Cooley

EU Loosens State Aid Rules Amid COVID-19 Outbreak

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Any measure by EU member states granting a selective financial advantage to one or more companies and capable to distort competition is considered state aid. State aid needs prior notification and approval by the European Commission (EC). Similar rules apply in relation to Norway, Iceland and Lichtenstein. Rationale for this state aid control is to guarantee a level playing field for businesses in the EU and to avoid wealthier member states excessively favoring their companies.

Given the serious threat that COVID-19 poses not only for public health but also for the entire economy, the EC has issued a communication committing to a quick clearance procedure (so far, approx. 24/48 hours) for all aid measures that member states are planning to take. This refers in particular to measures supporting sectors directly affected by the outbreak – like transport, tourism, culture, hospitality and retail. When assessing aid for these industries, the EC will broadly check (i) the exceptionality of the circumstances, (ii) the fact that the compensated damage is a direct consequence of the natural disaster and (iii) the absence of overcompensation. Other measures not relating to these sectors will be assessed under the usual stricter decision standard of "aid to remedy a serious disturbance in the economy of a Member State."

Once the aid is approved, companies willing to benefit from such support will have to apply at the national level, going through the administrative process established by the relevant national authorities.

Companies should be mindful that in case unapproved aid (illegal aid) is received, these payments must be recovered by the member state with interest. Competitors and other interested parties aware of illegal aid being granted may lodge complaints to the EC or litigate before national courts. The EC can also launch investigations on its own initiative. Therefore, companies should always carry out legal due diligence and ensure that the aid measure complies with EU and national laws.

Please see below the list of national measures authorized by the EC so far – new measures are submitted every day:

Member state	Approval date	Aid measure
Poland	27 April 2020	Support scheme in the form of repayable advances for SMEs. Total budget is PLN 75 billion (approximately EUR 16.6 billion).
Belgium	27 April 2020	Direct grant scheme to support COVID-19 related R&D projects in the Brussels area.
Norway	27 April 2020	Support scheme for incubators, accelerators, coworking spaces and other facilitators. Total budget for the measure is NOK 50 million.

Netherlands	24 April 2020	Support scheme for SMEs whose main source of financing derives from external equity, venture capital or microcredit. Aid is available in the form of subsidised loans. Total budget for the scheme is EUR 100 million.
Belgium	24 April 2020	Direct grants to support agriculture and aquaculture in Brussels. The total budget for the scheme is EUR 200,000.
Malta	24 April 2020	Scheme to finance wage for employees and self-employed workers (including social security) in industries suffering from COVID-19 outbreak. Total budget of the measure is EUR 215 million.
Finland	24 April 2020	Umbrella scheme (direct grants, equity injections, selective tax advantages and advance payments, as well as repayable advances, state guarantees and loans) for all type of companies. Total budget for the measure is EUR 3 billion.
Poland	24 April 2020	Support scheme in the form of direct grants and repayable advances for all type of companies. Total budget for the measure is EUR 700 million.
Lithuania	24 April 2020	Support scheme for SMEs active in the road freight transport sector. Total budget for the measure is EUR 5 million.
Spain	24 April 2020	Umbrella scheme in the form of (i) aid for COVID-19 relevant research and development, including Seal of Excellence projects relating to COVID-19 selected under Horizon 2020; (ii) investment aid for testing and upscaling infrastructures; (iii) investment aid for the production of COVID-19 relevant products; (iv) aid in the form of deferrals of tax and/or of social security contributions; and (v) aid in the form of wage subsidies for employees to avoid lay-offs during the COVID-19 outbreak.
France	24 April 20202	State guarantee on loans to exporting SMEs with annual turnover below EUR 1.5 billion. The total budget for the measure is EUR 150 million.

