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**Subject:** -State Aid SA.60073 (2020/N) - Lithuania  
COVID-19: Modifications to SA.57514, SA.57529, SA.57823 and  
SA.58856 (2020/N)  
-State Aid SA.60096 (2020/N) – Lithuania  
COVID-19: Modification to SA.57008 (2020/N)  
- State Aid SA.60139 (2020/N) – Lithuania  
COVID-19: Modification to SA.57665 (2020/N)  
-State Aid SA.60266 (2020/N) – Lithuania  
COVID-19: Amendment of SA.57823

Excellency,

**1. PROCEDURE**

- (1) By electronic notifications of 9 and 15 December 2020, registered the same day respectively, Lithuania notified modifications concerning the following existing aid schemes (“the existing aid schemes”):
- (a) SA.57008 (2020) “Aid Fund for Business”;
  - (b) SA.57514 (2020/N) “Temporary State Aid to bovine animal producers and milk producers facing economic difficulties caused by the outbreak of Covid-19”, as modified by SA.58344 (2020/N);
  - (c) SA.57529 (2020/N) COVID-19: “Individual guarantees and interest and guarantee premium compensation during the COVID-19 outbreak to undertakings active in the agriculture, food, forestry, rural development and fisheries sectors”;

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- (d) SA.57665 (2020/N) “Lithuanian guarantees and loans for tour operators, accommodation, and catering services providers”;
  - (e) SA.57823 (2020/N) “COVID-19: Amendment to temporary State aid to economic entities active in agriculture and aquaculture facing economic difficulties during the outbreak of Covid-19”, as modified by SA.58903 (2020/N);
  - (f) SA.58856 (2020/N) “COVID-19: Aid in favor of poultry producers and poultry processing undertakings facing economic difficulties caused by the outbreak of COVID-19”.
- (2) The existing aid schemes were approved by the following Commission decisions (all together referred to as "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”) <sup>1</sup>:
- (a) as regards SA.57008 (2020/N), Decision C(2020) 3534 final of 26.5.2020;
  - (b) as regards SA.57514 (2020/N), Decision C(2020) 3896 final of 5.6.2020, as amended by Decision C(2020) 5828 final of 20.8.2020;
  - (c) as regards SA.57529 (2020/N), Decision C(2020) 4128 final of 16.6.2020;
  - (d) as regards SA.57665 (2020/N), Decision C(2020) 4365 final of 25.6.2020;
  - (e) as regards SA.57823 (2020/N), Decision C(2020) 4941 final of 14.7.2020; as amended by Decision C(2020) 7174 final of 14.10.2020;
  - (f) as regards SA.58856 (2020/N), Decision C(2020) 7242 final of 16.10.2020.
- (3) Lithuania 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<sup>2</sup> and to have this Decision adopted and notified in English.

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<sup>1</sup> 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.

<sup>2</sup> 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

### 2.1. Objective of the measure

- (4) On 2 July 2020 and on 13 October 2020, the Commission adopted two Communications amending the Temporary Framework. The first<sup>3</sup> notably provides that aid may be granted to micro or small enterprises (within the meaning of Annex I of the General Block Exemption Regulation (“GBER”)<sup>4</sup>, Annex I of the Agricultural Block Exemption Regulation (“ABER”)<sup>5</sup> and Annex I of the Fisheries Block Exemption Regulation (“FIBER”)<sup>6</sup> 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<sup>7</sup>. The second<sup>8</sup> notably prolongs until 30 June 2021 the validity of the Temporary Framework, which would otherwise expire at the end of 2020.
- (5) Lithuania plans to modify the existing aid schemes listed in recital (1):
- (a) for SA.57514, SA.57529 and SA.57823 to take account of both the amendments mentioned in recital (4). These schemes are thus enlarging the scope of the beneficiaries of the aid to include micro or small enterprises that were already in difficulty on 31 December 2019, under the conditions provided for in the Temporary Framework. Moreover, because of the extension of their duration, aid under these schemes may be granted until 30 June 2021;
  - (b) for SA.57665 and SA.58856 to take account only of the possibility to extend its duration. Thus, aid under these schemes may be granted until 30 June 2021;
  - (c) for SA.57008 to take account only of the possibility to modify its duration. Thus, aid under this scheme may be granted from 30 September 2020 until

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<sup>3</sup> 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

<sup>4</sup> As defined in Article 2(18) 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.

