

Brussels, 12 November 2020
Case No: 85837
Document No: 1161351
Decision No 132/20/COL

Ministry of Trade, Industry and Fisheries
PO Box 8090
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NORWAY

Subject: COVID-19 NOR Prolongation of the portfolio guarantee on trade credit insurance

1 Summary

- (1) The EFTA Surveillance Authority (“ESA”) wishes to inform Norway that, having assessed the prolongation of the portfolio guarantee on trade credit insurance (“the measure”), it considers that the measure constitutes state aid within the meaning of Article 61(1) of the EEA Agreement and decides not to raise objections¹ to the measure, as it is compatible with the functioning of the EEA Agreement, pursuant to its Article 61(3)(b). ESA has based its decision on the following considerations.

2 Procedure

- (2) The Norwegian authorities notified the measure on 11 November 2020.²

3 Description of the measure

3.1 The COVID-19 portfolio guarantee on trade credit insurance scheme

- (3) By Decision No [060/20/COL](#),³ ESA approved a COVID-19 portfolio guarantee scheme on trade credit insurance (“the guarantee scheme”). It provides for public layered guarantees on portfolios of insurance claim exposures of trade credit insurers active in the trade credit insurance sector in Norway. Under the guarantee scheme, the period for when guarantees may be granted cannot not go beyond 31 December 2020.

3.2 Objective and reason for the prolongation

- (4) The trade credit insurers active in Norway expect that losses due to the COVID-19 pandemic will increase going forward and into 2021. They claim that losses on trade credit exposures have shifted forward, amongst others due to state aid schemes and changes in bankruptcy law. They express that overall uncertainty in markets due to COVID-19 persists, still making it difficult to foresee where losses may occur. Therefore, they prepare to significantly restrict their offer of trade

¹ Reference is made to Article 4(3) of the Part II of Protocol 3 to the Agreement between the EFTA States on the Establishment of a Surveillance Authority and a Court of Justice.

² Documents No 1162763, 1162765, 1162767 and 1162769.

³ ESA’s Decision No [60/20/COL](#) of 18 June 2020 on COVID-19 – Portfolio guarantee on trade credit insurance.

credit insurance, reducing limits overall, from the turn of the year when the guarantee scheme is set to end.

- (5) The Norwegian authorities argue that a significant reduction in the offer of trade credit insurance will have a direct negative effect on business in different sectors throughout Norway.
- (6) Hence, the Norwegian authorities intend to prolong the period for when guarantees may be granted under the scheme by six months, until 30 June 2021.

3.3 National legal basis

- (7) The legal basis for the prolongation of the guarantee scheme is the parliamentary resolution ("*Stortingsvedtak*") on an amendment to the National Budget 2020 ("*Prop. 1 S Tillegg 1 (2020-2021) Endring av Prop. 1 S (2021-2021) Statsbudsjettet 2021*").

3.4 Features of the scheme

- (8) The prolongation will only change the duration of the guarantee scheme, allowing it to cover losses related to trade credit insurance provided from 1 January 2021 to 30 June 2021. It will not change any other features of the guarantee scheme. This also entails that no further budgetary allocations will be made. Hence, the budget of the scheme is still estimated at NOK 1.62 billion, as it was when ESA initially approved the scheme.

3.5 Cumulation, monitoring and reporting

- (9) In terms of monitoring and reporting, the Norwegian authorities, for reasons of transparency, will report to ESA figures on the actual payments and use of the guarantee scheme from 1 January 2021 to 30 June 2021, by 31 March 2022.
- (10) The Norwegian authorities confirm that aid provided under the guarantee scheme cannot be cumulated with other state aid granted to cover the same eligible costs.