Bulgaria	24 April 2020	Support in the form of equity and quasi-equity investments to companies affected by COVID-19 outbreak. Total budget for the measure is BGN 294 million (approx.. EUR 150 million).
Poland	23 April 2020	Support scheme to cover immediate working capital and investment needs. Aid will take the form of (i) direct grants, (ii) repayable advances, (iii) tax and payments advantages, (iv) deferrals of tax payments and (vi) wage subsidies. The total budget for the measure is PLN 35.1 billion (approximately EUR 7.8 billion).
Malta	22 April 2020	Support scheme to sustain R&D efforts to develop COVID-19 medicines. The total budget for the measure is EUR 5.3 million.
Netherlands	22 April 2020	State guarantee of 90% of new loans to SMEs and 80% of new loans to large enterprises. Banks are obliged to grant a 6-month moratorium on loan repayments to borrowers before they can invoke the state guarantees on loans provided under the scheme. The total budget for the measure is up to EUR 10 billion.
Sweden	22 April 2020	Scheme to support companies affected by the cancellation or postponement of cultural events due to the COVID-19 outbreak. Operators will be given direct grants covering 75% of lost revenue or additional costs of up to SEK 1 million, and 50% of anything in excess of this. Grants will be capped at SEK 10 million per recipient. The total budget for the measure is SEK 420 million (around EUR 42 million).
Poland	22 April 2020	Liquidity support in the form of guarantees on loans and subsidized interest rates for loans. The scheme is available for all types of companies. The total budget for the measure is PLN 500 million (approximately EUR 110 million).
Ireland	21 April 2020	Scheme to support undertakings operating in the manufacturing and internationally traded services sectors in Ireland affected by the COVID-19 outbreak. Aid will be granted in the form of direct grants, repayable advances, equity injections and subsidized loans. Total budget for the scheme is EUR 200 million.

Italy	21 April 2020	Scheme to support loans in favour of the agriculture, forestry and fishery sectors in Friuli Venezia Giulia. The total budget for the measure is EUR 50 million.
Italy	21 April 2020	Scheme to support SMEs in the agricultural, forestry, fishery and aquaculture sectors. Aid will be provided in the form of guarantees on investment and working capital loans as well as direct grants by waiving of the applicable fee on guarantees awarded. Total budget for the scheme is EUR 100 million.
Estonia	21 April 2020	Scheme is the form of direct grants: (i) EUR 10 million in the form of direct grants to support small companies that seek to transform their products, services, processes and business model in order to support their viability; (ii) EUR 14 million in the form of direct grants to companies that invest in development projects to support their viability; (iii) EUR 5 million to companies in the tourism sector that seek to restructure their activities, to develop new products and/or services, or to change their business model as a result of the outbreak; (iv) EUR 25 million in the form of direct grants to companies in the tourism sector in order to mitigate COVID-19 related damage; (v) EUR 20 million to companies and organizations active in the culture and sports sectors affected by the COVID-19; (vi) EUR 250,000 in the form of payment advantages to companies supplying products or services to the City of Tallinn; (vii) EUR 250,000 in the form of a waiver of penalties to companies that failed to fulfil in due time orders from the City of Tallinn; and (viii) EUR 1 million in the form of reduced rent leases and usage fees to lessees of municipal property of the City of Tallinn.
Slovak	21 April 2020	Scheme to finance wage for employees and self-employed workers (including social security) in industries suffering from COVID-19 outbreak. The total budget for the measure is EUR 2 billion.
France	20 April 2020	Umbrella scheme (including direct grants, repayable advances, public guarantees on loans and loans at favorable terms) to all companies. The total budget for the measure is EUR 7 billion.
Iceland	20 April 2020	State guarantee to companies in difficulties. Budget up until ISK 50 billion.

