



EUROPEAN COMMISSION

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PUBLIC VERSION

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**Subject: State Aid SA.60236 (2020/N) – Romania
COVID-19: Second amendment to the existing aid scheme SA.56895
under the Temporary Framework**

Excellency,

1. PROCEDURE

- (1) By electronic notification of 18 December 2020, Romania notified amendments (“the measure”) to an existing aid scheme (“the existing aid scheme”), namely SA.56895 - *COVID-19: Support scheme for SMEs*, which the Commission approved by Decision of 10 April 2020¹ (“the initial Decision”), amended by SA.57572 - *COVID-19: Amendment of SA.56895 (2020/N) - Support scheme for SMEs*, which the Commission approved by Decision of 7 August 2020² (“the first amendment Decision”) in light of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (“the Temporary Framework”)³.

¹ Commission Decision C(2020) 2363 final, SA.56895, of 10 April 2020.

² Commission Decision C(2020) 5555 final, SA.57572, of 7 August 2020.

³ 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

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- (2) Romania 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 1/1958⁴ and to have this Decision adopted and notified in English.

2. DESCRIPTION OF THE NOTIFIED AMENDMENT

- (3) The measure consists of a further amendment of the existing aid scheme, which comprises direct grants and guarantees on loans. The objective of the existing aid scheme still is to remedy the severe lack of liquidity suffered by Romanian companies during the pandemic crisis.
- (4) The legal basis for the amendment is a Government Emergency Ordinance⁵ amending and supplementing Government Emergency Ordinance no. 110/2017 on the Support Programme for Small and Medium Enterprises and Small Enterprises with Medium Market Capitalization - SME INVEST ROMANIA, as well as for amending and supplementing the State Aid Scheme to support the activity of SMEs in the context of the economic crisis generated by the pandemic COVID-19, approved by art. II of the Government Emergency Ordinance no. 42/2020.
- (5) The objective of the existing aid scheme continues to be the support of small and medium sized enterprises within the programme IMM INVEST ROMANIA. The amendment adds, however, small mid-caps (see recital (9)) as beneficiaries to the scheme. The amendment also adds the sub-programme AGRO IMM Invest for the specific needs of the agriculture, fishery, aquaculture and food sector.
- (6) The Romanian Ministry of Public Finance remains the granting authority. The Rural Credit Guarantee Fund (FGCR) is added to the existing administrator, the State owned National Credit Guarantee Fund for SMEs (FNGCIMM), as administrator for the AGRO IMM INVEST sub-program.
- (7) The amendment will increase the budget for direct grants⁶ by RON 726 million (approximately EUR 149 million), i.e. from the previously increased amount of RON 1 106 million⁷ (approximately EUR 227 million) to RON 1832 million (approximately EUR 376 million).

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.

⁴ Regulation No 1 determining the languages to be used by the European Economic Community, OJ 17, 6.10.1958, p. 385.

⁵ The relevant Government Emergency Ordinance will be adopted only after the adoption of this Decision by the Commission.

⁶ Initially the budget amounted to RON 781 million (about EUR 161 million) as described in recital 12 of the initial Decision.

⁷ See recital 5 of the first amendment Decision.

- (8) Romania also envisages to extend the eligible sectors and include companies that are active in the sectors of non-distilled alcoholic beverages and alcohol-based beverages (wine and beer)⁸ as eligible beneficiaries of the existing aid scheme.
- (9) Moreover, while the existing aid scheme supports only small and medium-sized enterprises ("SMEs")⁹, the amendment now adds so-called small mid-caps as eligible beneficiaries, i.e. undertakings with less than 500 employees, an annual turnover not exceeding EUR 100 million or an annual balance sheet not exceeding EUR 86 million¹⁰.
- (10) As a consequence of that extension of the category of eligible beneficiaries described in recital (3), the Romanian authorities intend to apply for those mid-caps guarantee premiums that point 25(a) of the Temporary Framework sets for large enterprises:

<i>Type of recipient</i>	<i>For 1st year</i>	<i>For 2nd-3rd year</i>	<i>For 4th -6th years</i>
<i>Large enterprises</i>	<i>50bps</i>	<i>100bps</i>	<i>200bps</i>

- (11) Finally, following the prolongation of the Temporary Framework on 13 October, 2020¹¹, the Romanian authorities wish to extend the duration of the existing aid scheme until 30 June 2021, with the effect that aid under that scheme can be granted until 30 June 2021 at the latest.
- (12) Apart from the changes described above in recitals (4) to (11), the other elements of the existing aid scheme, including the conditions for grants under section 3.1. of the Temporary Framework as described in recital 16 of the initial Decision and the conditions for guarantees under section 3.2 of the Temporary Framework as described in recital 17 of the initial Decision, remain unchanged.

