Subject: State Aid SA.100796 (2021/N) – Hungary

Excellency,

1. Procedure

(1) By electronic notification of 24 November 2021, Hungary notified a prolongation and amendments (the “notified amendments”) to the following existing aid schemes (collectively, the “existing aid schemes”), which the Commission had already approved (“the initial decisions”) under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak\(^1\) (the “Temporary Framework”):

(a) SA.56926 (2020/N) “Aid measures for increasing competitiveness of undertakings in relation with the COVID-19 outbreak”, which the Commission approved by Decision C(2020) 2332 final of 8 April 2020;

(b) SA.56994 (2020/N) “Aid from Structural Funds aiming at supporting undertakings affected by the economic repercussions of the COVID-19”, which the Commission approved by Decision C(2020) 2535 final of 17 April 2020;

(c) SA.57064 (2020/N) “Grants, guarantee and subsidised interest measures” which the Commission approved by Decision C(2020) 2878 final of 29 April 2020;

(d) SA.57121 (2020/N) “Loan guarantee scheme under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak” which the Commission approved by Decision C(2020) 2855 final of 28 April 2020;

(e) SA.57198 (2020/N) “Crisis Rural Guarantee Programme by AHVGA” which the Commission approved by Decision C(2020) 3106 final of 7 May 2020;

(f) SA.57269 (2020/N) “Capital funds” which the Commission approved by Decision C(2020) 3462 final of 20 May 2020;

(g) SA.57329 (2020/N) “Temporary aid scheme for the agri-food sector, aquaculture and forestry affected by the coronavirus outbreak” which the Commission approved by Decision C(2020/N) 3406 final of 19 May 2020;

(h) SA.57468 (2020/N) “Umbrella scheme of direct grants provided from the appropriations managed at the level of ministries’ budgetary chapters” which the Commission approved by Decision C(2020) 3951 final of 8 June 2020;

(i) SA.58202 (2020/N) “COVID-19 related research, development and production support scheme” which the Commission approved by Decision C(2020) 5592 final of 10 August 2020;

(j) SA.58420 (2020/N) “Recapitalisation Fund Scheme managed by HIVENTURES Zrt” which the Commission approved by Decision C(2021) 8290 final of 20 November 2020;

(k) SA.60910 (2021/N) “Scheme for the reduction of local business tax rates applicable to small and medium sized enterprises to moderate the effects of the COVID-19 pandemic on the economy” which the Commission approved by Decision C(2021) 589 final of 21 January 2021; and

(l) SA.62363 (2021/N) “Umbrella scheme supervised by the Cabinet Office of the Prime Minister to support the economy in the COVID-19 outbreak” which the Commission approved by Decision C(2021) 2761 final of 16 April 2021.

(2) The existing aid schemes have already been amended as follows:

(a) For the scheme SA.56926: in cases SA.57350 (2020/N), approved by Commission decisions C(2020) 3426 final of 19 May 2020, SA.58276 (2020/N), approved by Commission decision C(2020) 5721 final of


(g) For the scheme SA.57329: in cases SA.58044, approved by Commission decision C(2020) 5188 final of 24 July 2020, SA.59306 (2020/N),


(j) For the scheme SA.58420: in case SA.61842 (2021/N) 1193 final of 17 February 2021 and SA.62250 (2021/N) 2344 final of 29 March 2021; and


(3) Hungary 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,\(^2\) and to have this Decision adopted and notified in English.

2. DESCRIPTION OF THE NOTIFIED AMENDMENTS

(4) On 18 November 2021, the Commission adopted the Communication\(^3\) amending and prolonging until 30 June 2022 the validity of the Temporary Framework, which would otherwise expire on 31 December 2021. Hungary plans to modify the existing aid schemes in order to reflect the prolongation and the amendments therein.

