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PUBLIC VERSION

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**Subject: State Aid SA.63099 (2021/N) - Lithuania
COVID-19: Modification to SA.57823 (2020/N)**

Excellency,

1. PROCEDURE

- (1) By electronic notification of 14 May 2021, Lithuania notified a modification (“the measure”) concerning the existing aid scheme 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*” (“the existing aid scheme”), as modified by SA.58903 (2020/N), SA.60073 (2020/N) and SA.62484 (2021/N). By email of 20 May 2021, Lithuania submitted complementary information.
- (2) The existing aid scheme was approved by the Commission decision C(2020) 4941 final of 14 July 2020 (referred to as “the initial decision”) in light of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (“the Temporary Framework”)¹. The initial decision was modified by Decision C(2020) 7174 final of 14.10.2020, Decision C(2020) 9406 final of 17.12.2020 and by Decision C(2021) 2497 final of 7.4.2021.
- (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

¹ 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).

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Article 3 of Regulation 1/1958² and to have this Decision adopted and notified in English.

2. DESCRIPTION OF THE MEASURE

2.1. Objective of the measure

- (4) On 28 January 2021, the Commission adopted a Communication amending the Temporary Framework. This modification notably prolongs until 31 December 2021 the validity of the Temporary Framework which would otherwise expire on 30 June 2021 and increases the maximum amount of aid allowed for aids under Section 3.1.
- (5) Accordingly, Lithuania plans to modify the existing aid scheme³ extending its duration until 31 December 2021 for sub-measures V⁴, P⁵ and L⁶. For sub-measure V, grant will be paid only if the total average income of Lithuanian vegetable growers for the products eligible to aid in the period July 2020 to March 2021 was at least 10 % lower compared to average income between July 2019 to March 2020. Lithuania intends also to increase the budget of sub-measure V by EUR 500 000, for a new total budget of that sub-measure of EUR 2.5 million, and a new overall budget of the existing aid scheme of EUR 265.7 million.
- (6) The Lithuanian authorities confirmed that all other conditions of the existing aid scheme remain unchanged.
- (7) The Lithuanian authorities committed not to grant any aid under the notified amendment before the Commission's approval.

2.2. Legal basis

- (8) The legal basis for the existing aid schemes and the notified amendments are:
 - (a) Draft amendment of the order of Minister of Agriculture of the Republic of Lithuania of 17 July 2020 No. 3D-540 "On the Approval of the Rules for the Granting of Temporary State Aid to Vegetable Producers";
 - (b) Draft amendment of the order of Minister of Agriculture of the Republic of Lithuania of 27 July 2020 No. 3D-557 "On the Approval of the Rules for the Payment of Temporary State Aid to pig producers";

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

³ The increase of the maximum amount of aid per undertaking has already been approved by Decision C(2021) 2497 final of 7.4.2021.

⁴ Aid to vegetable producers in the form of direct grants.

⁵ Aid to pig producers in the form of direct grants.

⁶ Loans granted at reduced interest rates to ensure the liquidity of economic entities acting in the field of production, processing and marketing of agricultural and aquacultural products.

- (c) Order of Minister of Agriculture of the Republic of Lithuania of 16 July 2020, No. 3D-539 “On the Approval of the Scheme of the Financial Incentive Measure "Loans to ensure the Liquidity of Economic Entities, acting in Field of production, processing and marketing of Agricultural and Aquaculture Products, during the COVID-19 outbreak”.

3. ASSESSMENT

3.1. Lawfulness of the measure

- (9) 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

- (10) 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.
- (11) The existing aid scheme constitutes State aid within the meaning of Article 107 (1) TFEU for the reasons set out in the initial decision⁷. The proposed modification does not affect that conclusion. The Commission therefore refers to the respective assessment of the aforementioned decision and concludes that the scheme as modified constitute State aid in the meaning of Article 107 (1) of the TFEU.

3.3. Compatibility

- (12) The Commission assessed the existing aid scheme on the basis of Article 107 (3)(b) of the TFEU in light of the Temporary Framework and concluded that it was compliant with the compatibility conditions set out in that Framework.
- (13) The Commission refers to its analysis of compatibility as set out in the initial decision⁸.
- (14) The notified modification concerns the prolongation of three of the sub-measures of the existing aid scheme until 31 December 2021 and for sub-measure V the inclusion of a new condition for granting the aid and the increase of its budget. As this extended duration, the new condition for granting the aid for this sub-measure and the increase of the budget are in conformity with the Temporary Framework, the Commission considers that the notified modification does not affect the compatibility assessment of the existing aid scheme with the internal market, as carried out in the initial decision.
- (15) Apart from the modifications indicated in recital (5), the Commission notes that there are no other alterations to the existing aid scheme, as indicated in recital (6).

⁷ See recitals (52) to (57) of Commission Decision C(2020)4941 of 14.7.2020.

⁸ See recitals (58) to (69) of Commission Decision C(2020)4941 of 14.7.2020.

The Commission therefore considers that the notified modification meets the conditions of the Temporary Framework, as set out in the initial decision.

- (16) The Commission therefore considers that the measure, as modified, is necessary, appropriate, and proportionate to remedy a serious disturbance in the economy of a Member State (Lithuania) pursuant to Article 107 (3)(b) TFEU.

4. CONCLUSION

The Commission has accordingly decided not to raise objections to the notified modification to aid scheme SA.57823 (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