



EUROPEAN COMMISSION

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**Subject: State Aid SA.62499 (2021/N) – Malta  
COVID-19: Amendment and prolongation of schemes SA.56843,  
SA.57163 and SA.57961**

Excellency,

## 1. PROCEDURE

- (1) By electronic notification of 25 March 2021, Malta notified amendments (“the proposed amendments”) concerning the following existing aid schemes (“the existing aid schemes”) which the Commission had already approved (“the initial decisions”) under sections 3.1 and 3.2 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) SA.56843 (2020/N) *Loan guarantee scheme*, which the Commission approved by Decision C(2020) 2180 final of 2 April 2020;
  - (b) SA.57163 (2020/N) *Interest rate subsidy scheme administered by the Malta Development Bank*, which the Commission approved by Decision C(2020) 3304 final of 14 May 2020; and

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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 Commission Communications C(2020) 2215 (OJ C 112I, 4.4.2020, p. 1), C(2020) 3156 (OJ C 164, 13.5.2020, p. 3), C(2020) 4509 (OJ C 218, 2.7.2020, p. 3), C(2020) 7127 (OJ C 340I, 13.10.2020, p. 1) and C(2021) 564 (OJ C 34, 1.2.2021, p. 6).

Hon. Evarist Bartolo  
Minister for Foreign and European Affairs  
Palazzo Parisio, Merchants Street  
Valletta, VLT 1171, Malta

- (c) SA.57961 (2020/N) *Small Loans Guarantee Scheme*, which the Commission approved by Decision C(2020) 5319 final of 29 July 2020.
- (2) The existing aid schemes had previously been amended by Decision C(2021) 272 final of 14 January 2021 on the State aid SA.60675 (2020/N) *Modifications to SA.56843, SA.57076, SA.57163, SA.57204, SA.57961, SA.58006, SA.58297 and SA.58306*.
- (3) 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<sup>2</sup> and to have this Decision adopted and notified in English.

## **2. DESCRIPTION OF THE PROPOSED AMENDMENTS**

- (4) On 1 February 2021, the Commission adopted a Communication<sup>3</sup> prolonging until 31 December 2021 the validity of the Temporary Framework, which would otherwise have expired on 30 June 2021.
- (5) Following the prolongation of the Temporary Framework, the Maltese authorities would like to extend the duration of all three existing aid schemes, as amended, until 30 September 2021.
- (6) Furthermore, the Maltese authorities would like to expand the maximum moratorium on capital and interest repayments established for loans under aid schemes SA.56843 and SA.57961, as amended, from 12 months to 18 months.
- (7) For the specific case of existing aid scheme SA.57163, the Maltese authorities would also like to increase the overall maximum aid amount per undertaking from EUR 800 000 to EUR 1.8 million. In any case, the overall maximum aid amount is limited to EUR 270 000 per undertaking active in the fishery and aquaculture sector or EUR 225 000 per undertaking active in the primary production of agricultural products.
- (8) The Maltese authorities confirm that aid under the existing aid schemes 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.
- (9) The Maltese authorities confirm that all other conditions of the existing aid schemes remain unchanged.

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<sup>2</sup> Regulation No 1 determining the languages to be used by the European Economic Community, OJ 17, 6.10.1958, p. 385.

<sup>3</sup> Communication from the Commission Fifth Amendment to 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, C(2021) 564, OJ C 34, 1.2.2021, p. 6.

### **3. ASSESSMENT**

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

- (10) By notifying the proposed amendments before putting them into effect, the Maltese authorities have respected their obligations under Article 108(3) TFEU.

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

- (11) 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.
- (12) 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>4</sup>. The proposed amendments do not affect that conclusion. The Commission therefore refers to the respective assessment of the aforementioned decisions and concludes that the schemes as amended constitute State aid in the meaning of Article 107(1) of the TFEU. The Maltese authorities do not contest that conclusion.

#### **3.3. Compatibility**

- (13) Since the measures involve aid within the meaning of Article 107(1) TFEU, it is necessary to consider whether those measures are compatible with the internal market.
- (14) 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.
- (15) The Commission refers to its analysis of compatibility as set out in the initial decisions<sup>5</sup>.
- (16) The Commission has examined the proposed amendments and concluded that they do not affect the findings made in the initial decisions. More specifically:
- (a) the prolongation of the duration of all three existing aid schemes until 30 September 2021 (recital (5)) complies with point 22(d) of the Temporary Framework; and
  - (b) the increased notified aid ceiling for the existing aid scheme SA.57163 (recital (7)) is in line with points 22(a) and 23(a) of the Temporary Framework.

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<sup>4</sup> See recitals (18) to (23) of Commission Decision C(2020) 2180 final of 2 April 2020 for SA.56843; recitals (32) to (37) of Commission Decision C(2020) 3304 of 14 May 2020 for SA.57163; and recitals (41) to (46) of Commission Decision C(2020) 5319 final of 29 July 2020 for SA.57961.

<sup>5</sup> See recitals (24) to (29) of Commission Decision C(2020) 2180 final of 2 April 2020 for SA.56843; recitals (38) to (44) of Commission Decision C(2020) 3304 of 14 May 2020 for SA.57163; and recitals (47) to (54) of Commission Decision C(2020) 5319 final of 29 July 2020 for SA.57961.

- (17) Apart from the amendments referred to in recitals (5) to (7), the Commission notes that there are no other alterations to the existing aid schemes (recital (9)).
- (18) The Maltese authorities confirm that aid under the existing aid schemes 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 (recital (8)).
- (19) The Commission therefore considers that the proposed amendments are necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State pursuant to Article 107(3)(b) TFEU since they meet 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