



EUROPEAN COMMISSION

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PUBLIC VERSION

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**Subject: State Aid SA.61067 (2021/N) – Lithuania
COVID-19: Amendment of the Decision SA.60379 (2020/N) –
Lithuania – COVID-19: Direct COVID-19 loans**

Excellency,

1. PROCEDURE

- (1) By electronic notification of 11 January 2021, Lithuania notified an amendment (“the measure”) to the existing aid scheme SA.60379 (2020/N) – Lithuania – COVID-19: Direct COVID-19 loans (“the existing aid scheme”), which the Commission approved by decision of 23 December 2020¹ (“the initial decision”) under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak as amended (“the Temporary Framework”).²

¹ Commission Decision C(2020) 9632 final, SA.60379.

² 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 Communication from the Commission C(2020) 2215 final of 3 April 2020 on the Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 112I, 4.4.2020, p. 1, by Communication from the Commission C(2020) 3156 final of 8 May 2020 on the Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 164, 13.5.2020, p. 3, by Communication from the Commission C(2020) 4509 final of 29 June 2020 on the Third Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 218, 2.7.2020, p. 3, and by Communication from the Commission C(2020) 7127 final of 13 October 2020 on the Fourth Amendment of the Temporary Framework for State aid measures to support the

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- (2) Lithuania exceptionally agrees to waive its rights deriving from Article 342 TFEU, in conjunction with Article 3 of Regulation 1/1958³ and to have this Decision adopted and notified in English.

2. DESCRIPTION OF THE MEASURE

2.1. The existing aid scheme

- (3) The existing aid scheme provides for State aid in the form of loans with subsidised interest rates to companies of all sizes active in Lithuania that fulfil a number of conditions, which are detailed in recitals (12) to (14) of the initial decision.
- (4) In particular, pursuant to recital (12) of the initial decision, the beneficiaries must:
- (a) have experienced a decline of more than 30% in their turnover between 1 March and 31 October 2020 compared to the same period in 2019; and
 - (b) for cases where no income was generated between 1 March and 31 October 2020, pursue economic activities that are restricted due to the quarantine measures as outlined in the Resolution No 1226 adopted by the Lithuanian government on 4 November 2020.
- (5) Under this provision, the existing aid scheme is only available to beneficiaries adversely impacted by the COVID-19 crisis. More specifically, only beneficiaries that have experienced a decline of more than 30% in their turnover during a specific period corresponding to a national quarantine measure can benefit from the measure. The calculation of this decline in turnover is based on a comparison of the turnover during the quarantine period to the same period of the preceding year. In addition, beneficiaries that have been recently established can still benefit from the scheme if they pursue specific economic activities. The specific quarantine periods are also provided in Resolution No. 1226 adopted by the Lithuanian government on 4 November 2020.
- (6) The existing aid scheme was assessed based on Article 107(3)(b) TFEU, in light of sections 2 and 3.3 of the Temporary Framework.

2.2. The proposed amendment

- (7) Lithuania considers that the COVID-19 outbreak has affected the real economy. Due to the adverse evolution of the pandemic and the prolongation of the quarantine measures, the authorities have modified the specific quarantine periods specified in Resolution No. 1226, most recently on 7 January 2021 to readjust the quarantine periods. In this context, Lithuania intends to amend the existing aid scheme in order to ensure that it remains suitable and appropriate to achieve its

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, OJ C 340 I, 13.10.2020, p. 1.

³ Regulation No 1 determining the languages to be used by the European Economic Community, OJ 17, 6.10.1958, p. 385.

objective to support the national economy throughout the current economic and health crisis.

- (8) The measure amends the criteria defining the beneficiaries (recital (4) of the initial decision) by removing any references to specific quarantine periods. This is done to ensure that the scheme continues to reflect the evolution of the pandemic and the possibility of future quarantine measures which would be established by the Lithuanian government during the existence of the scheme.
- (9) As a result, the eligibility criteria are amended as following:
- “The final beneficiaries of the measure are small and medium sized enterprises (SMEs) and large enterprises active in Lithuania. However, financial institutions are excluded as eligible final beneficiaries. In addition, eligible beneficiaries must:
- (a) have experienced a decline of more than 30% in their turnover on a year-on-year basis during a COVID-19-related quarantine period determined by the Lithuanian government; and
 - (b) for cases where no income was generated during the same period in the prior year, pursue economic activities that are restricted due to the quarantine measures as outlined in the Resolution No 1226 adopted by the Lithuanian government on 4 November 2020.”
- (10) The other conditions of the existing aid scheme remain unchanged.
- (11) The legal basis for the measure is the Draft Order No. 4 of the Minister of the Economy and Innovation of Lithuania approving the use of financial instrument, “Direct COVID-19 loans”.
- (12) The measure will only be put into effect after the Commission’s approval.

3. ASSESSMENT

3.1. Lawfulness of the measure

- (13) 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

- (14) 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.
- (15) The qualification of the existing scheme as State aid was established in the initial decision⁴. The notified amendment does not affect that conclusion. The

⁴ Recitals (30) to (35) of the initial decision.

Commission therefore refers to the assessment in the initial decision and concludes that the existing aid scheme as modified by the measure constitutes State aid in the meaning of Article 107(1) of the TFEU.

3.3. Compatibility

- (16) The Commission assessed the existing aid scheme on the basis of Article 107(3)(b) TFEU, since it met all relevant conditions of the Temporary Framework.
- (17) The Commission refers to its analysis of compatibility as set out in the initial decision⁵. After examining the notified amendment, the Commission notes that it does not alter its conclusion on the compatibility of the scheme set out in the initial decision.
- (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.

4. CONCLUSION

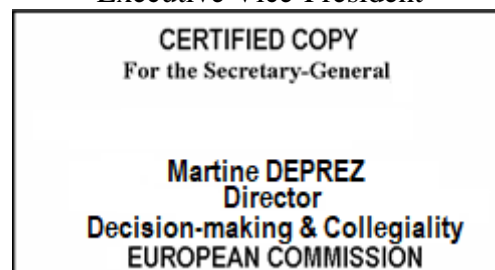
The Commission has accordingly decided not to raise objections to the notified amendment to the existing aid scheme on the grounds that it is compatible with the internal market pursuant to Article 107(3)(b) of the Treaty on the Functioning of the European Union.

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



⁵ Recitals (36) to (43) of the initial decision.