

Healthcare industry BW

State aid: Commission approves €300 million Luxembourg scheme to support companies affected by coronavirus outbreak

The European Commission has found Luxembourg's €300 million scheme to support companies affected by the coronavirus outbreak to be in line with EU State aid rules. The scheme was approved under the State aid Temporary Framework to support the economy in the context of the COVID-19 outbreak adopted by the Commission on 19 March 2020.

Executive Vice President Margrethe Vestager, in charge of competition policy, said: *"With this €300 million scheme, Luxembourg will help companies and liberal professions affected by the coronavirus outbreak cover their operating costs and weather the crisis. We have approved this measure under the new State aid Temporary Framework in just a few days, and will continue to work with Member States to ensure timely support to the economy through these difficult times."*

The Luxembourg support measures

Luxembourg notified to the Commission a scheme for companies affected by the coronavirus outbreak under the Temporary Framework. The measure has an estimated budget of €300 million.

The scheme aims at supporting companies, as well as liberal professions, affected by the economic impact of the coronavirus outbreak. The support takes the form of a repayable advance granted in one or more instalments to allow beneficiaries to face their operating costs in the difficult situation caused by the coronavirus outbreak.

The Commission found that the scheme notified by Luxembourg is in line with the conditions set out in the Temporary Framework. In particular, it allows for repayable advances of up to €500,000 per company.

The Commission concluded that the measure will contribute to managing the economic impact of the coronavirus outbreak in Luxembourg. It is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State, in line with Article 107(3)(b) TFEU and the conditions set out in the Temporary Framework.

On this basis, the Commission approved the measures under EU State aid rules.

Background

The Commission has adopted a Temporary Framework to enable Member States to use the full flexibility foreseen under State aid rules to support the economy in the context of the Coronavirus outbreak. The Temporary Framework provides for five types of aid which can be granted by Member States:

- (i) **Direct grants, selective tax advantages and advance payments:** Member States will be able to set up schemes to grant up to €800,000 to a company to address its urgent liquidity needs.
- (ii) **State guarantees for loans taken by companies from banks:** Member States will be able to provide State guarantees to ensure banks keep providing loans to the business customers who need them. These state guarantees can cover loans to help businesses cover immediate working capital and investment needs.
- (iii) **Subsidised public loans to companies:** Member States will be able to grant loans with favourable interest rates to companies. These loans can help businesses cover immediate working capital and investment needs.
- (iv) **Safeguards for banks that channel State aid to the real economy:** Some Member States plan to build on banks' existing lending capacities, and use them as a channel for support to businesses – in particular to small and medium-sized companies. The Framework makes clear that such aid is considered as direct aid to the banks' customers, not to the banks themselves, and gives guidance on how to ensure minimal distortion of competition between banks.
- (v) **Short-term export credit insurance:** The Framework introduces additional flexibility on how to demonstrate that certain countries are not-marketable risks, thereby enabling short-term export credit insurance to be provided by the State where needed. On 23 March, the Commission launched an urgent public consultation with a view to establish if public short-term export credit insurance should be made more widely available in light of the current crisis linked to the coronavirus outbreak. More specifically, the public consultation aims at assessing the availability of private short-term export-credit insurance capacity for exports to all countries listed as “marketable risk countries” in the 2012 Short-term export-credit Communication. Depending on the results of the consultation and taking into account the relevant economic indicators, the Commission then may decide to remove countries from the list of “marketable risk countries” as a temporary measure.

The 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.

The 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. 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.

The non-confidential version of the decision will be made available under the case number SA.56742 in the State aid register on the Commission's competition website once any

confidentiality issues have been resolved. New publications of State aid decisions on the internet and in the Official Journal are listed in the State Aid Weekly e-News.

More information on the temporary framework and other action the Commission has taken to address the economic impact of the Coronavirus pandemic can be found [here](#).

Press release

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Further information

Arianna Podesta

Phone: +32 (0)2 298 70 24

E-Mail: arianna.podesta@ec.europa.eu

Maria Toni

Phone: +32 (0)2 299 05 26

E-Mail: maria.toni@ec.europa.eu

- ▶ [COVID-19: Commission sets out European coordinated response to counter the economic impact of the Coronavirus](#)
 - ▶ [State aid Cases](#)
 - ▶ [State aid rules and COVID-19](#)
 - ▶ [European Commission](#)
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Downloads

- ▶ [Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak \(PDF ca. 118.84 KB\)](#)
- ▶ [2012 Short-term export-credit Communication \(PDF ca. 746.94 KB\)](#)