



EUROPEAN COMMISSION

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PUBLIC VERSION

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**Subject: State Aid SA.101446 (2022/N) – Lithuania
COVID-19: Amendment to the “Aid Fund for Business” (SA.57008)**

Excellency,

1. PROCEDURE

- (1) By electronic notification of 11 January 2022, Lithuania notified an amendment (the “notified amendment”) to the State aid measure “Aid Fund for Business”, (the “existing aid scheme”), which the Commission had already approved in case SA.57008(2020/N), by Commission decision C(2020) 3534 final of 26 May 2020 (“the initial decision”), under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (the “Temporary Framework”)¹.
- (2) The existing aid scheme has already been amended in case SA.60096 (2020/N), approved by Commission decision C(2020) 9406 final of 17 December 2020, in case SA.61815 (2021/N), approved by Commission decision C(2021) 1459 final

¹ 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) and C(2021) 8442 (OJ C 473, 24.11.2021, p. 1).

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of 26 February 2021, and in case SA.101074, approved by Commission decision C(2021) 9928 final of 22 December 2021.

- (3) By letter dated 10 January 2022, Lithuania exceptionally agreed 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 1/1958² and to have this Decision adopted and notified in English.

2. DESCRIPTION OF THE NOTIFIED AMENDMENTS

- (4) Lithuania wishes to amend the eligibility conditions of the existing aid scheme as follows: Removing the exclusion of State or municipal enterprises or undertakings where the State and/or municipality directly or indirectly (according to the voting agreement, agreement on the transfer of voting rights, authorisation, etc.) individually or jointly holds 25% or more of the equity instruments, shares or other capital holdings, or 25% or more of the voting rights (see recital (28)(a) of the initial decision).
- (5) Lithuania submits that the amendment is necessary due to the increased liquidity shortage faced by such beneficiaries caused by the ongoing COVID-19 crisis.
- (6) Lithuania submits that the disruptions in the global supply chains has led to companies having to increase their stock of inventories, partially financed by working capital expansion, which entails larger liquidity needs for corporates. In cases where the internal financial capacity is insufficient to finance the increased working capital needs, corporates needs to resort to external financing. That shock is of universal nature and affects all types of companies, irrespective of their ownership being private or public.
- (7) Therefore, Lithuania deems it necessary to include the undertakings referred to in recital (4) among the beneficiaries of the scheme.
- (8) Lithuania also argues that the Temporary Framework does not distinguish between undertakings based on their ownership and does not exclude publicly owned undertakings from receiving aid under sections 3.3 and 3.11.
- (9) Apart from the notified amendment, Lithuania confirms 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 notified amendment is the draft order of the Minister of Economy and Innovation of the Republic of Lithuania and the Minister of Finance of the Republic of Lithuania on the amendment of Order No. 4-837/1K-319 of 30 September 2020 of the Minister of Economy and Innovation of the Republic of Lithuania and the Minister of Finance of the Republic of Lithuania on the approval of the description of the activity of the measure “Aid Fund for Business”, which was submitted as part of the notification and will be adopted after the Commission’s approval of the notified amendment.

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

- (11) Lithuania confirms that aid may only 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 amendment before putting it into effect (see recitals (10)-(11)), the Lithuanian 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 be liable to affect trade between Member States.
- (14) The existing aid scheme constitutes State aid within the meaning of Article 107(1) TFEU for the reasons set out in recitals (39) to (59) of the initial decision. The amendments referred to in recital (2) did not affect that assessment as confirmed in the respective Commission decisions thereon. The notified amendment does not affect that conclusion. The Commission therefore refers to the respective 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, 3.3. and 3.11 of the Temporary Framework for the reasons set out in recitals (60) to (102) of the initial decision. 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 decision.
- (16) The Commission takes note of the argument put forward by the Lithuania, notably that due to the disruptions in the global supply chains arising because of the COVID-19 pandemic, publicly owned undertakings face increased liquidity needs in the same way as other undertakings do. The Commission considers that this limited amendment of the existing aid scheme is appropriate to ensure that the measure effectively helps affected undertakings during the COVID-19 pandemic.
- (17) Therefore, the existing aid scheme as amended will continue to comply with sections 2, 3.3 and 3.11 of the Temporary Framework.
- (18) Apart from the notified amendment, Lithuania confirms that no further amendments are proposed to the existing aid scheme and that all other conditions of that scheme remain unaltered.

- (19) 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 confirmed under the amendments specified in recital (2).

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