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

\(^3\) Communication from the Commission “Sixth Amendment to the Temporary Framework for State aid measures to support the 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 473, 24.11.2021, p.1.
First, the Hungarian authorities wish to prolong the period of application of the existing aid schemes SA.56994, SA.57064, SA.57121, SA.57198, SA.57269, SA.57329, SA.57468, 58202, SA.58420, SA.60190 and SA.62363 until 30 June 2022. Moreover, for the schemes SA.57269 and SA.58420, the Hungarian authorities plan to extend the deadline for submission of application until 15 June 2022 in order to streamline it with the final date for the granting of aid, i.e. 30 June 2022.

Second, the Hungarian authorities wish to grant aid up to the maximum aid ceilings as set out in section 3.1 of the Temporary Framework (as amended) for the existing aid schemes SA.56994, SA.57064, SA.57269, SA.57329, SA.57468 and SA.62363 (for Measure 1 under that latter scheme). Therefore, for those schemes, the overall aid shall not exceed, where applicable:

(a) EUR 290,000 per undertaking active in the primary production of agricultural products;
(b) EUR 345,000 per undertaking active in the fishery and aquaculture sectors; and
(c) EUR 2.3 million per undertaking active in other sectors.

Those ceilings cannot be exceeded at any given point in time.

Third, the Hungarian authorities wish to increase the aid ceilings as set out in the section 3.12 of the Temporary Framework (as amended) for Measure 2 of the existing aid scheme SA.62363. Therefore, the overall aid per undertaking shall not exceed EUR 12 million per undertaking. The eligible period for the calculation of the uncovered fixed costs will be prolonged until 30 June 2022.

Fourth, the Hungarian authorities wish to increase the estimated total budget of the existing aid schemes as follows:

(a) For the scheme SA.56994: from HUF 1 000 billion to HUF 1 300 billion (EUR 3 611 million);
(b) For the scheme SA.57064: from HUF 939.6 billion to HUF 1 299 billion (approximately EUR 3 610 million). In particular, the budget for the subsidised interest rate on loans will be increased from HUF 720 billion to HUF 1 080 billion (approximately EUR 3 000 million). The budget for grants and State guarantees remains unchanged in amount of respectively HUF 75.6 billion (EUR 210 million) and HUF 108 billion (approximately EUR 300 million);
(c) For the scheme SA.57121: from HUF 2 100 billion to HUF 2 400 billion (approximately EUR 6 667 million). In particular, the budget of measure A will be increased by HUF 300 billion (approximately EUR 833 million);
(d) For the scheme SA.57329: from 100 billion to HUF 130 billion (approximately EUR 361 million);
(e) For the scheme SA.57468: from HUF 439.2 billion to HUF 633.2 billion (approximately EUR 1 759 million);
For the scheme SA.60910: from HUF 214 billion to HUF 364 billion (approximately EUR 1 011 million);

For the scheme SA.62363: for Measure 1 from HUF 6 billion to HUF 10 billion (approximately EUR 28 million) and for Measure 2 from HUF 12 billion to 15 billion (approximately EUR 42 million).

Fifth, for the scheme SA.56926, the deadline to implement an investment in Hungary of at least EUR 150,000 will be prolonged from 31 December 2021 (see recital (12), sixth bullet point, of the initial scheme, as amended by the decision in case SA.58833) until 30 April 2022.

Sixth, for the scheme SA.57468, a new national legal basis “Minister of Human Capacities Decree 58/2015 (XII. 30.) on the management and utilisation of appropriations managed centrally and at chapter level” will be added to the existing aid scheme, under which aid will be granted by the Ministry of Human Capacities upon the approval of this amendment, under the same conditions and subject to the same commitments as those approved by the Commission in SA.57468. The estimated budget managed by the Ministry of Human Capacities will be HUF 1 billion (approximately EUR 2.8 million).

Apart from the notified amendments above, the Hungarian authorities confirm that no further amendments are proposed to the existing aid schemes and that all other conditions of that schemes remain unaltered.

Aid may be granted under the existing aid schemes, as amended, as from the notification of the Commission’s approval of the notified amendments.

