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**Subject: State Aid SA.63021 (2021/N) – Lithuania
COVID-19 – Amendments of SA.57665 (2020/N) – COVID-19:
Lithuanian guarantees and loans for tour operators, accommodation
and catering service providers**

Excellency,

1. PROCEDURE

- (1) By electronic notification of 10 May 2021, the Lithuanian authorities notified amendments (“the notified amendments”) to the existing aid scheme SA.57665 (2020/N) – COVID-19: Lithuanian guarantees and loans for tour operators, accommodation and catering service providers (“the existing aid scheme”) which the Commission approved on 25 June 2020 (“the initial decision”).¹ The existing aid scheme was already amended by:
- SA.59525 (2020/N): “COVID-19: Prolongation of guarantee scheme for tour operators”, adopted on 25 November 2020², which prolonged the duration of the existing guarantee scheme until 30 June 2021;
 - SA.60139 (2020/N): “COVID-19: Modification to SA.57665 (2020/N)”, adopted on 17 December 2020³, which prolonged the duration of the existing loan scheme until 30 June 2021.

¹ Commission Decision C(2020) 4365 final.

² Commission Decision C(2020) 8388 final.

³ Commission Decision C(2020) 9406 final.

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- (2) The notified amendments are assessed under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (the “Temporary Framework”).⁴
- (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 1/1958⁵ and to have this Decision adopted and notified in English.

2. DESCRIPTION OF THE MEASURE

- (4) In the existing aid scheme, the Commission approved two measures. The first measure concerned aid in the form of guarantees falling under Section 3.1 of the Temporary Framework (“Measure 1”). As described in recitals (8) and (24) - (30) of the decision on the existing aid scheme, the guarantees are granted to tour operators in Lithuania facing a sudden shortage or unavailability of liquidity. The aim of the guarantees is to secure the performance of obligations of the beneficiaries. The second measure concerned aid in the form of loans falling under Section 3.3 of the Temporary Framework (“Measure 2”). As described in recitals (9) and (31) - (37) of the decision on the existing aid scheme, the loans are granted to tour operators that operate in Lithuania, as well as, where applicable, to the group of companies to which the borrowing tour operator belongs. In addition, loans can be granted to accommodation service providers and catering service providers. The aim of the loans is to facilitate the refund of travellers of organised trips cancelled due to the COVID-19 outbreak and, in the case of accommodation and catering service providers, to provide financing of the beneficiaries’ working costs.
- (5) With the notified amendments, the Lithuanian authorities:
 - (a) for Measure 1: increase the overall nominal value of the guarantees that can be granted under that measure to EUR 1.8 million per undertaking,⁶ pursuant to the latest amendment of Section 3.1 of the Temporary Framework (instead of the previous maximum aid amount of EUR 800 000 per undertaking);
 - (b) for Measure 2: increase the budget foreseen for loans from EUR 30 million to EUR 45 million.
 - (c) for both Measures 1 and 2: prolong the duration of the existing measures, so that aid is granted under those measures until no later than 31 December 2021.

⁴ 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).

⁵ Regulation No 1 determining the languages to be used by the European Economic Community, OJ 17, 6.10.1958, p. 385.

⁶ All figures used must be gross, that is, before any deduction of tax or other charge.

- (6) Additionally, for Measure 2, the Lithuanian authorities provide the possibility to the beneficiaries to postpone loan repayment between 6 and 24 months⁷. However, the Lithuanian authorities confirm that loans will still be:
- granted with a maximum duration of 72 months (six years) (see recital (36) of the initial decision);
 - subject to the fixed annual interest rates included in the table of recital (37) of the initial decision, depending on the loan's duration.
- (7) The Lithuanian authorities confirmed that all other conditions of the existing aid scheme as amended remain unchanged.
- (8) The Lithuanian authorities also confirmed that the commitments provided by Lithuania for the purposes of the existing measure are valid in their entirety also for the notified amendments.

2.1. Legal basis

- (9) The legal bases for the measure are:
- (a) For Measure 1: the Draft Amending Order of the Order of the Minister of Economy and Innovation of the Republic of Lithuania regarding the approval of regulations on the provision of guarantees securing performance of obligations of tour operators and
 - (b) For Measure 2: the Draft Amending Order of the Order of the Minister of Economy and Innovation of the Republic of Lithuania on the approval of the State aid scheme on loans to tourism service providers and business entities providing catering services.
- (10) The Lithuanian authorities confirmed that the notified amendments will be put into effect only after the notification of the Commission's decision.

3. ASSESSMENT

3.1. Lawfulness of the measure

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

3.2. Existence of State aid

- (12) 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.

⁷ The extension conditions as explained in the legal basis referred to in recital (9)(b) of this Decision.

- (13) The existing aid scheme constitutes State aid within the meaning of Article 107 (1) TFEU for the reasons set out in the initial decision.⁸ The notified amendments do not affect that conclusion. The Commission therefore refers to the respective assessment of the aforementioned decision and concludes that the existing aid scheme constitutes State aid in the meaning of Article 107(1) of the TFEU. The Lithuanian authorities do not contest that conclusion.

3.3. Compatibility

- (14) In the initial decision, the Commission concluded that the existing measure fulfilled the conditions set out in sections 3.1, 3.3 and 3.4 of the Temporary Framework and was therefore compatible with the internal market on the basis of Article 107(3)(b) TFEU. The Commission refers to its analysis of compatibility as set out in the initial decision⁹, as amended.
- (15) The notified amendments do not alter the Commission's conclusions on compatibility as set out in that initial decision.
- (16) First, as regards the amendments to Measure 1, referred to in recitals ((4)(a) and (5)(c)), the Commission considers that:
- The increase of the overall nominal value of the guarantees to be granted under that measure to EUR 1.8 million per undertaking is in conformity with point 22(a) of the Temporary Framework (all figures used must be gross, that is, before any deduction of tax or other charge);
 - The prolongation of the duration of Measure 1 until no later than 31 December 2021 complies with point 22(d) of the Temporary Framework.
- (17) Second, as regards the amendments to Measure 2, referred to in recitals ((5)(b)), (5)(c) and (6), the Commission considers that:
- The prolongation of the duration of Measure 2 until no later than 31 December 2021 meets the condition of point 27(c) of the Temporary Framework;
 - Insofar as the loan contracts will still be limited to a maximum of six years, the possibility to postpone loan repayment between 6 to 24 months does not alter the assessment that Measure 2 meets the conditions of point 27(a) of the Temporary Framework given that the loans will still be subject to the fixed annual interest rates included in the table of recital (37) of the initial decision.
- (18) Third, the Commission considers that the increase in the budget for Measure 2 (recital (5)(b)), does not affect the outcome of the Commission's compatibility analysis of the existing aid scheme.
- (19) The Commission notes that there are no other alterations to the existing aid scheme (see recitals (7) and (8)), as amended by the decisions in SA.59525 and SA.60139 (recital (1)).

⁸ See recitals (44) to (49) of the initial decision in case SA.57665.

⁹ See recitals (50) to (57) of the initial decision in case SA.57665.

- (20) The Commission therefore considers that the modifications introduced with the notified amendments are necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State and continue to meet all the conditions of the Temporary Framework.

4. CONCLUSION

The Commission has accordingly decided not to raise objections to the notified amendments 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

