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Subject: State Aid SA.63597 (2021/N) – Italy
COVID-19: Loan guarantee schemes under the Fondo di garanzia per le PMI – Amendment to the scheme SA.56966 as already amended by SA.57625 and SA.59655

Excellency,

1. PROCEDURE

(1) By electronic notification of 21 June 2021, Italy notified an amendment ("the third amendment" or the "notified amendment") to the State aid scheme, approved by Commission decision C(2020) 2370 final of 13 April 2020 in case SA.56966 (2020/N)[1] ("the initial scheme" and "the initial decision", respectively), as already amended in case SA.57625 (2020/N), approved by Commission decision C(2020) 4125 of 16 June 2020 ('the first amendment")[2], and in case SA.59655 (2020/N), approved by Commission decision C(2020) 9121 final of 10 December 2020 ("the second amendment")[3], (collectively, the "existing aid scheme"), under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak[4] (the "Temporary Framework").

[1] OJ C 144, 30.4.2020, p. 1

[2] OJ C 220, 3.7.2020, p. 1

[3] OJ C 50, 12.02.2021, p. 1

[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).

Onorevole Luigi Di Maio
Ministro degli Affari esteri e della Cooperazione Internazionale
P.le della Farnesina 1
I - 00194 Roma

(2) Italy 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,[5] and to have this Decision adopted and notified in English.

2. DESCRIPTION OF THE NOTIFIED AMENDMENT

(3) The objective of the existing aid scheme is to preserve the continuity of economic activity during and after the COVID-19 outbreak. It is designed to ensure that the banking system provides enterprises - micro, small and medium ones in particular - with the necessary liquidity to overcome the current economic difficulties.

(4) The existing aid scheme is administrated by the publicly-owned and -controlled Central Guarantee Fund for SMEs[6] (the “Guarantee Fund”).

(5) The existing aid scheme is composed of three different measures:

(a) Guarantees under Section 3.2 of the Temporary Framework, whose main elements are described in recitals (16)-(19) of the initial decision;

(b) Guarantees under Section 3.1 of the Temporary Framework, whose main elements are described in recitals (20)-(23) of the initial decision;

(c) Grants under Section 3.1 of the Temporary Framework, whose main elements are described in recitals (24)-(25) of the initial decision.

(6) The main elements of the first amendment, as described in recitals (6)-(8) of the Commission decision thereon, were:

(a) the increase in the budget from EUR 1.729 billion to EUR 25 billion;

(b) the increase in the additional refinancing, to be provided by the financial intermediary to be allowed to benefit from the guarantees under Section 3.2 on existing loans, from 10% to 25% of the guaranteed loan amount;

(c) the increase of the maturity of the guarantees under Section 3.1 from 6 years to 10 years.

(7) The main element of the second amendment, as described in recital (4) of the Commission decision thereon, was the prolongation of the scheme from 31 December 2020 to 30 June 2021.

(8) The third amendment introduces the following:

(a) The expiry of the scheme is postponed from 30 June 2021 to 31 December 2021;

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

[6] “Fondo di garanzia per le PMI”, as established by Article 2(100) of the Italian Law n. 662 of 23 December 1996.

(b) With regard to the guarantees under section 3.2 of the Temporary Framework, as mentioned in recital (5)(a),

– The maximum coverage of the guarantees, as newly granted under the measure between 1 July 2021 and 31 December 2021, is lowered from 90% to 80% of the notional amount of the loans;

– The maximum duration of the guarantees, either as newly granted under the measure between 1 July 2021 and 31 December 2021 or as resulting from the restructuring of guarantees already granted up to 30 June 2021, is extended to 8 years;

– Accordingly, the guarantee premiums, to be paid by the undertakings, are modified as set out in tables 1-3 below:

Table 1: guarantee premiums for 8 years loans with a 90% coverage

Type of beneficiary	For 1st year	For 2nd -3rd year	For 4th -6th year	For 7th-8th year
SMEs	75 bps	100 bps	150 bps	250 bps
Large enterprises	100 bps	150 bps	250 bps	350 bps

Table 2: guarantee premiums for 8 years loans with a 80% coverage

Type of beneficiary	For 1st year	For 2nd -3rd year	For 4th -6th year	For 7th-8th year
SMEs	50 bps	80 bps	135 bps	230 bps
Large enterprises	80 bps	130 bps	240 bps	340 bps

Table 3: guarantee premiums for 6 years loans with a 80% coverage

Type of beneficiary	For 1st year	For 2nd -3rd year	For 4th -6th year
SMEs	15 bps	30 bps	80 bps
Large enterprises	30 bps	80 bps	175 bps

(c) With regard to the grants under Section 3.1 of the Temporary Framework, as mentioned in recital (5)(c), the ceilings are revised as following:

– EUR 270 000 per undertaking active in the fishery and aquaculture sector;

– EUR 225 000 per undertaking active in the primary production of agricultural products;

– EUR 1 800 000 for other undertakings.

