European Commission - Press release

State aid: Commission prolongs EU State aid rules and adopts targeted adjustments to mitigate impact of coronavirus outbreak

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The European Commission has prolonged the validity of certain State aid rules which would otherwise expire at the end of 2020. In this context, and to take the effects of the current crisis into due consideration, the Commission, after consulting Member States, has decided to make certain targeted adjustments to the existing rules with a view to mitigate the economic and financial impact of the coronavirus outbreak on companies..

To this end, the Commission has adopted a new Regulation amending the General Block Exemption Regulation (GBER) and the de minimis Regulation, and a Communication amending seven sets of State aid guidelines and prolonging those which would otherwise expire on 31 December 2020.

Prolongation of the existing State aid rules

In order to provide predictability and legal certainty, whilst preparing for a possible future update of the State aid rules in the context of the ongoing "fitness check" exercise and of the ongoing evaluation and future review of certain sets of State aid rules set out in the recent European Green Deal and European Industrial Strategy Communications, the Commission has decided to prolong the validity of the following State aid rules, which are due to expire by the end of 2020:

Prolongation by one year (until 2021):

- Guidelines on regional State aid for 2014-2020
- Guidelines on State aid to promote risk finance investments
- Guidelines on State aid for environmental protection and energy
- Communication on the execution of important projects of common European interest (IPCEI)
- Communication on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to short-term export-credit insurance (STEC)

Prolongation by three years (until 2023):

- General Block Exemption Regulation (GBER)
- De minimis Regulation
- Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty

Adjustments of the rules in view of coronavirus outbreak

After consulting Member States, the Commission has also decided to make some targeted adjustments to the rules which are being prolonged as well as to the Framework for State aid for research and development and innovation (which has no expiry date), in order to mitigate the economic and financial impact of the coronavirus outbreak on companies. These changes will concern, in particular:

- **Undertakings in difficulty**: Many companies which were healthy before the crisis are experiencing difficulties due to the severe consequences of the outbreak. For this reason, the Commission has introduced targeted changes to the existing rules to allow companies which entered into difficulties as a result of the coronavirus outbreak, and which would not, under existing rules, be able to receive certain types of aid, to remain eligible to receive aid under the GBER and other sets of rules (namely the Guidelines on regional State aid for 2014-2020, the Framework for State aid for research and development and innovation, Guidelines on State aid for environmental protection and energy and IPCEI Communication), for a set period of time during and after the crisis.
- **Job relocations**: Companies which have received regional investment aid falling under the GBER in the past may have committed in good faith not to relocate in the coming years (i.e. to not having job losses in other EEA establishments with the same activity of the subsidiary receiving the aid). However, the Commission acknowledges that, due to the coronavirus outbreak, it may not

be possible for companies to avoid job losses. This would technically be considered as violation of the commitment undertaken on relocation and, hence, would require the reimbursement of the regional investment aid received in the past. The Commission has therefore introduced certain targeted changes to the existing rules to ensure that job losses that a company may incur due to the coronavirus outbreak would not be considered as a relocation and hence a breach of the commitments previously undertaken.

SGEI de minimis Regulation

In parallel, the Commission has recently proposed to prolong the SGEI de minimis Regulation,which is not part of the "fitness check" exercise but which will also otherwise expire on 31 December 2020,by three years. In this context, the Commission is also proposing to introduce an adjustment to this regulation to allow undertakings that entered into difficulty because of the coronavirus outbreak to remain eligible for this type of aid for a limited period of time.

Background

Since May 2012, the Commission has implemented a major reform of EU State aid rules, the State Aid Modernisation. This allows Member States to quickly implement State aid that fosters investment, economic growth and job creation, leaving the Commission to focus its State aid control on the cases most liable to distort competition. More than 95% of all State aid measures are now implemented by Member States without the need for prior approval by the Commission.

In January 2019, the Commission proposed to prolong a number of State aid rules, adopted as part of the State Aid Modernisation, which would otherwise expire by the end of 2020. On the same day, the Commission also launched an evaluation of those rules ("fitness check") and of other State aid rules to assess whether to further prolong them or possibly update them in the future.

Furthermore, the recent Commission Communications on the European Green Deal and on the European Industrial Strategy have announced the evaluation and review of certain State aid guidelines in line with the objectives of the Green Deal and the Commission's Industrial Strategy by 2021.

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