Subject: State Aid SA.59924 (2020/N) – Republic of Croatia
COVID-19 – Amendments of SA.57175, SA.57595 and SA.57711

State Aid SA.59940 (2020/N) – Republic of Croatia
COVID-19 – Amendment of SA.57175 - COVID-19: Guarantee schemes and subsidised loans scheme

State Aid SA.59942 (2020/N) – Republic of Croatia
COVID-19 – Amendment of SA.57711 COVID-19: State aid Scheme to support the maritime, transport, transport infrastructure, tourism, and related sectors impacted by the COVID-19 outbreak

Excellency,

1. Procedure

(1) By electronic notifications of 2 and 3 December 2020, the Republic of Croatia notified amendments to the following existing aid schemes (“the existing aid schemes”) which the Commission had already approved under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (“the Temporary Framework”)¹:


Dr. sc. Gordan GRLIĆ RADMAN
Ministar vanjskih i europskih poslova
Trg N.Š. Zrinskog 7-8, 10000 Zagreb
REPUBLICA HRVATSKA
(a) SA.57175: “COVID-19: Guarantee schemes and subsidised loans scheme” (the “existing aid scheme in case SA.57175”), which the Commission approved on 12 May 2020 (the “initial decision in case SA.57175”) and which was amended by SA.58128: “COVID-19: Modification to State aid measures SA.56877, SA.57957, SA.57175 and SA.57711”, which the Commission approved on 30 July 2020.

(b) SA.57595: “COVID-19: Guarantee scheme on loans for undertakings active in the field of culture and creative industries” (the “existing aid scheme in case SA.57595”), which was approved by the Commission on 17 June 2020 (the “initial decision in case SA.57595”).

(c) SA.57711: “COVID-19: State aid Scheme to support the maritime, transport, transport infrastructure, tourism, and related sectors impacted by the COVID-19 outbreak” (the “existing aid scheme in case SA.57711”), which the Commission approved on 30 June 2020 (the “initial decision in case SA.57711”) and which was amended by SA.58128: “COVID-19: Modification to State aid measures SA.56877, SA.57957, SA.57175 and SA.57711”, which was approved by the Commission on 30 July 2020.

(2) The Republic of Croatia 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 with regard to SA.59940, SA.59942 and SA.59924, and to have this Decision adopted and notified in English.

2. DESCRIPTION OF THE NOTIFIED AMENDMENTS

(3) The Croatian authorities consider that the COVID-19 outbreak continues to affect the real economy.

(4) Following the latest amendment of the Temporary Framework3, the Croatian authorities wish to extend the duration of the three existing aid schemes until 30 June 2021.

(5) Additionally, the Croatian authorities wish to make the following amendments to the existing aid schemes:

(a) With regard to the existing aid scheme in SA.57175:

\[\text{The Croatian authorities wish to increase the total budget of the scheme by HRK 1.44 billion (approximately EUR 190.7 million). The budget increase will be allocated as follows:}\]

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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.
HRK 108 million (approximately EUR 14.3 million) will be added to the budget of Measures A⁴;

HRK 1.32 billion (approximately EUR 174.79 million) will be added to the budget Measure B⁵.

HRK 12 million (approximately EUR 1.59 million) will be added to the budget of Measure C⁶. This amendment is registered under SA.59940.

(b) With regard to the existing aid scheme SA.57711, they wish to introduce the following amendments, registered under SA.59942:

– The Croatian authorities wish to increase the total budget of the scheme by HRK 1 billion (approximately EUR 132.4 million). The budget increase will be allocated as follows:

  • HRK 300 million (approximately EUR 39.72 million) will be added to the budget of Measure A⁷;
  
  • HRK 700 million (approximately EUR 92.69 million) will be added to the budget of Measure B⁸.

– The Croatian authorities wish to extend the scope of the scheme⁹ to include undertakings performing activities with the following NACE-codes¹⁰:

  • 49.32. Taxi service;
  
  • 77.11. Rental and leasing of motor vehicles.

(c) With regard to the existing aid scheme SA.57595, the Croatian authorities wish to change the name of the granting authority¹¹ to "Ministry of Culture and Media". These amendments have been registered under SA.59924.

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⁴ As described in the initial decision in case SA.57175, recital (15).
⁵ As described in the initial decision in case SA.57175, recital (16).
⁶ As described in the initial decision in case SA.57175 recital (17).
⁷ As described in the initial decision in case SA.57711, recital (20).
⁸ As described in the initial decision in case SA.57711, recital (21).
⁹ As described in the initial decision in case SA.57711, recital (12).
¹¹ As described in the initial decision in case SA.57595, recital (8).
The Croatian authorities confirmed that all other conditions of the existing aid schemes remain unchanged.

The modifications will only be put into effect after the notification of the Commission’s decision.

3. ASSESSMENT

3.1. Lawfulness of the measure

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

3.2. Existence of State aid

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.

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 notified amendments do not affect these qualifications. The Croatian authorities do not contest that conclusion.

3.3. Compatibility

The Commission assessed the existing aid schemes on the basis of Article 107(3)(b) TFEU in light of the Temporary Framework and concluded that they were compliant with the compatibility conditions set out in that Framework.

The Commission refers to its analysis of compatibility as set out in the initial decisions. The notified amendments to the schemes do not alter the Commission’s conclusions on compatibility as set out in those initial decisions.

The Commission has examined the notified amendments referred to in recitals (4) and (5), and notes that there are no other alterations to the existing aid schemes. First, the prolongation of the duration of the existing schemes (recital (4)), is in conformity with points 22(d), 25(c) and 27(c) of the Temporary Framework. Second, the Commission considers that the increase in the budget of schemes SA.57175 and SA.57711 (recitals (1)(a) and (5)) which aims to address aid granted under those aid schemes for a prolonged period, is a reasonable increase.

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12 See recitals (23) to (28) of the initial decision in case SA.57595; recitals (26) to (31) of the initial decision in case SA.57175 and recitals (29) to (34) of the initial decision in case SA.57711.

13 See recitals (29) to (36) of the initial decision in case SA.57595; recitals (32) to (46) of the initial decision in case SA.57175 and recitals (35) to (46) of the initial decision in case SA.57711.
Second, the Commission takes note of the expansion of the scope of eligible beneficiaries (recital (5)(b) second indent). Aid granted under SA.57711 aims to ensure financial support for undertakings active, inter alia, in the transport sector and whose business activities have been affected adversely as a result of the COVID-19 outbreak. The Commission observes that the persistence of the COVID-19 outbreak has affected the travel industry in Croatia, included the newly introduced beneficiaries. The Commission, finally, notes that there are no other substantial modifications with regard to SA.57595, except for those described in recitals (4) and (5), and finds these amendments compatible with the internal market. 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.

(14) The Commission concludes that the measures, as modified are compliant with the compatibility conditions set out in the Temporary Framework. 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 (Republic of Croatia) pursuant to Article 107 (3)(b) TFEU.

4. CONCLUSION

The Commission has accordingly decided not to raise objections to the modifications to aid schemes SA.57175, SA.57711, and SA.57595, on the grounds that they are 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