(9) Apart from the notified amendments, the Italian authorities confirm that no further amendments are proposed to the existing aid scheme and that all other conditions of that scheme remain unaltered.

(10) The legal basis for the third amendment consists of Article 13 of the Decree-Law 73/2021 of 25 May 2021[7], as implemented on the basis of dedicated ministerial circulars[8].

(11) Aid may be granted under the existing aid scheme, as amended, as from the notification of the Commission's approval of the notified amendment.

3. ASSESSMENT

3.1. Lawfulness of the measure

(12) By notifying the third amendment before putting it into effect, the Italian authorities have respected their obligations under Article 108(3) TFEU.

3.2. Existence of State aid

(13) 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.

(14) Recitals (33) to (38) of the initial decision establish that the initial scheme gives rise to the granting of State aid. The first and second amendments did not change these findings, as established in recital (11) of each Commission decision thereon. The third amendment introduced by the Italian authorities does not affect these findings either. The Commission therefore refers to the assessment of the initial decision and concludes that the existing aid scheme, as amended, constitutes State aid within the meaning of Article 107(1) TFEU.

3.3. Compatibility

(15) The existing aid scheme is compatible with the internal market pursuant to Article 107(3)(b) TFEU, since it meets the conditions of sections 2, 3.1, 3.2 and 3.4 of the Temporary Framework for the reasons set out in recitals (39) to (53) of the initial decision. This conclusion was confirmed for the first and second amendments, as described respectively in recitals (18) and (15) of the Commission decisions thereon. The Commission therefore refers to the respective assessment of the initial decision.

[7] Decreto Legge 25 maggio 2021, n 73, *Misure urgenti connesse all'emergenza da COVID-19, per le imprese, il lavoro, i giovani, la salute e i servizi territoriali*. (21G00084) (GU Serie Generale n.123 del 25-05-2021)

[8] The Italian authorities have indicated that the implementing ministerial circulars will, in particular, specify the premiums and the maximum duration of the guarantees not exceeding 8 years.

(16) The third amendment does not affect the compatibility assessment made under the initial decision and confirmed under the first and second amendments. In particular:

– The Commission notes that aid under the scheme can only be granted until 31 December 2021, as described in recital (8)(a) above. The measure thus continues to comply with point 22(d) and 25(c) of the Temporary Framework.

– The Commission notes that grants, provided under the scheme in compliance with section 3.1 of the Temporary Framework, cannot exceed the maximum aid amount per undertaking indicated in point 23(a) of the Temporary Framework, as described in recital (8)(c) above. The measure thus continues to comply with point 23(a) of the Temporary Framework.

– Regarding the maximum duration and the premiums of the guarantees, provided under the scheme in compliance with section 3.2 of the Temporary Framework, the Commission notes that point 25 (f) of the Temporary Framework allows the duration to exceed six years if modulated according to point 25 (b) of the Temporary Framework. In turn, point 25 (b) allows Member States to notify schemes, whereby guarantee duration, guarantee premiums and guarantee coverage are modulated together on the basis of the premiums indicated under point 25 (a) of the Temporary Framework. The Commission notes that, in the proposed amendments (see recital (8)(b) above), the duration of both new and restructured guarantees can reach 8 years. With such a longer maturity, for coverage of both 90% and 80% of the notional amount of the loans, the premiums are higher than the minimum ones indicated in point 25 (a) of the Temporary Framework, for all years including years 1-6. At the same time, for each given maturity, the premiums applicable to guarantees with 80% coverage are lower than the premiums applicable to guarantees with 90% coverage, consistently with the different economic values entailed by the coverages. The Commission considers this modulation as appropriate. The measure therefore complies with points 25(b) and 25(f) of the Temporary Framework.

(17) Apart from the notified amendment, Italy confirms that no further amendments are proposed to the existing aid scheme and that all other conditions of that scheme remain unaltered.

(18) The Commission therefore considers that the notified amendment is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State pursuant to Article 107(3)(b) TFEU since it meets all the relevant conditions of the Temporary Framework. The Commission therefore considers that the notified amendment does not alter the Commission's conclusion on the compatibility of the existing aid scheme in the initial decision and in the first and second amendments.

4. Conclusion

The Commission has accordingly decided not to raise objections to the scheme, as amended, 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

CERTIFIED COPY
For the Secretary-General

Martine DEPREZ
Director
Decision-making & Collegiality
EUROPEAN COMMISSION