EUROPEAN COMMISSION

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PUBLIC VERSION

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Subject: State Aid SA.101934 (2022/N) – Greece
COVID-19: Working capital in the form of grants to companies continuously and severely affected by COVID-19

Excellency,

1. PROCEDURE

(1) By electronic notification of 15 February 2022, Greece notified aid in the form of limited amounts of aid under the name “Working capital to companies operating in certain subsectors of the Entertainment business, Catering services, Exhibitions and Conventions organization and various Fitness services, which have been affected continuously and severely by the COVID-19 Outbreak” (the “measure”) under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (the “Temporary Framework”)1. Greece provided supplementary information on the measure on 23 February 2022.

(2) Greece exceptionally agrees to waive its rights deriving from Article 342 of the Treaty on the Functioning of the European Union (“TFEU”), in conjunction with

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Article 3 of Regulation 1/1958\(^2\) and to have this Decision adopted and notified in English.

2. **DESCRIPTION OF THE MEASURE**

(3) Greece considers that the COVID-19 pandemic affects the real economy. The measure forms part of an overall package of measures and aims to ensure that sufficient liquidity remains available in the market, to counter the liquidity shortage faced by undertakings because of the pandemic, to ensure that the disruptions caused by the pandemic do not undermine the viability of the undertakings and thereby to preserve the continuity of economic activity during and after the pandemic.

(4) Greece confirms that the aid under the measure is not conditioned on the relocation of a production activity or of another activity of the beneficiary from another country within the EEA to the territory of the Member State granting the aid. This is irrespective of the number of job losses actually occurred in the initial establishment of the beneficiary in the EEA.

(5) The compatibility assessment of the measure is based on Article 107(3)(b) TFEU, in light of sections 2 and 3.1 of the Temporary Framework.

2.1. **The nature and form of aid**

(6) The measure provides aid in the form of direct grants.

2.2. **Legal basis**

(7) The legal basis for the measure is (i) Article 6 of the Act of Legislative Content “Emergency measures to address the consequences of the risk of the spreading of the COVID-19, support society and entrepreneurship and ensure the smooth functioning of the market and public administration” of 20 March 2020 (Government Gazette Α' 68/2020), ratified by Article 1 of Law 4683/2020 (Government Gazette A' 83/2020), (ii) the Law 4314/2014, as amended (Government Gazette A' 265/23-12-2014) and (iii) the draft call for applications for the measure, which will be issued with a Ministerial Decision\(^3\).

2.3. **Administration of the measure**

(8) The “Managing Authority of the Operational Programme Entrepreneurship, Competitiveness and Innovation (EPANEK)” acting under the supervision of the Ministry of Development and Investments is the aid granting authority responsible for administering the measure. The Intermediate Agency for Operational Programmes of Competitiveness and Entrepreneurship (EFEPAE) is responsible for administering the measure.

2.4. **Budget and duration of the measure**

(9) The estimated budget of the measure is EUR 100 000 000.

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

\(^3\) The draft call for applications was provided by the Greek authorities with the notification.
The measure will be financed from Greek public funds and co-financed by the European Regional Development Fund (ERDF). The Greek authorities confirmed that the rules applicable under that Fund will be respected.

Aid may be granted under the measure as from the notification of the Commission’s decision approving the measure until no later than 30 June 2022.

2.5. Beneficiaries

The final beneficiaries of the measure are SMEs and large enterprises active in Greece, which have started their activity by 31 December 2021. However, financial institutions, legal persons of public law and offshore companies are excluded as eligible final beneficiaries.

Aid may not be granted under the measure to medium and large enterprises that were already in difficulty within the meaning of the Block Exemption Regulations on 31 December 2019. Aid may be granted to micro and small enterprises that were in difficulty within the meaning of the GBER or ABER on 31 December 2019, if those enterprises, at the moment of granting the aid, are not subject to collective insolvency procedure under national law and they have not received rescue aid or restructuring aid.

2.6. Sectoral and regional scope of the measure

The measure is open to specific NACE codes within the sectors of event catering, beverage serving, organisation of conventions and trade shows, cultural education, fitness facilities and other amusement and recreation activities. The undertakings active in the financial sector as well as in primary agriculture, fishery and aquaculture sectors are not eligible. The measure applies to the whole territory of Greece.