<sup>5</sup> As defined in Article 2(14) 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 of the Treaty, OJ L 193, 1.7.2014, p. 1

<sup>6</sup> As defined in Article 3(5) 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 of the Treaty, OJ L 369, 24.12.2014, p. 37.

<sup>7</sup> 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.

<sup>8</sup> 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.

30 June 2021 in case of loans and purchase of debt securities (“Measure A”); from 30 September 2020 until 30 September 2021 in case of equity instruments and debt instruments that have or may have an equity component (“hybrid instruments”) (“Measure B”).

- (6) Concerning SA.57665, the amount of funding for different activities is decreased from EUR 15 000 000 to EUR 8 000 000 for tour operators to pay tourists for tourism trips that did not take place due to the COVID-19 and increased from EUR 15 000 000 to EUR 22 000 000 for accommodation service providers providing classified accommodation services and catering businesses. The total budget of the scheme remains unchanged.
- (7) Concerning SA.57514, for the temporary aid to bovine animal producers, due to the extension of the granting period until 30 June 2021, an additional fourth stage of the aid for bovine animals marketed from 1 December 2020 to 30 April 2021 is foreseen.
- (8) Concerning SA.57529, for sub-measure 1 “Direct grants for interest and guarantee premium compensation”, due to the extension of the granting period until 30 June 2021, the corresponding interest compensation period is amended. 100% of the interest paid between 1 January 2021 and 30 June 2021 will be compensated, instead of interest paid between 1 June 2020 until 31 December 2020. Moreover, the aid is also granted when a loan is taken to repay previously taken investment and working capital loan (in the case of refinancing).
- (9) Concerning SA.57823, due to the extension of the granting period until 30 June 2021:
  - (a) for sub-measure V “Limited amounts of aid supporting vegetables producers”, it is provided that aid may be granted if the products have been destroyed or distributed free of charge during the period between 1 March 2021 until 30 April 2021;
  - (b) for sub-measure P “Limited amounts of aid supporting pig producers”, an additional fourth stage of the aid for pigs marketed from 1 December 2020 to 30 April 2021 is foreseen;
  - (c) for sub-measure F “Interest and guarantee premium compensation to aquaculture sector”, the interest compensation period is amended. 100% of the interest paid between 1 January 2021 and 30 June 2021 will be compensated, instead of interest paid between 1 June 2020 and 31 December 2020. Moreover, the aid is also granted when a loan is taken to repay previously taken investment and working capital loan (in the case of refinancing).
- (10) For case SA.57823, the Lithuanian authorities proposed to increase the budget foreseen for loans from EUR 90 million to EUR 135 million<sup>9</sup>. The budget for grants (EUR 9.5 million) remains unchanged.

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<sup>9</sup> The budget for loans in the initial decision was EUR 40 million, as mentioned in recital 12 of the initial decision, which was increase until EUR 90 million by the amendment decision, Decision C(2020) 7174 final of 14.10.2020, as mentioned in its recital 6.

- (11) The Lithuanian authorities confirmed that all other conditions of the existing aid schemes remain unchanged.
- (12) The modification will be put into effect only after the Commission's approval.

