EUROPEAN COMMISSION

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PUBLIC VERSION
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Subject: State Aid SA.60675 (2020/N) – Malta
COVID-19: Modifications to SA.56843, SA.57076, SA.57163,
SA.57204, SA.57961, SA.58006, SA.58297 and SA.58306

Excellency,

1. PROCEDURE

(1) By electronic notification of 23 December 2020, complemented by the submission of additional information on 8 and on 12 January 2021, Malta notified amendments (“the notified amendments”) 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, as amended (“the Temporary Framework”):¹


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Commission européenne/Europese Commissie, 1049 Bruxelles/Brussel, BELGIQUE/BELGIË - Tel. +32 22991111
(a) SA.56843 (2020/N) “COVID-19: Loan Guarantee Scheme” which the Commission approved by Decision C(2020) 2180 of 2 April 2020;

(b) SA.57076 (2020/N) “Wage Supplement 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) 2780 of 24 April 2020;

(c) SA.57163 (2020/N) “COVID-19: Interest Rate Subsidy Scheme administered by the Malta Development Bank” which the Commission approved by Decision C(2020) 3304 of 14 May 2020;


(e) SA.57961 (2020/N) “COVID-19: Small Loans Guarantee Scheme” which the Commission approved by Decision C(2020) 5319 of 29 July 2020;


(g) SA.58297 (2020/N) ”COVID-19: Temporary State aid to Animal Farmers” which the Commission approved by Decision C(2020) 7141 of 13 October 2020 and


(2) Malta 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\(^2\) and to have this Decision adopted and notified only in English.

2. **DESCRIPTION OF THE NOTIFIED AMENDMENTS**

(3) On 2 July 2020 and on 13 October 2020, the Commission adopted two Communications amending the Temporary Framework. The first\(^3\) notably provides that aid may be granted to micro or small enterprises (within the

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

\(^3\) Communication from the Commission C(2020)4509 final of 2 July 2020 on the Third amendment to the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak.
meaning of Annex I of the General Block Exemption Regulation (‘‘GBER’’),
Annex I of the Agricultural Block Exemption Regulation (‘‘ABER’’), and Annex I of the Fisheries Block Exemption Regulation (‘‘FIBER’’) 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. The second Communication notably prolongs until 30 June 2021 the validity of the Temporary Framework, which would have otherwise expired at the end of 2020.

(4) Following the prolongation of the Temporary Framework, the Maltese authorities have notified their intention to extend the duration of the existing aid schemes until 30 June 2021.

(5) In addition, Malta wishes to modify the existing aid scheme SA.57204 listed in point (d) of recital (1) to grant aid to micro or small enterprises that were already in difficulty on 31 December 2019, provided that at the moment of the granting, they are not subject to collective insolvency procedure under national law, and that they have not received rescue aid or restructuring aid. The following act has been modified accordingly:


(6) The Maltese authorities confirmed that all other conditions, including the estimated budget, of the existing aid schemes remain unchanged.

(7) The Maltese authorities committed not to grant any aid before the Commission’s approval of the amendments to the existing aid schemes.

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7 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**

(8) By notifying the amendments to the existing aid schemes before putting them into effect, the Maltese 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 decisions. 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) or 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 decisions.

(13) The first notified amendment concerns the prolongation of the existing aid schemes referred to in points (a) to (h) of recital (1) of this Decision until 30 June

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10 See recitals (24) to (29) of Commission Decision (2020) 2180 of 2.4.2020 (for SA.56843); see recitals (49) to (54) of Commission Decision C(2020) 2780 of 24.4.2020 (for SA.57076); see recitals (38) to (44) of Commission Decision C(2020) 3304 of 14.5.2020 (for SA.57163); see recitals (40) to (45) of Commission Decision C(2020) 3216 of 12.5.2020 (for SA.57204); see recitals (47) to (54) of Commission Decision C(2020) 5319 of 29.7.2020 (for SA.57961); see recitals (37) to (44) of Commission Decision C(2020) 4965 of 15.7.2020 (for SA.58006); see recitals (32) to (39) of Commission Decision C(2020) 7141 of 13 October 2020 (for SA.58297) and see recitals (30) to (37) of Commission C(2020) 6220 of 8.9.2020 (for SA.58306).
2021. As the extended duration of the existing aid schemes is in conformity with the Temporary Framework, the Commission considers that the notified prolongations do not affect the assessment of the compatibility of the existing aid schemes with the internal market, as carried out in the initial decisions.

(14) In addition, with regard to the existing aid scheme referred to in point (d) of recital (1), the second notified amendment extends the conditions of eligibility to micro or small enterprises that were already in difficulty on 31 December 2019. This second amendment is in line with point 39(i)bis of the Temporary Framework.

(15) Apart from the amendments referred to in recitals (4) and (5) above, the Commission notes that there are no other alterations to the existing aid schemes (recital (6)). The Commission therefore considers that the notified amendments 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).

4. CONCLUSION

The Commission has accordingly decided not to raise objections to the notified amendments to existing aid schemes SA.56843, SA.57076, SA.57163, SA.57204, SA.57961, SA.58006, SA.58297 and SA.58306 on the ground that they are compatible with the internal market pursuant to Article 107(3)(b) or 107(3)(c) 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