2.7. Basic elements of the measure

The measure provides aid in the form of grants to support working capital. The aid amounts to up to 8% of the revenues of 2019 with a maximum of

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4 Operational Programme Competitiveness, Entrepreneurship and Innovation, REACT-EU resources.
6 As defined in Annex I to the GBER.
7 As defined in Article 2(18) to the GBER and Article 2(14) to the ABER.
8 Alternatively, if they have received rescue aid, they have reimbursed the loan or terminated the guarantee at the moment of granting of the aid under the notified measure.
9 Alternatively, if they have received restructuring aid, they are no longer subject to a restructuring plan at the moment of granting of the aid under the notified measure.
10 Provided in Chapter 6 of the draft call for applications.
EUR 400 000. The draft call for applications provides alternatives to the 2019 revenue, as basis for the calculation of the aid, for beneficiaries that started their activity in 2019, 2020 or 2021\(^{11}\), for beneficiaries with no revenues in 2019\(^{12}\) and for beneficiaries that started their activity in 2020 but had no revenue in 2020\(^{13}\).

(16) Beneficiaries are eligible if in 2020 they had a decline in turnover of at least 50% compared to 2019. For enterprises that started their activity in 2019, the decline in turnover will be calculated based on a revised turnover for 2020\(^{14}\). Enterprises with no revenues in 2019 and enterprises which started their activity in 2020 or in 2021 are considered to fulfil this eligibility criterion.

(17) The granted aid must be spent on working capital expenses\(^{15}\) within the period 1 January 2022 to 30 September 2022. The granted aid under the measure must not exceed 70% of the working capital expenses of the period 1 January 2022 to 30 September 2022.

(18) Greece confirmed that the aid may be granted provided its nominal value, for all measures granted in accordance with Section 3.1 of the Temporary Framework, does not exceed EUR 2 300 000 per undertaking (all figures used being expressed in gross, that is before any deduction of tax or other charges).

(19) The Greek authorities additionally confirm that for beneficiaries active in the processing and marketing of agricultural products, the aid is not being partly or entirely passed on to primary producers and is not fixed on the basis of the price or quantity of products put on the market by the undertakings concerned or purchased from primary producers, unless, in the latter case, the products were either not put on the market or were used for non-food purposes such as distillation, methanization or composting by the undertakings concerned.

### 2.8. Cumulation

(20) The aid ceilings and cumulation maxima fixed under the measure will apply regardless of whether the support for the aided project is financed entirely from State resources or partly financed by the European Structural and Investment Funds (ESIF).

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\(^{11}\) The calculation basis is the annualised revenue of 2019, 2020 or 2021 calculated as the total revenue in 2019, 2020 or 2021 divided by the number of days of operation in 2019, 2020 or 2021 and multiplied by 365 or 366.

\(^{12}\) The calculation basis is either the total revenue of 2020 or the annualised revenue of 2020, depending on the date when the beneficiary started its activities in 2020.

\(^{13}\) The calculation basis is either the total revenue of 2021 or the annualised revenue of 2021, depending on the date when the beneficiary started its activities in 2021.

\(^{14}\) The figure of 2020 turnover to consider will be calculated using the formula (total revenue 2020/365 days) x days of operation in 2019.

\(^{15}\) As declared in codes 361 (Purchases & expenditures within the country), 363 (Other imports apart from investment goods (capital goods)), 364 (Intra-community acquisitions of goods) and 365 (Intra-community acquisitions of services art.14.2.a) of the relevant VAT declarations.
(21) The Greek authorities confirm that aid granted under the measure may be cumulated with aid under de minimis Regulations\(^{16}\) or the GBER or ABER provided the provisions and cumulation rules of those Regulations are respected.

(22) The Greek authorities confirm that aid granted under the measure may be cumulated with aid granted under other measures approved by the Commission under other sections of the Temporary Framework provided the provisions in those specific sections are respected.

(23) The Greek authorities confirm that if the beneficiary receives aid on several occasions or in several forms under the measure or aid under other measures approved by the Commission under section 3.1 of the Temporary Framework, the overall maximum cap per undertaking, as set out in point(s) 22(a) of that framework, will be respected. Aid granted under the measure and/or other measures approved by the Commission under section 3.1 of the Temporary Framework which has been reimbursed before new aid is granted shall not be taken into account in determining whether the relevant ceiling is exceeded.

2.9. Monitoring and reporting

(24) The Greek authorities confirm that they will respect the monitoring and reporting obligations laid down in section 4 of the Temporary Framework (including the obligation to publish relevant information on each individual aid above EUR 100 000 granted under the measure on the comprehensive national State aid website or Commission’s IT tool within 12 months from the moment of granting\(^{17}\)).

3. ASSESSMENT

3.1. Lawfulness of the measure

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

3.2. Existence of State aid

(26) 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.

(27) The measure is imputable to the State, since it is administered by the “Managing Authority of the Operational Programme Entrepreneurship, Competitiveness and Innovation (EPANEK)” and the Intermediate Agency for Operational


\(^{17}\) Referring to information required in Annex III to the GBER and Annex III to the ABER.
Programmes of Competitiveness and Entrepreneurship (EFEPAE) (recital (8)) and it is based on the legal basis reported in recital (7). It is financed through State resources, since it is financed by public funds (recital (10)).