### **3. ASSESSMENT**

#### **3.1. Lawfulness of the measure**

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

#### **3.2. Existence of State aid**

- (14) 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.
- (15) The existing aid schemes constitute State aid within the meaning of Article 107 (1) TFEU for the reasons set out in the initial decisions<sup>10</sup>. 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**

- (16) The Commission assessed the existing aid schemes on the basis of Article 107 (3)(b) of the TFEU in light of the Temporary Framework and concluded that they were compliant with the compatibility conditions set out in that Framework.
- (17) The Commission refers to its analysis of compatibility as set out in the initial decisions<sup>11</sup>.
- (18) The notification concerns the prolongation of the existing aid schemes referred to in points (b) to (f) of recital (1) of this Decision until 30 June 2021 and the eligibility to the aid of micro or small enterprises that were already in difficulty on 31 December 2019. The notification concerns also the prolongations of the

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<sup>10</sup> See recitals (39) to (59) of Commission Decision C(2020)3534 final of 26.5.2020 (for SA.57008); see recitals (33) to (38) of Commission Decision C(2020)3896 final of 5.6.2020 (for SA.57514); see recitals (50) to (55) of Commission Decision C(2020)4128 final of 16.6.2020 (for SA.57529); see recitals (44) to (49) of Commission Decision C(2020)4365 final of 25.6.2020; see recitals (52) to (57) of Commission Decision C(2020)4941 of 14.7.2020 (for SA.57823); see recitals (39) to (44) of Commission Decision C(2020)7242 final of 16.10.2020 (for SA.58856).

<sup>11</sup> See recitals (60) to (102) of Commission Decision C(2020)3534 final of 26.5.2020 (for SA.57008); see recitals (39) to (49) of Commission Decision C(2020)3896 final of 5.6.2020 (for SA.57514); see recitals (56) to (69) of Commission Decision C(2020)4128 final of 16.6.2020 (for SA.57529); see recitals (50) to (61) of Commission Decision C(2020)4365 final of 25.6.2020; see recitals (58) to (69) of Commission Decision C(2020)4941 of 14.7.2020 (for SA.57823); see recitals (45) to (52) of Commission Decision C(2020)7242 final of 16.10.2020 (for SA.58856).

existing aid scheme referred to in point (a) of recital (1) of this Decision until 30 June 2021 for “Measure A” and until 30 September 2021 for “Measure B”. 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 evaluation of the compatibility of the existing aid schemes with the internal market, as carried out in the initial decisions. The modifications referred to in recitals (5)(a) and (b) and (6) to (9) above, which are related to the extension of the granting period until 30 June 2021, as well as the modifications referred to in recital (5)(c) above, which are related to the extension of the granting period until 30 June 2021 under Measure A and 30 September 2021 under Measure B, do not affect the assessment of the corresponding existing aid schemes.

- (19) With regard to the notified eligibility of micro or small enterprises which were in difficulty on 31 December 2019, as explained in the latest amendment of the Temporary Framework, the Commission considers that they have been particularly affected during the current crisis by the liquidity shortage caused by the economic impact of the COVID-19 outbreak. The unprecedented supply and demand shock due to the crisis has also exacerbated the difficulties such undertakings face to access financing on the market in general, as compared to medium-sized and large enterprises. Given their limited size and limited involvement in cross-border transactions, it is therefore less likely that State aid granted to these enterprises would distort competition in the Internal Market and affect intra-EU trade than State aid granted to medium-sized and large companies. This holds true even if these enterprises were to fall under the category of an undertaking in financial difficulty already on 31 December 2019, as long as they are not subject to a collective insolvency procedure under national law and have not received rescue aid (which has not been repaid) or restructuring aid (and are still subject to a restructuring plan).
- (20) Apart from the modifications referred to in recitals (5) to (9) above and the increase of budget for the existing aid scheme SA.57823 (recital (10)), the Commission notes that there are no other alterations to the existing aid schemes (recital (11)). The Commission therefore considers that the notified modifications 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 decision mentioned in recital (2).
- (21) 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 (Italy) pursuant to Article 107 (3)(b) TFEU.

#### **4. CONCLUSION**

The Commission has accordingly decided not to raise objections to the notified modifications to aid schemes SA.57008 (2020/N), SA.57514 (2020/N), SA.57529 (2020/N), SA.57665 (2020/N), SA.57823 (2020/N) and SA.58856 (2020/N) on the ground that it is compatible with the internal market pursuant to Article 107(3)(b) 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