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**Subject: State Aid SA.58015 (2020/N) – Czechia
Amendment to SA.57094 (2020/N) - COVID-19 Loan guarantee
scheme**

Excellency,

1. PROCEDURE

- (1) By electronic notification of 16 July 2020, Czechia notified an amendment to the aid scheme SA.57094 (2020/N) which the Commission had approved on 5 May 2020 under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, as amended (“the Temporary Framework”).¹
- (2) Czechia 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 1/1958² and to have this Decision adopted and notified in English.

¹ 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.

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 MEASURE

- (3) The Czech authorities wish to amend the existing aid scheme SA.57094 (2020/N) “Loan guarantee scheme for exporting large undertakings³” (“the existing aid scheme”) approved by Decision C(2020) 3040 final of 5 May 2020 (“the decision of 5 May 2020”).
- (4) The objective of the existing aid scheme is to ensure sufficient liquidity for exporting large undertakings that were affected by the COVID-19 outbreak. The notified amendment pursues the same objective.
- (5) The legal bases for the existing aid scheme are specified in recital (10) of the decision of 5 May 2020. An additional legal basis is relevant for the notified amendment:
- Government Decree No. 308/2020 Coll., which amends Government Decree No. 215/2020 Coll. On Implementation of Certain Provisions of the Act on Insurance and Financing of Exports with State Support, as amended, draft of which has been submitted to the Commission.
- (6) The final beneficiaries of the measure are exporting large undertakings incorporated or registered in Czechia. Financial institutions are excluded as eligible final beneficiaries.
- (7) The notified amendment seeks to expand the sectoral scope of the existing aid scheme, by narrowing the number of sectors exempted.
- Only the following sectors continue exempted (NACE codes used):
- undertakings in accommodation business (Code 55); and
 - undertakings in gambling and betting activities (Code 92*).
- (8) All the other conditions of the existing aid scheme, as described in the decision of 5 May 2020, remain unchanged.

3. ASSESSMENT

3.1. Lawfulness of the measure

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

3.2. Existence of State aid

- (10) 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

³ Large enterprises are defined as undertakings with 250 employees or more.

* Correction of a clerical error.

be selective in nature. Fourth, the measure must distort or threaten to distort competition and affect trade between Member States.

- (11) The Commission's decision of 5 May 2020 concludes that the measure constitutes aid within the meaning of Article 107(1) TFEU. The notified amendment, which only expands the sectoral scope of the existing aid scheme (see recital 7 above), does not affect that conclusion. The Commission therefore refers to the assessment contained in recitals (34) to (39) of the aforementioned decision, which applies also to this amendment.

3.3. Compatibility

- (12) Since the amended scheme involves aid within the meaning of Article 107(1) TFEU, it is necessary to consider whether that measure is compatible with the internal market.
- (13) 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*".
- (14) 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*".
- (15) The objective of the scheme remains unchanged and continues complying with Section 2 of the Temporary Framework.
- (16) The notified amendment to the existing aid scheme, mentioned in recital (7*) above, does not alter the finding of compliance of the scheme with the conditions set out in Section 3.2 of the Temporary Framework. In particular, this amendment only expands the sectoral scope of the existing scheme to Land and pipeline transport (Code 49), Water transport (Code 50), Air transport (Code 51) and Travel agencies, tour operators and other reservation services and related activities (Code 79). It does not have an effect on the form of aid, the exclusion of undertakings that were already in difficulty on 31 December 2019 and other conditions as previously assessed in recitals (40) to (46) of the decision of 5 May 2020.
- (17) The Commission accordingly considers that the notified amendment does not affect the compatibility analysis of the existing aid scheme. Therefore, the amended scheme remains 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.

* Correction of a clerical error.

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.

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