





Temporary Frameworks to support the economy in the context of the coronavirus outbreak and Ukraine crisis

Jean-Pierre Bove Lawyer External State Aid Expert FCAE

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MAIN LEGAL BASES TO IMPLEMENT AID IN COVID & UKRAINE CONTEXT

4 main legal bases possible:

- General measures that do not constitute state aid (i.e. deferral of payments of VAT or social contributions for all undertakings in a MS)
 - Non selective aids
- 107.2.b aid to make good damage caused by extraordinary events

Without prior analysis

Article 107.3 b - aid to remedy a serious disturbance in the economy
of a MS
 With prior analysis of the Commission



107.3.c - aid to facilitate the development of certain economic activities

Most frequent Legal base used







The notion of an undertaking in difficulty

Definition in Article 2.18 of the GBER 17 June 2014 n°651/2014

A firm is in difficulty when one of the following circumstances applies:

- 1) When more than 50% of its capital has disappeared (except SME < 3 years)
- 2) When company is subject to collective insolvency proceedings or eligible for such proceedings
- 3) Undertaking that has received rescue aid and has not yet reimbursed the loan or has received restructuring aid and is still subject to a restructuring plan
- 4) Non SME undertaking that meets these 2 criteria for 2 years
- the undertaking's book debt to equity ratio is greater than 7,5 and
- the undertaking's EBITDA interest coverage ratio is below 1,0.



CPVA Central project management agency

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Aid to undertakings in difficulty before Covid crisis

Several possibilities:

- Use "de minimis" regulations:
 - General de minimis regulation 2023/2831
 - Fishery and aquaculture de minimis regulation 2023/2391
 - Agriculture de minimis regulation 2023/2391
- Use GBER exempted aid scheme for startups or natural disasters
- Notify to EC aid scheme based on the Guidelines on State aid for rescuing and restructuring undertakings in difficulty (OJEU 31/07/2014)
 - Rescuing aid emergency aid during the first 6 months (debt only)
 - Restructuring aid long term aid after restructuring plan up to 10 years (all forms of aid)

All these possibilities still apply during Covid 19 crisis... and after



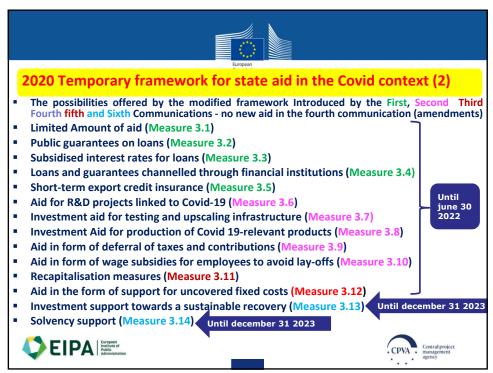
2020 Temporary framework for state aid in the Covid context (1)

- Covid crisis context in early 2020
- 6 communications adopted by the commission in 20 months
- Temporary Framework Com. 19 March 2020 (OJEU 20 March 2020)
- 1° Amendment of the temporary framework Com. 3 April 2020
- 2° Amendment of the temporary framework Com. 13 May 2020
- 3° Amendment of the temporary framework Com. of 29 June 2020
- 4° Amendment of the temporary framework com. of 13 october 2020
- 5° Amendment of the temporary framework com. of 28 january 2021
- 6° Amendment of the temporary framework com of 24 november 2021
- 7° Amendment of the temporary framework com of 7 november 2022
- Globally the same construction as the 2008 framework
- No exemption obligation to notify aid schemes to EC
- 14 categories of aid that States may use by notification procédure
- More than 1300 EC decisions on Covid state aid since 12 March
- Ex: about 50 decisions adopting aid schemes in France





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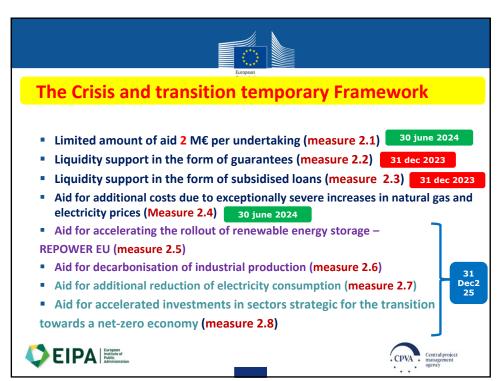
The UKRAINE & Crisis temporary Framework

- Adopted by the Commission 23 march 2022
- 1st amendment 21 July 2022
- 2nd amendment 28 oct 2022
 - 7 state aid measures
 - in the context of the Ukrainian crisis
 - All forms of aid possible
- 3rd Amendment 17 mars 2023 transformed into a <u>Temporary Crisis</u> and <u>Transition Framework</u> for State Aid measures to support the economy following the aggression against Ukraine by Russia
- 4th Amendment 21 November 2023 several changes





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Limited amount of aid (2.1)

Beneficiairies:

- aid granted to undertakings affected by the crisis
- Aid granted by 31.06.2024

Amount of aid:

- Total aid up to 2,25 M€ (general case)
- Total aid up to 280 k€ (agricultural production)
- Total aid up to 335 k€ (fisheries and aquaculture)

Limited Amount of Aid is not De Minimis Aid Previous De minimis Aid shall not be included in 2 M€ (except on same eligible costs)

No eligible costs – no incentive effect – no rates – no sectors excluded Forms of aid:

- Direct grants, tax and payment advantages or other forms such as repayable advances, guarantees, loans and equity repayable advances, loans, guarantees: No GGE calculation.
- The total of the loan, guarantee, or equity intervention must be < or = the ceiling amount.</p>



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Cumulation rules

- Temporary aid measures may be cumulated with one another.
- Temporary aid measures may be cumulated with aid under de minimis regulations provided the provisions and cumulation rules of this regulation are respected:
 - If aids are on different eligible costs -> no rule to apply
 - If aids are on same eligible costs -> TF aid intensities must be respected
- Temporary aid measures may be cumulated with aid under GBER provided the provisions and cumulation rules of this regulation are respected:
 - If aids are on different eligible costs -> no cumulation rule to apply
 - If aids are on same eligible costs -> GBER aid intensities must be respected







Crisis and transition temporary Framework

Reporting and monitoring:

- Information on individual aids above:
 - **100** k€ (general sectors)
 - or 10 k€ (agriculture and fisheries sectors)
- Shall be published on Transparency Award Module (TAM) within 12 months after from the moment of granting
- https://webgate.ec.europa.eu/competition/transparency/public?lang=en
- MS must submit annual reports to the Commission for each aid scheme approved
- MS must maintain for 10 years detailed records regarding aid provided





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