4 Presence of state aid

- (11) Article 61(1) of the EEA Agreement reads as follows: "Save otherwise provided in this Agreement, any aid granted by EC Member States, EFTA States or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Contracting Parties, be incompatible with the functioning of this Agreement."
- (12) The qualification of a measure as aid within the meaning of this provision requires the following cumulative conditions to be met: (i) the measure must be granted by the State or through State resources; (ii) it must confer an advantage on an undertaking; (iii) favour certain undertakings (selectivity); and (iv) threaten to distort competition and affect trade.
- (13) ESA has already concluded that the guarantee scheme constitutes state aid.⁴ The measure is a prolongation of the guarantee scheme with no substantial amendments and does not affect the qualification as aid. Therefore, the measure constitutes state aid within the meaning of Article 61(1) of the EEA Agreement.

⁴ ESA's Decision No [60/20/COL](#), paragraphs 48–59.

5 Procedural requirements

- (14) Pursuant to Article 1(3) of Part I of Protocol 3 to the Agreement between the EFTA States on the Establishment of a Surveillance Authority and a Court of Justice ("Protocol 3"): "The EFTA Surveillance Authority shall be informed, in sufficient time to enable it to submit its comments, of any plans to grant or alter aid. ... The State concerned shall not put its proposed measures into effect until the procedure has resulted in a final decision."
- (15) The Norwegian authorities have notified the prolongation and have yet to let it enter into force. They have therefore complied with the obligations under Article 1(3) of Part I of Protocol 3.

6 Compatibility of the measure

- (16) ESA can declare state aid compatible with the functioning of the EEA Agreement under its Article 61(3)(b), provided that certain compatibility conditions are fulfilled.
- (17) ESA concluded in Decision No 060/20/COL that the guarantee scheme is compatible with the functioning of the EEA Agreement pursuant to its Article 61(3)(b).
- (18) ESA did not apply the Temporary Framework for state aid measures to support the economy in the current COVID-19 adopted on 19 March 2020 by the European Commission pursuant to Article 107(3)(b) TFEU, which corresponds to Article 61(3)(b) of the EEA Agreement, as it did not cover guarantees on trade credit insurance activities. However, the guarantee scheme was designed by analogy to the rules set out in the Temporary Framework, as adopted on 19 March 2020 and amended on 3 April 2020 and 8 May 2020. ESA has assessed the measure also in light of the amendments to the [Temporary Framework](#) of 29 June and 13 October 2020.⁵
- (19) As regards the prolongation, the COVID-19 pandemic is still ongoing in Norway and the Norwegian authorities have confirmed that the market for credit insurance is still not functioning well, due to the overall increased risk in the economy because of COVID-19.
- (20) Furthermore, ESA notes that the renewal of the scheme from 1 January to 30 June 2021 is of limited duration (six months). This accords with paragraph 25(c) of the Temporary Framework. ESA therefore considers the guarantee scheme not be extended longer than necessary to attain the goal of helping the supported undertakings to overcome the exceptional occurrence.
- (21) ESA considers that the measure is appropriate, given the challenges it is meant to help overcome and in order to address the ongoing negative economic effects of the COVID-19 pandemic.
- (22) Accordingly, ESA finds that the measure is proportionate under the circumstances, given the exceptional occurrence of the COVID-19 pandemic.

⁵ Communication from the Commission – Temporary framework for State aid measures to support the economy in the current COVID-19 outbreak of 19.3.2020 (OJ C 91, 20.3.2020, p. 1) amended four times: 3.4.2020 (OJ C 112, 4.4.2020, p. 1), 8.5.2020 (OJ C 164, 13.5.2020, p. 3), 29.6.2020 (OJ C 218, 2.7.2020, p. 3) and on 13.10.2020 (OJ C 340, 13.10.2020, p. 1).

7 Conclusion

- (23) On the basis of the foregoing assessment, ESA finds that the measure constitutes state aid with the meaning of Article 61(1) of the EEA Agreement. Since ESA has no doubts that the aid is compatible with the functioning of the EEA Agreement pursuant to its Article 61(3)(b), it has no objections to the implementation of the measure.
- (24) The Norwegian authorities have confirmed that the notification does not contain any business secrets or other confidential information that should not be published.

For the EFTA Surveillance Authority,

Yours faithfully,

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*This document has been electronically authenticated by Bente Angell-Hansen,
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