



## State aid: Commission extends Temporary Framework to enable Member States to accelerate research, testing and production of coronavirus relevant products, to protect jobs and to further support the economy in the coronavirus outbreak \*

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The European Commission has adopted an [amendment](#) extending the [Temporary Framework adopted on 19 March 2020](#) to enable Member States to accelerate the research, testing and production of coronavirus relevant products, to protect jobs and to further support the economy in the context of the coronavirus outbreak. The amended Temporary Framework complements the many other possibilities already available to Member States to mitigate the socio-economic impact of the coronavirus outbreak, in line with EU State aid rules.

Executive Vice-President Margrethe **Vestager**, in charge of competition policy, said: *"Today's amendment to the Temporary Framework will further enable Member States to support companies that develop and manufacture much needed products to fight the coronavirus, such as vaccines, medicines, medical devices, disinfectants and protective equipment. We need to act in a coordinated manner. So additional support may be granted to cross-border projects between Member States and to timely delivery of products. In addition, we have extended the temporary framework to give Member States further possibilities to ease liquidity constraints faced by companies and save jobs in sectors and regions that are hit particularly hard by this crisis."*

On March 19, the Commission adopted a new State aid [Temporary Framework](#) to support the economy in the context of the coronavirus outbreak, based on Article 107(3)(b) of the Treaty on the Functioning of the European Union. The Temporary Framework recognises that the entire EU economy is experiencing a serious disturbance. It enables Member States to use the full flexibility foreseen under State aid rules to support the economy, while limiting negative consequences to the level playing field in the Single Market.

Today's amendment extends the Temporary Framework by providing for additional five types of aid measures:

- (i) **Support for coronavirus related research and development (R&D):** to address the current health crisis, Member State can grant aid in the form of direct grants, repayable advances or tax advantages for coronavirus and other relevant antiviral R&D. A bonus may be granted for cross-border cooperation projects between Member States.
- (ii) **Support for the construction and upscaling of testing facilities:** Member States can grant aid in the form of direct grants, tax advantages, repayable advances and no-loss guarantees to support investments enabling the construction or upscaling of infrastructures needed to develop and test products useful to tackle the coronavirus outbreak, up to first industrial deployment. These include medicinal products (including vaccines) and treatments; medical devices and equipment (including ventilators and protective clothing, as well as diagnostic tools); disinfectants; data collection and processing tools useful to fight the spread of the virus. To encourage cooperation and to support quick action, companies can benefit from a bonus when their investment is supported by more than one Member State and when the investment is concluded within two months after the granting of the aid.
- (iii) **Support for the production of products relevant to tackle the coronavirus outbreak:** Member States can grant aid in the form of direct grants, tax advantages, repayable advances and no-loss guarantees to support investments enabling the rapid production of coronavirus-relevant products (as listed under ii.). To encourage cooperation and to support quick action, companies may benefit from a bonus when their investment is supported by more than one Member State and when the investment is concluded within two months after the granting of the aid.
- (iv) **Targeted support in the form of deferral of tax payments and/or suspensions of social security contributions:** to further reduce the liquidity constraints on companies due to the coronavirus crisis and to preserve employment, Member States can grant targeted deferrals of payment of taxes and of social security contributions in those sectors, regions or for types of companies that are hit the hardest by the outbreak.

(v) **Targeted support in the form of wage subsidies for employees:** to help limit the impact of the coronavirus crisis on workers, Member States can contribute to the wage costs of those companies in sectors or regions that have suffered most from the coronavirus outbreak, and would otherwise have had to lay off personnel.

The amendment Temporary Framework also expands on the existing types of support that Member States can give to companies in need. For example, it now enables Member States to give, up to the nominal value of € 800 000 per company, zero-interest loans, guarantees on loans covering 100% of the risk, or provide equity. This can be combined also with so-called *de minimis* aid (to bring the aid per company to up to €1 million) and with other types of aid. It should be particularly useful to address urgent liquidity needs of small and medium-sized enterprises in a very speedy manner.

The amendment Temporary Framework will be in place until the end of December 2020. With a view to ensuring legal certainty, the Commission will assess before that date if it needs to be extended.

Finally, the Commission is continuously assessing if further measures are necessary to complement the toolbox for Member States to support their economy in these difficult times and help companies bounce back strongly after the crisis, including by further amending the Temporary Framework. In this context, the Commission is also analysing existing State rules, to verify consistency with the principles endorsed in the Temporary Framework for State aid measures to support the economy in the current coronavirus outbreak.

### **Background**

State aid rules enable Member States to take swift and effective action to support citizens and companies, in particular SMEs, facing economic difficulties due to the coronavirus outbreak.

On 13 March 2020, the Commission adopted a [Communication on a Coordinated economic response to the COVID-19 outbreak](#) setting out these possibilities. For example, Member States can make generally applicable changes in favour of businesses (e.g. deferring taxes, or subsidising short-time work across all sectors), which fall outside State Aid rules. They can also grant compensation to companies for damage suffered due to and directly caused by the coronavirus outbreak. This can be useful to support particularly impacted sectors, such as transport, tourism, hospitality and retail.

Given the limited size of the EU budget, the main response to the economic impact of the coronavirus outbreak will come from Member States' national budgets. The amended Temporary Framework will further help target support to the development of coronavirus relevant products, to the protection of jobs and to support the economy, while limiting negative consequences to the level playing field in the Single Market. The amendment includes a number of safeguards. For example, it links aid for the production of coronavirus-relevant products and equipment to a very rapid implementation of the subsidised projects. Aid for coronavirus relevant R&D can only be granted, if beneficiaries commit to grant non-exclusive licences under non-discriminatory market conditions to third parties in the European Economic Area. This will ensure that progress concerning the medical treatment and confinement of coronavirus benefits all European citizens.

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