⁸ NACE Codes 1102, 1103, 1104, 1105 and 1106.

⁹ As defined in Annex I 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, Annex I 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 TFEU, OJ L 193, 1.7.2014, p. 1. and Annex I 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 TFEU, OJ L 369, 24.12.2014, p. 37.

¹⁰ In line with the definition in point 52 xxvii of the Communication from the Commission (2014/C 19/04) – Guidelines on State aid to promote risk finance investments, OJ C 19, 22.1.2014, p. 4.

¹¹ 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.

- (13) The cumulation rules in recitals 18 and 19 of the initial Decision remain applicable. In addition, the Romanian authorities confirm that aid under the notified measure cannot be cumulated with other forms of financing.
- (14) The Romanian authorities also confirmed that the aid under the existing aid scheme is not conditioned on the relocation of a production activity or of another activity of the beneficiary from another country within the EEA to the territory of the Member State granting the aid. This is irrespective of the number of job losses actually occurred in the initial establishment of the beneficiary in the EEA.

3. ASSESSMENT

3.1. Lawfulness of the measure

- (15) By notifying the amendment to the existing aid scheme before putting it into effect, the Romanian authorities have respected their obligation under Article 108(3) of the TFEU.

3.2. Existence of State aid

- (16) 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.
- (17) The existing aid measure concerned constitutes State aid in the meaning of Article 107(1) of the TFEU for the reasons set out in the initial Decision¹². The proposed amendment does not alter that conclusion. The Commission therefore refers to the respective assessment of the aforementioned decision and concludes that the existing aid scheme as modified constitutes State aid in the meaning of Article 107 (1) of the TFEU.

3.3. Compatibility

- (18) The Commission assessed the existing aid scheme on the basis of Article 107(3)(b) TFEU in light of the Temporary Framework and concluded that it was compliant with the compatibility conditions set out in that Framework, in particular its sections 3.1 for the grants and 3.2. for the guarantees on loans.¹³
- (19) As for the extension of the validity of the existing aid scheme until 30 June 2021, the Commission observes that this is in line with the current version of the Temporary Framework.

¹² Recitals 22-27 of the initial decision, not altered by the first amendment Decision (see therein, recitals 10-11).

¹³ Recitals 28-35 of the initial Decision, not altered by the first amendment Decision (see therein, recitals 12-17).

- (20) The envisaged budget increase and the addition of the sub-programme AGRO IMM IINVEST, which complies with the scope and conditions of the existing aid scheme, do not alter the compatibility assessment of the initial Decision. The Commission considers that those amendments are appropriate, proportionate and necessary to achieve the objectives of the existing aid scheme more effectively.
- (21) The Commission furthermore notes that the envisaged amendment adds the wine and beer sectors described in recital (8) and the small mid-caps described in recital (9) to the beneficiaries of the existing aid scheme.
- (22) The extension of the validity of the scheme and the widening of the scope of beneficiaries apply to aid in the form of grants. However, apart from those changes, the conditions and limits as described in recital 16 of the initial Decision remain the same. The sectors of agriculture, fishery, aquaculture and the food sector were already included in the existing aid scheme.
- (23) The extension of the validity of the existing aid scheme also applies to aid in the form of guarantees on loans with the effect that the guarantees will be granted and loan contracts signed by 30 June 2021 at the latest. Furthermore, the widening of the scope of beneficiaries with the inclusion of small mid-caps will result for them in guarantee premiums as described in recital (10). These premiums are in line with what the Temporary Framework prescribes for companies other than SMEs. The Commission therefore finds that the widening of the scope of beneficiaries to small mid-caps is in line with point 25 (a) of the Temporary Framework. The other conditions and limits as described in recital 17 of the initial Decision remain the same.
- (24) In view of the above, the Commission concludes that the measure does not alter the Commission's conclusions on the compatibility of the existing aid scheme as set out in the initial Decision. The Commission thus refers to its analysis of compatibility as set out in the initial Decision.¹⁴
- (25) Apart from the amendments referred to in recitals (11) to (11), the Commission notes that there are no other alterations to the existing aid scheme (recital (12)).
- (26) In view of the above, the Commission considers that the notified amendment meets the conditions of the Temporary Framework and does not alter the conclusions on the compatibility of the existing aid scheme.

¹⁴ Recitals 28-35 of the initial Decision, not altered by the first amendment Decision (see therein, recitals 12-17).

4. CONCLUSION

The Commission has accordingly decided not to raise objections to the notified amendment to the existing scheme on the grounds that it is 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