The legal bases for the notified amendments of the existing aid schemes are:

(a) For the scheme SA.56926 “Amendment to 7/2020 (IV.16) ministerial decree;

(b) For the scheme SA.56997 “Amendments to Government Decree 255/2014 (IV. 10.), Government Decree 413/2021. (VII. 13.) on the implementation of the RRF and Government Decree 258/2021. (V. 20.) on the State aid rules related to the Structural Funds (2021-2027);

(c) For the scheme SA.57064 “Amended term sheets”;

(d) For the scheme SA.57121 “Amended term sheets”;

(e) For the scheme SA.57198 “Amendment of the Business Regulations of AVHGA”;

(f) For the scheme SA.57269 “Amendment to fund rules”;

(g) For the scheme SA.57329 “Amendments to ministerial decrees”;

(h) For the scheme SA.57468 “Amendments to ministerial decrees”, and the new legal basis “Minister of Human Capacities Decree 58/2015 (XII. 30.) on the management and utilisation of appropriations managed centrally and at chapter level”;

(9) Fifth, for the scheme SA.56926, the deadline to implement an investment in Hungary of at least EUR 150,000 will be prolonged from 31 December 2021 (see recital (12), sixth bullet point, of the initial scheme, as amended by the decision in case SA.58833) until 30 April 2022.

(10) Sixth, for the scheme SA.57468, a new national legal basis “Minister of Human Capacities Decree 58/2015 (XII. 30.) on the management and utilisation of appropriations managed centrally and at chapter level” will be added to the existing aid scheme, under which aid will be granted by the Ministry of Human Capacities upon the approval of this amendment, under the same conditions and subject to the same commitments as those approved by the Commission in SA.57468. The estimated budget managed by the Ministry of Human Capacities will be HUF 1 billion (approximately EUR 2.8 million).

(11) Apart from the notified amendments above, the Hungarian authorities confirm that no further amendments are proposed to the existing aid schemes and that all other conditions of that schemes remain unaltered.

(12) Aid may be granted under the existing aid schemes, as amended, as from the notification of the Commission’s approval of the notified amendments.

(13) The legal bases for the notified amendments of the existing aid schemes are:

(a) For the scheme SA.56926 “Amendment to 7/2020 (IV.16) ministerial decree;

(b) For the scheme SA.56997 “Amendments to Government Decree 255/2014 (IV. 10.), Government Decree 413/2021. (VII. 13.) on the implementation of the RRF and Government Decree 258/2021. (V. 20.) on the State aid rules related to the Structural Funds (2021-2027);

(c) For the scheme SA.57064 “Amended term sheets”;

(d) For the scheme SA.57121 “Amended term sheets”;

(e) For the scheme SA.57198 “Amendment of the Business Regulations of AVHGA”;

(f) For the scheme SA.57269 “Amendment to fund rules”;

(g) For the scheme SA.57329 “Amendments to ministerial decrees”;

(h) For the scheme SA.57468 “Amendments to ministerial decrees”, and the new legal basis “Minister of Human Capacities Decree 58/2015 (XII. 30.) on the management and utilisation of appropriations managed centrally and at chapter level”;
For the scheme SA.58202 “Amendment to 9/2018. (X.19.) ministerial decree and Government Decree 255/2014 (X. 10.)”;

For the scheme SA.58420 “Act XX of 2001 and Act XVI of 2014 and the fund rules”;

For the scheme SA.60910 “Amendment to Act C of 1990 on local taxes”;

And

For the scheme SA.62363 “Amendment to 2/2018. (XII. 28.) ministerial decree”.

3. ASSESSMENT

3.1. Lawfulness of the measure

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

3.2. Existence of State aid

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.

The existing aid schemes constitute State aid within the meaning of Article 107(1) TFEU for the reasons set out in the initial decisions. The amendments referred to in recital (2) did not affect this conclusion. The notified amendments, which mainly prolong the duration of the schemes, increase their budget and increase the maximum aid amounts, do equally not affect that conclusion. The Commission therefore refers to the assessment of the initial decisions and concludes that the existing aid schemes, as amended, constitute State aid within the meaning of Article 107(1) TFEU.