(28) The measure confers an advantage on its beneficiaries in the form of direct grants (recital (6)). The measure thus confers an advantage on those beneficiaries which they would not have had under normal market conditions.

(29) The advantage granted by the measure is selective, since it is awarded only to certain undertakings, in particular undertakings having business activity in specific NACE codes within the sectors of event catering, beverage serving, organisation of conventions and trade shows, cultural education, fitness facilities and other amusement and recreation activities, excluding the financial sector, primary agriculture, fishery and aquaculture sectors (recital (14)).

(30) The measure is liable to distort competition, since it strengthens the competitive position of its beneficiaries. It also affects trade between Member States, since those beneficiaries are active in sectors in which intra-Union trade exists (recital (14)).

(31) In view of the above, the Commission concludes that the measure constitutes aid within the meaning of Article 107(1) TFEU. The Greek authorities do not contest that conclusion.

3.3. Compatibility

(32) 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.

(33) 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”.

(34) 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”.

(35) The measure aims at ensuring liquidity through the availability of working capital at a time when the normal functioning of markets is severely disturbed by the COVID-19 pandemic and that pandemic is affecting the wider economy and leading to severe disturbances of the real economy of Member States.

(36) The measure is one of a series of measures conceived at national level by the Greek authorities to remedy a serious disturbance in their economy. The importance of the measure to ensure liquidity of the undertakings most affected by the COVID-19 pandemic is widely accepted by economic commentators and the measure is of a scale, which can be reasonably anticipated to produce effects
across the entire Greek economy. Furthermore, the measure has been designed to meet the requirements of a specific category of aid (“Limited amounts of aid”) described in section 3.1 of the Temporary Framework.

(37) The Commission accordingly considers that the measure is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State and meets all the conditions of the Temporary Framework. In particular:

- The aid takes the form of direct grants (recital (6)).
  The overall nominal value of direct grants shall not exceed EUR 2.3 million per undertaking; all figures used must be gross, that is, before any deduction of tax or other charges (recital (18)). If the beneficiary receives aid on several occasions or in several forms under the measure or aid under other measures approved by the Commission under section 3.1 of the Temporary Framework, the overall maximum cap per undertaking, as set out in point 22(a) of that framework, will be respected (recital (23)) The measure therefore complies with point 22(a) of the Temporary Framework.

- Aid is granted under the measure on the basis of a scheme with an estimated budget as indicated in recital ((9)). The measure therefore complies with point 22(b) of the Temporary Framework.

- Aid may not be granted under the measure to medium\(^{18}\) and large enterprises that were already in difficulty on 31 December 2019 (recital (13)). The measure therefore complies with point 22(c) of the Temporary Framework. Aid may be granted to micro and small enterprises that were in difficulty on 31 December 2019, if those enterprises, at the moment of granting the aid, are not subject to collective insolvency procedure under national law and they have not received rescue aid\(^{19}\) or restructuring aid\(^{20}\) (recital (13)). The measure therefore complies with point 22(c)bis of the Temporary Framework.

- Aid will be granted under the measure no later than 30 June 2022. The measure therefore complies with point 22(d) of the Temporary Framework.

- Aid granted to undertakings active in the processing and marketing of agricultural products will not be partly or entirely passed on to primary producers, fixed on the basis of the price or quantity of products put on the market by the undertakings concerned or purchased from primary producers, unless, in the latter case, the products were either not put on the market or were used for non-food purposes such as distillation, methanization or composting by the undertakings concerned (recital (19)). The measure therefore complies with point 22(e) of the Temporary Framework.

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\(^{19}\) Alternatively, if they have received rescue aid, they have reimbursed the loan or terminated the guarantee at the moment of granting of the aid under the notified measure.

\(^{20}\) Alternatively, if they have received restructuring aid, they are no longer subject to a restructuring plan at the moment of granting of the aid under the notified measure.
The Greek authorities confirm that the aid under the measure is not conditioned on the relocation of a production activity or of another activity of the beneficiary from another country within the EEA to the territory of the Member State granting the aid. This is irrespective of the number of job losses actually occurred in the initial establishment of the beneficiary in the EEA (recital (4)).

The Greek authorities confirm that the monitoring and reporting rules laid down in section 4 of the Temporary Framework will be respected (recital (24)). The Greek authorities further confirm that the aid under the measure may only be cumulated with other aid, provided the specific provisions in the sections of the Temporary Framework and the cumulation rules of the relevant Regulations are respected (recitals (20) to (23)).

The Greek authorities also confirm that the rules under the European Regional Development Fund (ERDF) will be respected (recital (10)).

The Commission therefore considers that the measure 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