
COVID-19: The European Commission adopts temporary state-aid framework

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The framework is a new and temporary tool giving member states additional opportunities to grant state aid to companies that are hit financially by the COVID-19 outbreak. The framework is based on Article 107(3)(b) of the TFEU, which allows the granting of aid for the purpose of remedying serious disturbances in the economies of the member states. For the present, the framework will be in place until December 2020.

The background for the new state-aid initiatives adopted by the European Commission is the serious effects of the COVID-19 outbreak on the entire EU economy. To mitigate the consequences, a common European approach is needed to deal with those problems. An essential focus area of the new state-aid opportunities is to ensure access to liquidity.

State-aid measures that are considered compatible with the framework provisions must be notified to the European Commission, which will then – subject to compliance with the criteria in the framework provisions – arrange for a rapid approval procedure.

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The temporary framework provides for the following types of aid:

- direct grants, selective tax advantages and advance payments;
- state guarantees for loans taken by companies from banks;
- subsidised public loans to companies;
- safeguards for banks that channel state aid to the real economy;
- short-term export credit insurance.

It is important to note that the temporary state-aid is subject to certain conditions, including limits on amounts as well as sector-specific conditions. State-aid measures will therefore always be subject to a specific assessment and will in certain situations require a separate and more detailed ordinary approval procedure in compliance with the general state-aid rules.

Kromann Reumert's assistance

Kromann Reumert's state-aid specialists have extensive experience advising both granting authorities, recipients, and complainants from a range of different industries. We are also at your service for any advice you may need on matters pertaining to COVID-19, including for a preliminary and informal talk.

Kromann Reumert's COVID-19 task force

Kromann Reumert has set up a [COVID-19 Task Force](#) consisting of a number of our experts within various legal practice areas. We will continuously provide information about the problems that you and your company may encounter in connection with the COVID-19 situation.