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**Subject: State Aid SA.59306 (2020/N) – Hungary
COVID-19: Modifications to SA.56926, SA.56994, SA.57121,
SA.57064, SA.57198, SA.57329, SA.57269, SA.57285, SA.57468 and
SA.58202**

Excellency,

1. PROCEDURE

- (1) By electronic notification of 2 November 2020, Hungary notified modifications concerning the following existing aid schemes (“the existing aid schemes”) which the Commission had already approved (“the initial decisions”) in light of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (“the Temporary Framework”) ¹:
 - (a) SA.56926: *Aid measures for increasing competitiveness to undertakings in relation with the COVID-19 outbreak* which the Commission approved by

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, 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, and by Communication from the Commission C(2020) 7127 final of 13 October 2020 on the Fourth Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak and amendment to the Annex to the Communication from the Commission to the Member States on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to short-term export-credit insurance, OJ C 340 I, 13.10.2020, p. 1.

His Excellency Péter SZIJJÁRTÓ
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Decision C(2020) 2332 of 8 April 2020, amended by Decision C(2020) 3426, SA.57350, of 19 May 2020 and by Decision C(2020) 5721, SA.58276, of 17 August 2020.

- (b) SA.56994: *Aid from Structural Funds aiming at supporting undertakings affected by the economic repercussions of the COVID-19* which the Commission approved by Decision C(2020) 2535 of 17 April 2020.
 - (c) SA.57121: *Loan guarantee scheme under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak* which the Commission approved by Decision C(2020) 2855 of 28 April 2020.
 - (d) SA.57064: *Grants, guarantee and subsidised interest measures* which the Commission approved by Decision C(2020) 2878 of 29 April 2020.
 - (e) SA.57198: *Crisis Rural Guarantee Programme by AHVGA* which the Commission approved by Decision C(2020) 3106 of 7 May 2020.
 - (f) SA.57329: *Temporary aid scheme for the agri-food sector, aquaculture and forestry affected by the coronavirus outbreak* which the Commission approved by Decision C(2020) 3406 of 19 May 2020.
 - (g) SA.57269: *COVID-19 CAPITAL FUNDS* which the Commission approved by Decision C(2020) 3462 of 20 May 2020.
 - (h) SA.57285: *Grant Scheme Related To The Széchenyi Programme* which the Commission approved by Decision C(2020) 3459 of 20 May 2020, amended by Decision C(2020) 5661, SA.58288, of 13 August 2020.
 - (i) SA.57468: *Umbrella scheme of direct grants provided from the appropriations managed at the level of ministries' budgetary chapters* which the Commission approved by Decision C(2020) 3951 on 8 June 2020, amended by Decision C(2020) 5938, SA.58312, of 26 August 2020.
 - (j) SA.58202: *COVID-19 related research, development and production support scheme* which the Commission approved by Decision C(2020) 5592 on 10 August 2020, amended by Decision C(2020) 6875, SA.58718, of 1 October 2020.
- (2) Hungary 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.

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

2. DESCRIPTION OF THE MEASURE

- (3) On 13 October 2020, the Commission adopted a Communication³ prolonging until 30 June 2021 the validity of the Temporary Framework, which would otherwise expire at the end of 2020.
- (4) Following the prolongation of the Temporary Framework, the Hungarian authorities would like to extend the duration of the existing aid schemes until 30 June 2021. They also would like to extend the current deadline for submitting applications of the aid schemes SA.56926 from 30 November 2020 until 20 May 2021, SA.57269 from 15 December 2020 until 14 June 2021 and SA.57285 from 28 December 2020 to 27 June 2021.
- (5) Hungary also intends to increase the budget of the following existing aid schemes:
 - (a) SA.56926: increase from HUF 169.330 billion (EUR 474 million)⁴ to HUF 219.330 billion (EUR 614 million)
 - (b) SA.57121: increase from HUF 550 billion (EUR 1.540 billion) to 1400 billion (EUR 3.888 billion)
 - (c) SA.57198: increase from HUF 100 billion (EUR 283 million) to HUF 250 billion (EUR 694.4 million)
 - (d) SA.57285: increase from HUF 34 billion (EUR 100 million)⁵ to HUF 81.4 billion (EUR 226.1 million)
 - (e) SA.57468: increase from HUF 88.6 billion (EUR 253.8 million)⁶ to HUF 114.69 billion (EUR 318.3 million)
 - (f) SA.58202: increase from HUF 85 billion (EUR 243 million)⁷ to HUF 105 billion (EUR 291.7 million)
- (6) The Hungarian authorities confirmed that all other conditions of the existing aid schemes remain unchanged.
- (7) The modifications will only be put into effect after the Commission's approval.