3.3. Compatibility

The existing aid schemes are compatible with the internal market pursuant to Article 107(3)(b) TFEU, since they meet the conditions of sections 2, 3.1, 3.2 and 3.12 of the Temporary Framework, and pursuant to Article 107(3)(c) TFEU, since they meet the conditions of sections 3.6 and 3.7 of the Temporary Framework, for the reasons set out in the initial decisions. The amendments referred to in recital (2) did not affect that assessment as confirmed in the respective Commission decisions thereon. The Commission therefore refers to the respective assessment of the initial decisions.

The Commission considers that a limited prolongation of the existing aid schemes is appropriate to ensure that national support measures effectively help affected undertakings during the COVID-19 pandemic. The notified amendments do not affect the compatibility assessment made under the initial decisions and confirmed under the amendments specified in recital (2).
In particular, aid under the existing aid schemes can be granted no later than 30 June 2022 (recital (5)). The prolongation of the deadline to implement an investment in SA.56926 (recital (9)) does not affect the maximum period during which aid may be granted under that scheme. The modifications therefore comply, where applicable, with points 22(d), 25(c), 27(c), 35(a), 37(b), 48 and 87(a) of the Temporary Framework.

Aid to be granted under the existing aid schemes SA.56994, SA.57064, SA.57269, SA.57329, SA.57468 and SA.62363 shall not exceed at any given point in time the maximum aid ceilings of (i) EUR 290 000 per undertaking active in the primary production of agricultural products, (ii) EUR 345 000 per undertaking active in the fishery and aquaculture sectors, and (iii) EUR 2.3 million per undertaking active in other sectors (recital (6)). The modifications therefore comply with points 22(a) and 23(a) and 23(bis) of the Temporary Framework.

Aid to be granted under scheme SA.62363 shall not exceed the maximum aid ceiling of EUR 12 million (recital (7)). The modification therefore complies with point 87 (d) of the Temporary Framework. Moreover, the eligible period will be prolonged until 30 June 2022, in compliance with point 87(a) of the Temporary Framework.

With regard to the existing aid schemes approved under section 3.1 of the Temporary Framework, aid is granted on the basis of schemes with estimated budgets as set out in recital (8). The schemes previously approved under section 3.1 of the Temporary Framework continue therefore to comply with point 22(b) of the Temporary Framework.

The addition of a new legal basis and a new granting authority in SA.57468 (recital (10)) does not affect the compatibility of the scheme with section 3.1 of the Temporary Framework, since all conditions and commitments set in this case remain valid. In particular, the measure remains subject to an estimated budget, in compliance with point 22 (b) of the Temporary Framework.

Apart from the notified amendments, Hungary confirms that no further amendments are proposed to the existing aid schemes and that all other conditions of those schemes remain unaltered.

With regard to the existing aid schemes based on sections 3.1, 3.2 and 3.12 of the Temporary Framework, the Commission therefore considers that the notified amendments are necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State pursuant to Article 107(3)(b) TFEU. With regard to the existing aid schemes based on sections 3.6 and 3.7 of the Temporary Framework, the Commission has taken due consideration of the positive effects of those measures, both for the development of the economic activities which the aid is intended to support and for tackling the health crisis provoked by the COVID-19 pandemic when balancing those effects against the potential negative effects of the measures on the internal market. The Commission concludes that those positive effects of those existing aid schemes, as amended, continue to outweigh their potential negative effects on competition and trade. The Commission therefore considers that the notified amendments do not alter the Commission’s conclusion on the compatibility of the existing aid schemes in the initial decisions and in the amendments referred to in recital (2).
4. **Conclusion**

The Commission has accordingly decided not to raise objections to the notified amendments to the existing aid schemes, on the grounds that those amendments are compatible with the internal market pursuant to Article 107(3)(b) and 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](http://ec.europa.eu/competition/elojade/isef/index.cfm).

Yours faithfully,

For the Commission

Margrethe VESTAGER
Executive Vice-President