Hungary	17 April 2020	Support scheme to finance wage subsidies. Total budget for the measure is HUF 31.5 billion (approximately EUR 88 million).
Portugal	17 April 2020	Support scheme to help R&D, testing and production of COVID-19 relevant product. Total budget for the measure is EUR 140 million.
Norway	17 April 2020	Direct compensation to companies affected by COVID-19 outbreak.
Hungary	17 April 2020	State umbrella scheme (direct grants, loans, equity measures, guarantee) available to all companies. The total budget for the measure is HUF 350 billion (approximately EUR 1 billion).
Austria	17 April 2020	State guarantee for SME covering (i) 100% of the working capital loans of up to EUR 500.000 (up to EUR 100.000/120.000 for companies operating in the fisheries and aquaculture sector); (ii) 95% of the working capital loans up to 25 million.
Latvia	16 April 2020	Support scheme in the form of direct grants available for companies of all sizes active in the agricultural and fishery sector, in the food industry and in the school catering sector. The total budget for the measure is EUR 35.5 million.
Sweden	15 April 2020	Support scheme to cover up to 50% of rent reductions negotiated between tenants and landlords for the period 1 April to 30 June 2020. The scheme applies to tenants in the hotel, restaurants, retail and several other sectors that saw their revenues heavily decreasing. The total budget for the measure is SEK 5 billion (approximately EUR 453 million).
Bulgaria	15 April 2020	Scheme to finance 60 percent of wage costs to prevent layoffs. The measure is restricted to undertakings active in the sectors most affected by the current public health crisis, such as retail, tourism, passenger transport, culture, sports activities, amusement and recreation activities and others. The total budget for the scheme is EUR 770 million.

Czechia	15 April 2020	Direct grant supporting the production of COVID-19 related products (including vaccines, hospital and medical equipment). Total budget for the measure is CZK 1 billion (approximately EUR 37 million).
Germany	14 April 2020	State guarantee scheme supporting the insurance of trade between companies affected by the COVID-19 outbreak.
Italy	14 April 2020	Two state guarantees scheme supporting (i) SME and self-employed workers and (ii) all type of companies for new capital and investment loans granted by banks (the total budget for the measure is EUR 200 billion).
France	12 April 2020	State guarantee supporting the domestic credit insurance market. The objective of the scheme is to ensure availability of trade credit insurance for all companies, avoiding the need for buyers of goods or services to pay in advance (therefore reducing their immediate liquidity needs). The total budget for the measure is EUR 10 billion.
Belgium	11 April 2020	Deferring payment of concession fees by Walloon airports to mitigate economic impact of the COVID-19 outbreak.
Sweden	11 April 2020	State guarantee on loans for airlines affected by the COVID-19 outbreak. Eligible companies are all airlines holding a Swedish commercial aviation license at least as of 1 January 2020 (except those operating non-scheduled passenger air transport services as their main activity). The total budget for the measure is SEK 5 billion (approximately EUR 455 million).
Romania	11 April 2020	Support scheme for SMEs in the form of (i) direct grants and (ii) state guarantee for investment and working capital loans. The total budget for the measure is EUR 3.3 billion.
Belgium	11 April 2020	State guarantee for new short-term loans for all companies, including SME and self-employed traders. The total budget for the measure is EUR 50 billion.

Poland	10 April 2020	Direct grants to cover interests on existing loans. The total budget for the measure is PLN 527 (approximately EUR 115 million).
Belgium	10 April 2020	Guarantee to support companies active in the Flemish region affected by the COVID-19 outbreak. The guarantee covers new loans or restructuring loans. The total budget for the scheme is EUR 3 billion and it is financed by the Flemish Region.
Lithuania	10 April 2020	Two support schemes in the form of (i) subsidised loans for SMEs suffering cash shortages and (ii) loans for outstanding invoices. The total budget for the measure is EUR 150 million.
Croatia	9 April 2020	Two support schemes for a total budget of EUR 1 billion in the form of (i) zero interest loans and (ii) subsidised loans.
Austria	9 April 2020	Support scheme in the form of (i) direct grants, (ii) State guarantee for loans, and (iii) subsided public loans. The total budget for the scheme is EUR 15 billion. All companies are eligible.
Luxembourg	8 April 2020	Financial support to companies active in (i) COVID-19-related R&D, and (ii) production of COVID-19-relevant products. Total budget for the scheme is EUR 30 million.
Greece	8 April 2020	Direct grants to SMEs affected by the outbreak of COVID-19. The total budget of the measure is EUR 1.2 billion.
Lithuania	8 April 2020	State guarantee on existing or new loans to support SMEs. The total budget for the measure is BGN 500 million (approximately EUR 225 million).
Bulgaria	8 April 2020	State guarantee on existing or new loans to support SMEs. The total budget for the measure is BGN 500 million (approximately EUR 225 million).