³ Communication from the Commission C(2020) 7127 final of 13 October 2020 on the Fourth Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak and amendment to the Annex to the Communication from the Commission to the Member States on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to short-term export-credit insurance, OJ C 340 I, 13.10.2020, p. 1.

⁴ As amended in Commission Decision C(2020) 3426 final, SA.57350, of 19.05.2020 and in Commission Decision C(2020) 5721 final, SA.58276, of 17.08.2020.

⁵ As amended in Commission Decision C(2020) 5661 final, SA.58288, of 13.08.2020.

⁶ As amended in Commission Decision C(2020) 5938 final, SA.58312, of 26.08.2020.

⁷ As amended in Commission Decision C(2020) 6875, SA.58718, of 01.10.2020.

3. ASSESSMENT

3.1. Lawfulness of the measure

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

3.2. Existence of State aid

- (9) 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.
- (10) The existing aid schemes constitute State aid within the meaning of Article 107 (1) TFEU for the reasons set out in the initial decisions⁸. The proposed modifications do not affect that conclusion. The Commission therefore refers to the respective assessment of the aforementioned decisions and concludes that the schemes as modified constitute State aid in the meaning of Article 107 (1) of the TFEU.

3.3. Compatibility

- (11) The Commission assessed the existing aid schemes on the basis of Article 107 (3)(b) and Article 107 (3)(c) of the TFEU in light of the Temporary Framework and concluded that they were compliant with the compatibility conditions set out in that Framework.
- (12) The Commission refers to its analysis of compatibility as set out in the initial decisions⁹.

⁸ See recitals (23) to (28) of Commission Decision C(2020) 2332 final, SA.56926, of 08.04.2020; see recitals (25) to (30) of Commission Decision C(2020) 2535 final, SA.56994, of 17.4.2020; recitals (30) to (35) of Commission Decision C(2020) 2855 final, SA.57121, of 28.4.2020; recitals (32) to (37) of Commission Decision C(2020) 2878 final, SA.57064, of 29.4.2020; recitals (31) to (36) of Commission Decision C(2020) 3106 final, SA.57198, of 7.5.2020; recitals (25) to (30) of Commission Decision C(2020) 3406 final, SA.57329, of 19.09.2020; recitals (36) to (41) of Commission Decision C(2020) 3462 final, SA.57269, of 20.5.2020; recitals (30) to (35) of Commission Decision C(2020) 3459 final, SA.57285, of 20.5.2020; recitals (28) to (33) of Commission Decision C(2020) 3951 final, SA.57468, of 08.06.2020; and recitals (39) to (44) of Commission Decision C(2020) 5592 final, SA.58202, of 10.08.2020.

⁹ See recitals (29) to (34) of the Commission Decision C(2020) 2332 final, SA.56926, of 08.04.2020; see recitals (31) to (37) of Commission Decision C(2020) 2535 final, SA.56994, of 17.4.2020; recitals (36) to (41) of Commission Decision C(2020) 2855 final, SA.57121, of 28.4.2020; recitals (38) to (49) of Commission Decision C(2020) 2878 final, SA.57064, of 29.4.2020; recitals (37) to (45) of Commission Decision C(2020) 3106 final, SA.57198, of 7.5.2020; recitals (31) to (38) of Commission Decision C(2020) 3406 final, SA.57329, of 19.05.2020; recitals (42) to (49) of Commission Decision C(2020) 3462 final, SA.57269, of 20.5.2020; recitals (36) to (45) of Commission Decision C(2020) 3459 final, SA.57285, of 20.5.2020; recitals (34) to (42) of Commission Decision C(2020) 3951 final, SA.57468, of 8.06.2020; recitals (45) to (57) of Commission Decision C(2020) 5592, SA.58202, of 10.08.2020.

- (13) The Commission has examined the notified amendments and concludes that they do not affect the findings made in the initial decisions.
- (14) Apart from the amendments referred to in recitals (4) and (5), the Commission notes that there are no other alterations to the existing aid schemes.
- (15) The Commission therefore considers that the measures, as modified, are necessary, appropriate, and proportionate to remedy a serious disturbance in the economy of a Member State (Hungary) pursuant to Article 107 (3)(b) TFEU. The measure SA.58202, as modified, contributes to the development of certain economic activities, is appropriate and necessary to address the health crisis pursuant to Article 107(3)(c) TFEU and does not affect trading conditions and competition to an extent contrary to the common interest.

4. CONCLUSION

The Commission has accordingly decided not to raise objections to the modifications to aid schemes SA.56926, SA.56994, SA.57121, SA.57064, SA.57198, SA.57329, SA.57269, SA.57285, SA.57468 and SA.58202 on the grounds that they are compatible with the internal market pursuant to Article 107(3)(b) and Article 107(3)(c) of the Treaty on the Functioning of the European Union as interpreted by the Temporary Framework.

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