - SA.57857 (2020/N).

<sup>3</sup> Commission Decision of 30 April 2020 - SA.57048 (2020/N).

<sup>4</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

- (3) The Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, as amended (“the Temporary Framework”)<sup>5</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>6</sup>, Annex I of the Agricultural Block Exemption Regulation (“ABER”)<sup>7</sup>) and Annex I of the Fisheries Block Exemption Regulation (“FIBER”)<sup>8</sup>) that were already in difficulty on 31 December 2019, provided that at the moment of the granting, these enterprises are not subject to collective insolvency procedure under national law, and that they have not received rescue aid or restructuring aid.<sup>9</sup>
- (4) Greece plans to modify the existing aid schemes to take account of the amendment mentioned in recital (3). Following the modification, micro and small enterprises that were in difficulty on 31 December 2019 will become eligible to receive aid under the existing aid schemes provided that at the moment of the granting of aid, they are not subject to collective insolvency procedure under national law and they have not received rescue aid or restructuring aid.
- (5) Greece plans to introduce the amendment to the schemes by adopting a separate Joint Ministerial Decree for scheme SA.56839. The conditions of scheme SA.57048/SA.56857 were adapted via a modification of the term sheet defining the eligible loans on 3 July 2020.
- (6) The Greek authorities confirm that no further modifications are proposed to the existing aid schemes.

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<sup>5</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 of 3 April 2020 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 final of 8 May 2020 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 of 29 June 2020 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>6</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>7</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>8</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.

<sup>9</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.

### **3. ASSESSMENT**

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

- (7) By notifying the extension of aid scheme SA.56839 before putting it into effect, the Greek authorities have respected their obligation under article 108(3) of the TFEU. With regards to aid scheme SA.56857, as amended by SA.57048, the Commission regrets that Greece introduced a modification in the term sheet before the Commission has adopted its decision, in breach of Article 108(3) of the TFEU. However, it has decided, on the basis of the assessment below, not to raise objections to it on the grounds that it is compatible with the internal market pursuant to Article 107(3)(b) 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). The notified modifications do not affect the assessment of the existence of aid contained in the mentioned decisions and therefore the same assessment applies 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 the 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 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) According to point (8) of the third amendment to the Temporary Framework, Member States may envisage modifying existing schemes approved by the Commission under the Temporary Framework in order to include as beneficiaries within their scope micro and small companies that were already in difficulty on 31 December 2019, provided that they correspond to the circumstances described in points (6) and (7) of the third amendment to the Temporary Framework. Member States which plan to do so are invited to notify a list of all existing schemes they envisage modifying and to provide the necessary information listed in the annex of the third amendment to the Temporary Framework. This will allow the Commission to adopt one decision covering the list of schemes.
- (14) Greece has complied with that procedure as described by submitting a list of the two schemes they wish to modify, noting their intention to include micro and small enterprises, which were already in difficulty on 31 December 2019 and which meet the conditions in points (6) and (7) of the third amendment of the Temporary Framework.
- (15) The modification corresponds to that foreseen in point (8) of the third amendment of the Temporary Framework and Greece has confirmed that there are no other changes to the existing aid schemes.
- (16) It follows 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).
- (17) The Commission therefore considers that the notified schemes are necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State pursuant to Article 107(3)(b) TFEU since they meet all the relevant conditions of the Temporary Framework.

#### **4. CONCLUSION**

The Commission has accordingly decided not to raise objections to the aid measures 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