Poland	8 April 2020	Support scheme in the form of (i) public guarantee and (ii) subsidized loans. Maximum duration of the support is six years. Eligible companies are (i) companies affected by the outbreak of COVID-19 and (ii) that were not in financial difficulties before 31 December 2019. The total budget for the scheme is PLN 3.5 billion (EUR 700 million).
Portugal	8 April 2020	Support scheme in the form of subsided interest loans to small and medium sized enterprises active in the fishery aquaculture in Portugal. Total budget for the scheme is EUR 20 million.
Hungary	8 April 2020	Support scheme in the form of direct grants, covering working capital or investment needs. Eligible companies are medium and large enterprises affected by COVID-19. Total budget for the scheme is HUF 50 billion (approximately EUR 140 million).
Denmark	8 April 2020	Compensation scheme for those companies whose activities are particularly negatively affected by the COVID-19 outbreak. Eligible companies are those (i) registered in the Danish Central Business Register, (ii) which have a proven decline in revenues of more than 40% due to COVID-19 outbreak in the period 9 March – 9 June 2020. The maximum aid amount available is DKK 60 million (approximately EUR 8 million). The total budget for the scheme s DKK 40 billion (approximately EUR 5.4 billion).
Greece	7 April 2020	Support scheme in the form of repayable advance to companies suffering liquidity problems due to the COVID-19 outbreak. The repayable advances will be paid up until June 2020. The scheme total budget is EUR 1 billion.
Croatia	6 April 2020	State guarantee to cover loans for companies with export activities affected by the COVID-19 outbreak. The scheme is addressed at all companies whose export represents at least 20% of their yearly revenue. The total budget for the measure is HRK 6 billion (approximately EUR 790 million).

UK	6 April 2020	Umbrella support scheme addressed to SMEs and larger companies. The scheme allows aid in the form of (i) direct grants, equity injections, selective tax advantages and advance payments; (ii) State guarantees for loans; (iii) public loans to companies with favourable interest rates; (iv) support for COVID-19-related research; (v) support for the construction and upscaling of COVID-19 testing facilities; (vi) support for the production of products necessary to tackle COVID-19. The total budget for the scheme is GBP 50 billion (approximately EUR 57 billion).
Portugal	4 April 2020	Two support schemes for a total value of EUR 13 billion: (i) a direct grant scheme, and (ii) a State guarantee for investment and working capital loans granted by commercial banks. The schemes are accessible to both SME and larger companies suffering from the outbreak of COVID-19.
Netherlands	3 April 2020	Direct grants to social support and healthcare services to obtain e-health applications to assist people confined at home due to the COVID-19.
Poland	3 April 2020	State guarantee to cover investment loans and working capital loans. Total budget is PLN 22 billion (approximately EUR 4.8 billion). Eligible companies are medium and large Polish companies.
Greece	3 April 2020	State guarantee to cover operating loans on limited maturity and size. The scheme is addressed to all types of companies, apart from financial intermediaries and active in the agricultural sector.
Norway	3 April 2020	Compensation to organizers of culture, sports and charity events for cancellation or postponement of events.
Denmark	3 April 2020	State loans to Danish travel organisers to cover liquidity needs occurring in the context of the reimbursement of cancelled travel packages.

