



EUROPEAN COMMISSION

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PUBLIC VERSION

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**Subject: State aid SA.59978 (2020/N) – Italy
COVID-19: Loan guarantees and grants under the ISMEA
Guarantee Fund according to the Temporary Framework for State
aid measures to support the economy in the current COVID-19
outbreak – Amendment to SA.57068 (2020/N)**

Excellency,

1. PROCEDURE

- (1) By electronic notification of 4 December 2020, Italy notified an amendment to the State aid scheme SA.57068 (2020/N) (“the existing aid scheme”) approved by Commission Decision C(2020)2621 final of 21 April 2020 (“the initial decision”) and modified by Commission Decision C(2020)5100 final of 20 July 2020¹ and Commission Decision C(2020)8243 final of 19 November 2020² (the three Decisions together referred to as “the initial decisions”) under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, as amended (“the Temporary Framework”)³.

¹ State aid case SA.58033 (2020/N).

² State aid case SA.59447 (2020/N).

³ 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

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- (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 1/1958⁴ and to have this Decision adopted and notified in English.

2. DESCRIPTION OF THE MEASURE

- (3) The objective of the existing aid scheme was to ensure that sufficient liquidity remains available in the market, to counter the damage inflicted upon undertakings impacted by the outbreak and to preserve the continuity of economic activity during and after the outbreak. It was designed to ensure that the banking system provides small and medium sized enterprises (“SMEs”) operating in Italy in the agricultural, forestry, fishery and aquaculture sectors with the necessary liquidity to overcome the current economic difficulties.
- (4) The existing aid scheme is administered by the Institute of Services for the Agricultural and Food market (*Istituto di Servizi per il Mercato Agricolo Alimentare* - ISMEA) under the ISMEA Guarantee Fund, a public instrument under the supervision of the Ministry of Agricultural, Food and Forestry Policies. It is composed of three different measures: (a) Guarantees under Section 3.1 of the Temporary Framework; (b) Grants under Section 3.1 of the Temporary Framework; and (c) Guarantees under Section 3.2 of the Temporary Framework.
- (5) The legal bases of the measure are:
- article 13, paragraphs 1, 2 and 11, of the Italian Law n. 40 of 5 June 2020, converting with amendments, the Decree Law n. 23 of 8 April 2020 (the "Decree Law"),
 - article 31 of the Decree Law 19 May 2020, n. 34, that allocated additional EUR 250 million to ISMEA.
- (6) With respect to guarantees under Section 3.2 of the Temporary Framework the Italian authorities will modify the calculation method of guarantee premiums, in order to make use of the method indicated in point 25(a) of the Temporary Framework. In particular, recital (19)(c) of the initial decision stipulates that the guarantee premiums are calculated according to the ISMEA calculation method approved by Commission decision C(2019) 7076 final of 30 September 2019. The Italian authorities will modify such calculation method to set the minimum levels for guarantee premiums laid down in point 25(a) of the Temporary Framework, as indicated below:

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 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.

⁴ Regulation No 1 determining the languages to be used by the European Economic Community, OJ 17, 6.10.1958, p. 385.

Beneficiary	For 1 st year	For 2 nd and 3 rd year	For 4 th , 5 th and 6 th year
SMEs	25bps	50bps	100bps

- (7) This modification affects also grants covered by the existing aid scheme under Section 3.1 of the Temporary Framework. Recital (26) of the initial decision, that stipulates how fees are calculated, refers to the calculation method described in recital (19)(c) of initial decision, which is the object of the notified amendment. Following the amendment described in recital (6) above, fees will be equal to the actual cost of the guarantee calculated in accordance with point 25(a) of the Temporary Framework.
- (8) All the other conditions of the existing aid scheme remain unchanged and as described in the initial decisions.

3. ASSESSMENT

3.1. Lawfulness of the measure

- (9) By notifying the measure before putting it into effect, the Italian 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) Recitals (36) to (40) of the initial decision establish that the existing aid scheme gives rise to the granting of State aid. The amendment introduced by the Italian authorities does not affect those findings, which are applicable also to this amendment. Accordingly, the measure remains selective.

3.3. Compatibility

- (12) Since the measure involves aid within the meaning of Article 107(1) TFEU, it is necessary to consider whether that measure is compatible with the internal market.
- (13) Pursuant to Article 107(3)(b) TFEU the Commission may declare compatible with the internal market aid “*to remedy a serious disturbance in the economy of a Member State*”.
- (14) By adopting the Temporary Framework on 19 March 2020, the Commission acknowledged (in section 2) that “*the COVID-19 outbreak affects all Member States and that the containment measures taken by Member States impact undertakings*”. The Commission concluded that “*State aid is justified and can be declared compatible with the internal market on the basis of Article 107(3)(b) TFEU, for a limited period, to remedy the liquidity shortage faced by*

undertakings and ensure that the disruptions caused by the COVID-19 outbreak do not undermine their viability, especially of SMEs”.

- (15) In the initial decisions, the Commission concluded that the existing aid scheme was compliant with the compatibility conditions set out by the Temporary Framework.
- (16) With regard to guarantees under Section 3.2 of the Temporary Framework, the amendment described in recital (6) above sets minimum levels for guarantee premiums for SMEs that comply with the guidance provided for in point 25(a) of the Temporary Framework. Therefore, the Commission considers that the notified amendment meets the conditions of point 25(a) of the Temporary Framework.
- (17) With regard to grants under Section 3.1 of the Temporary Framework, the Commission considers that the amendment described in recital (7) above does not affect the compatibility assessment made under the initial decision (recital (46) of the initial decision).
- (18) Apart from the modifications referred to in recitals (6) and (7) above, the Commission notes that there are no other amendments to the existing aid scheme (recital (8)). The Commission therefore considers that the existing aid scheme, as modified, 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 aid 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