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**Subject: State Aid SA.64495 (2021/N) – Lithuania  
COVID-19: Aid for COVID-19 relevant research and development**

Excellency,

**1. PROCEDURE**

- (1) By electronic notification of 17 August 2021,<sup>1</sup> Lithuania notified the State aid scheme “Aid for COVID-19 relevant research and development” (“the measure”) under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, as amended (“the Temporary Framework”).<sup>2</sup> The measure reintroduces sub-measure 1 of the State aid scheme SA.58645 “COVID-19 related research, development and production support scheme” (the

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<sup>1</sup> By email of 13 September 2021, the Lithuanian authorities provided further information.

<sup>2</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).

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“initial scheme”), approved by Commission decision of 6 October 2020<sup>3</sup> (the “initial decision”), as amended by the first amendment decision SA.59524 of 17 December 2021<sup>4</sup> (first amendment decision). The scheme expired on 30 June 2021.

- (2) 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 1/1958<sup>5</sup> and to have this Decision adopted and notified in English.

## 2. DESCRIPTION OF THE MEASURE

- (3) The initial scheme was composed of two sub-measures and aimed at supporting COVID-19 relevant R&D activities (sub-measure 1), as well as investments to create capacities for the production of products needed to respond to the COVID-19 pandemic (sub-measure 2). In its first amendment, the initial scheme was prolonged until 30 June 2021. According to Lithuania, given the public health crisis and the shortage of certain related products, it is crucial that the State can continue to provide incentives to companies in particular to direct their activities to research of certain products, which are crucial to address that crisis. Lithuania considers that the sub-measure 1 contributes to address the public health crisis.
- (4) Following the prolongation of the Temporary Framework<sup>6</sup> to further support the economy in the context of the COVID-19 outbreak, Lithuania intends to reintroduce sub-measure 1 until 31 December 2021 without budgetary increase to the sub-measure 1, as amended. The national legal basis of the measure will be the “Order amending Order No.4-938 of 26 October 2020 of the Minister of the Economy and Innovation of the Republic of Lithuania “on the Approval of the Description of the Project Financing Terms and Conditions of the measure 01.2.1-LVPA-T-858 “COVID-19 R&D” of Priority 1 “Promotion of Research, Experimental development and Innovation” of the Operational Programme for EU Structural Funds Investments for 2014-2020. The Lithuanian authorities submitted a draft of such order to the Commission. The Order will enter into force only after the notification of the Commission’s approval. The Lithuanian authorities indicated that aid may be granted under the measure as from the notification of the Commission’s approval until 31 December 2021.
- (5) All the other elements of sub-measure 1, as described in the initial Decision of 6 October 2020 (recitals (3) to (9) and (11) to (39)), respectively in recitals (4) to (6) of the first amendment decision, will remain unchanged. The Lithuanian authorities confirmed that the commitments provided for the purposes of the initial scheme as prolonged until 30 June 2021, are valid in their entirety also for the measure.

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<sup>3</sup> Decision C (2020) 6944 final of 6 October 2020, OJ C 223/2021, 11.6.2021, p.3.

<sup>4</sup> Decision C (2020) 9427 final of 17 December 2020; OJ C 223/2021, 11.6.2021, p.3.

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

<sup>6</sup> See footnote 1 above.



- (6) The compatibility assessment of sub-measure 1 is based on Article 107(3)(c) TFEU, in light of Sections 3.6 of the Temporary Framework.

### **3. ASSESSMENT**

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

- (7) 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**

- (8) The qualification of the sub-measure 1 of the initial scheme as State aid was established in the initial decision and the first amendment decision. Therefore, the notified measure, as described above, that reintroduces sub-measure 1 of the scheme, as amended, constitutes aid within the meaning of Article 107(1) TFEU, as set out in recitals (41) to (46) of the initial decision and recital (9) of the first amendment decision.

#### **3.3. Compatibility**

- (9) Since the measure involves aid within the meaning of Article 107(1) TFEU, it is necessary to assess its compatibility with the internal market.
- (10) The Commission refers to the compatibility analysis set out in recitals (47) to (50) and (54) to (57) of the initial decision and recitals (10) to (14) of the first amendment decision. The scheme, as notified, is limited to the reintroduction of sub-measure 1, without budgetary increase, until 31 December 2021 (see recital (4) above). All other elements of the sub-measure 1 of the initial scheme and all commitments provided for the purpose of the initial scheme remain unchanged (see recital (5)).
- (11) In the light of the above, the Commission considers that the measure does not alter the Commission's conclusion on the compatibility of the initial measure under the Temporary Framework, as approved by Commission decisions SA.58645 (initial decision) and SA.59524 (first amendment decision). The Commission has taken due consideration of the objective pursued by the measure and its positive effects on tackling the health crisis provoked by the COVID-19 outbreak when balancing those effects against the potential negative effects of the measure on the internal market. The Commission concludes that those positive effects of the measure outweigh its potential negative effects on competition and trade.

### **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)(c) 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