Sweden	2 April 2020	State guarantee for SMEs on new loans granted by commercial banks to support companies suffering losses due to the COVID-19 outbreak. The total budget for the scheme is SEK 100 billion SEK (approximately EUR 9.1 billion).
Spain	2 April 2020	State as well as regional authority guarantee on new loans and refinancing operations for (i) self-employed workers and SMEs, and (ii) larger companies. Companies must have suffered losses caused by COVID-19 outbreak. The schemes have a total budget of approximately EUR 20 billion.
Malta	2 April 2020	State guarantee for working capital loans granted by commercial banks to support companies affected by the COVID-19 outbreak. The scheme has an estimated budget of EUR 350 million.
Germany	2 April 2020	Extension of the scheme approved on 22 March 2020. The extension allows also regional authorities and promotional banks to grant loans to companies.
France	31 March 2020	Deferral of certain airline taxes for airlines.
Ireland	31 March 2020	Direct financial support to Irish companies in manufacturing sectors as well as internationally traded sectors employing more than 10 people. Eligible companies must have (i) turnover of less than EUR 500 million, and (ii) suffered a 15% turnover drop compared to their revenue before the COVID-19 outbreak in Ireland.
Estonia	30 March 2020	State guarantees on existing or new loans as well as direct loans at favourable terms. Total budget is EUR 1.75 billion.
Denmark	30 March 2020	Support to SMEs in the form of a loan guarantee on loans and credits. Eligible SMEs present the following characteristics (i) exports represent at least 10% of their yearly revenue; (ii) 30% turnover drop compared to their revenue before the COVID-19 outbreak in Denmark. The scheme total budget is EUR DKK 1 billion (approximately EUR 130 million).

France	30 March 2020	SMEs provided with direct grants to cover operating costs. Max EUR 3,500 per company. Eligible companies present the following characteristics: (i) max 10 employees, (ii) yearly turnover not exceeding EUR 1 million, (iii) temporarily closed for an administrative decision or suffering a 70% turnover drop in March 2020 compared to the same period of 2019. The scheme total budget is EUR 1.7 billion in March 2020, EUR 2.9 in April 2020.
Luxembourg	27 March 2020	State guarantee for all companies (apart investment companies or real estate intermediaries) on loans at favorable terms to help businesses cover immediate working capital and investment needs.
Norway	26 March 2020	SMEs provided with state guarantee on loans. The total amount of loans secured through the scheme up to NOK 50 billion (EUR 4.3 billion).
Italy	25 March 2020	Debt moratorium for SMEs, including the postponement of repayments of overdraft facilities, bank advances, bullet loans, mortgages and leasing operations. State guarantee on the debt moratorium.
Denmark	25 March 2020	Compensation for self-employed suffering turnover losses because of COVID-19. The scheme covers up to DKK 10 billion (approximately EUR 1.3 billion).
UK	25 March 2020	Support to SMEs in the form of a loan guarantee (covering 80% of loan facilities, only for companies with GBP 45 million turnover), or in the form of direct grants. The overall budget is GBP 600 million.
Luxembourg	24 March 2020	Support to companies and liberal profession in the form of a repayable advance granted to cover their operating costs. The total budget for the scheme is EUR 300 million.
Latvia	23 March 2020	Support for undertakings directly hit by COVID-19 either through subsidized loans or through guarantees on loans.

Portugal	22 March 2020	State guarantees for SMEs and midcaps on loans. Eligible beneficiaries in four sectors: (i) tourism; (ii) hospitality; (iii) extractive and manufacturing industry; and (iv) event organization. Total budget is EUR 3 billion.
Italy	22 March 2020	Aid scheme to support the production and supply of medical devices, such as ventilators, and personal protection equipment, such as masks, goggles, gowns and safety suits. Total budget is EUR 50 million.
Germany	22 March 2020	Two aid schemes in the form of (i) a loan program covering up to 90% of the risk for loans for companies of all sizes (up to EUR billion per company) and (ii) a loan program in which the German government participates together with private banks to provide larger loans as a consortium.
Denmark	21 March 2020	State guarantees for operating loans to SMEs. Budget up to 1 billion Danish Krone (EUR 130 million).
France	21 March 2020	Enterprises with up to 5,000 employees to be provided French state guarantee on (i) commercial loans, and (ii) credit lines. State guarantees to banks on portfolios of new loans for all types of companies.

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