



EUROPEAN COMMISSION

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**Subject: State Aid SA.59563 (2020/N) – Sweden
Amendment of SA.58822 (2020/N) - Limited amounts of aid for
undertakings faced with turnover losses due to COVID-19 in June
and July 2020**

Excellency,

1. PROCEDURE

- (1) By a simplified electronic notification of 16 November 2020, Sweden notified under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, as amended (“the Temporary Framework”)¹, an amendment to the aid scheme SA.58822 (2020/N) - Limited amount of aid for undertakings facing turnover losses due to COVID-19 in June and July 2020 (“the

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.

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initial scheme”) which the Commission approved by a decision of 12 October 2020 (“the initial Decision”)².

- (2) Sweden 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 1/1958³ and to have this Decision adopted and notified in English.

2. DESCRIPTION OF THE MEASURE

2.1. Objective

- (3) Sweden considers it necessary to extend the time period for granting the aid and therefore prolong the initial scheme until 30 June 2021.
- (4) The general objective of the scheme remains the same, i.e. to mitigate immediate liquidity problems for the undertakings concerned, preserve the continuity of economic activity during and after the outbreak, and avoid future bankruptcies caused by the consequences of the COVID-19.
- (5) The initial scheme targets undertakings active in Sweden, registered with the Swedish Tax Agency, having incurred a decline of their total aggregated net turnover in Sweden during the period June - July 2020 of at least 50 per cent compared to their total aggregated net turnover for the months of June and July 2019.
- (6) Under the scheme, the aid amount is calculated as a percentage of the fixed costs borne by those undertakings during June and July 2020, the percentage being determined depending on the level of the turnover decline⁴.

2.2. Legal basis

- (7) The legal basis for the notified amendment (“the measure”) is a draft regulation amending the Ordinance (2020: 838) on compensation aid for May-July 2020.⁵

2.3. Description of the measure

- (8) The amendment notified by the Swedish authorities concerns the prolongation of the period during which aid can be granted until 30 June 2021 (recital (10) of the initial Decision).
- (9) Beyond that change, all other aspects of the initial scheme remain unchanged, including the compensation period covered (June and July 2020) and the budget.

² Decision C(2020) 7106 final of 12 October 2020 - State Aid SA.58822 (2020/N) – Sweden - Limited amounts of aid for undertakings faced with turnover losses due to COVID-19 in June and July 2020.

³ Regulation No 1 determining the languages to be used by the European Economic Community, OJ 17, 6.10.1958, p. 385.

⁴ The proportion of fixed costs for the aid period is calculated as the percentage decrease in net turnover for the aid period compared to the reference period, multiplied by 0,75.

⁵ The period covered by the Ordinance is May-July, but this scheme is only covering June and July.

- (10) The compatibility assessment of the measure is based on Article 107(3)(b) TFEU, in light of sections 2 and 3.1 of the Temporary Framework.

3. ASSESSMENT

3.1. Lawfulness of the measure

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

3.2. Existence of State aid

- (12) 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.
- (13) The qualification of the measure as State aid was established in the initial Decision and the amendments notified do not change that assessment. The Commission refers therefore for this analysis to recitals (24) to (28) of the initial Decision.

3.3. Compatibility

- (14) Since the measure involves aid within the meaning of Article 107(1) TFEU, it is necessary to consider whether that measure is compatible with the internal market.
- (15) The Commission has examined the notified measure pursuant to Article 107(3)(b) TFEU.
- (16) 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”*.
- (17) 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”*.
- (18) In its initial Decision, the Commission concluded that the existing scheme met all the conditions required by the Temporary Framework, and especially its section 3.1 for the granting of “limited amounts of aid”.
- (19) The Commission refers to its analysis of compatibility as set out in recitals (33) to (37) of the initial Decision. Apart from the modification referred to in recital (9),

the Commission notes that there are no other alterations to the initial aid scheme (recital (10)).

- (20) The Commission considers that the notified amendment to the scheme (prolongation of the granting period until 30 June 2021) does not alter the Commission's conclusions on the compatibility of the aid scheme as set out in the initial Decision, as it complies with point (22)(d) of the Temporary Framework. As this is the only change in the scheme, the Commission notes that all the other conditions remain fulfilled.
- (21) The Commission therefore considers that the measure is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State pursuant to Article 107(3)(b) TFEU since it meets all the relevant conditions 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.

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