



State aid: Commission approves €40 million Italian aid measure to support coronavirus related research and development activities

Brussels, 26 February 2021

The European Commission has approved a €40 million Italian aid measure to support coronavirus related research and development (R&D) by biotechnology company ReiThera S.r.l. The measure was approved under the State aid [Temporary Framework](#).

Executive Vice-President Margrethe **Vestager**, in charge of competition policy, said: *"This €40 million Italian measure will support research into a new vaccine against the coronavirus. We continue to work closely with Member States to support measures that can help us find solutions to tackle the pandemic, in line with EU rules."*

The Italian aid measure

Italy notified to the Commission under the [Temporary Framework](#) a €40 million aid measure to support coronavirus related R&D activities by ReiThera S.r.l., a medium-sized biotechnology company located in the Lazio region. The public support will take the form of a direct grant.

The aim of the measure is to support the development of a novel coronavirus vaccine, contributing to finding solutions to respond to the current health crisis. The candidate vaccine developed by ReiThera has been evaluated in preclinical studies and in a phase I clinical study that has shown that it is safe in adult and elderly people. The measure will support the setting-up and implementation of the next development step, a phase II/III study to confirm safety and demonstrate efficacy.

The Commission found that this aid measure is in line with the conditions set out in the Temporary Framework. In particular, (i) the aid will cover less than 60% of the relevant R&D costs; and (ii) any results of the research activities will be made available to third parties in the European Economic Area at non-discriminatory market conditions through non-exclusive licences.

The Commission concluded that the Italian measure is necessary, appropriate and proportionate to fight the health crisis, in line with Article 107(3)(c) TFEU and the conditions set out in the Temporary Framework.

On this basis, the Commission approved the aid measure 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, as amended on [3 April](#), [8 May](#), [29 June](#), [13 October](#) 2020 and [28 January 2021](#), provides for the following types of aid, which can be granted by Member States:

(i) **Direct grants, equity injections, selective tax advantages and advance payments** of up to €225,000 to a company active in the primary agricultural sector, €270,000 to a company active in the fishery and aquaculture sector and €1.8 million to a company active in all other sectors to address its urgent liquidity needs. Member States can also give, up to the nominal value of €1.8 million per company zero-interest loans or guarantees on loans covering 100% of the risk, except in the primary agriculture sector and in the fishery and aquaculture sector, where the limits of €225,000 and €270,000 per company respectively, apply.

(ii) **State guarantees for loans taken by companies** to ensure banks keep providing loans to the customers who need them. These state guarantees can cover up to 90% of risk on loans to help businesses cover immediate working capital and investment needs.

(iii) **Subsidised public loans to companies (senior and subordinated debt)** 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** 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) **Public short-term export credit insurance** for all countries, without the need for the Member State in question to demonstrate that the respective country is temporarily “non-marketable”.

(vi) **Support for coronavirus related research and development (R&D)** to address the current health crisis in the form of direct grants, repayable advances or tax advantages. A bonus may be granted for cross-border cooperation projects between Member States.

(vii) **Support for the construction and upscaling of testing facilities** to develop and test products (including vaccines, ventilators and protective clothing) useful to tackle the coronavirus outbreak, up to first industrial deployment. This can take the form of direct grants, tax advantages, repayable advances and no-loss guarantees. 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.

(viii) **Support for the production of products relevant to tackle the coronavirus outbreak** in the form of direct grants, tax advantages, repayable advances and no-loss guarantees. 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.

(ix) **Targeted support in the form of deferral of tax payments and/or suspensions of social security contributions** for those sectors, regions or for types of companies that are hit the hardest by the outbreak.

(x) **Targeted support in the form of wage subsidies for employees** for those companies in sectors or regions that have suffered most from the coronavirus outbreak, and would otherwise have had to lay off personnel.

(xi) **Targeted recapitalisation aid** to non-financial companies, if no other appropriate solution is available. Safeguards are in place to avoid undue distortions of competition in the Single Market: conditions on the necessity, appropriateness and size of intervention; conditions on the State's entry in the capital of companies and remuneration; conditions regarding the exit of the State from the capital of the companies concerned; conditions regarding governance including dividend ban and remuneration caps for senior management; prohibition of cross-subsidisation and acquisition ban and additional measures to limit competition distortions; transparency and reporting requirements.

(xii) **Support for uncovered fixed costs** for companies facing a decline in turnover during the eligible period of at least 30% compared to the same period of 2019 in the context of the coronavirus outbreak. The support will contribute to a part of the beneficiaries' fixed costs that are not covered by their revenues, up to a maximum amount of €10 million per undertaking.

The Commission will also enable Member States to convert until 31 December 2022 repayable instruments (e.g. guarantees, loans, repayable advances) granted under the Temporary Framework into other forms of aid, such as direct grants, provided the conditions of the Temporary Framework are met.

The Temporary Framework enables Member States to combine all support measures with each other, except for loans and guarantees for the same loan and exceeding the thresholds foreseen by the Temporary Framework. It also enables Member States to combine all support measures granted under the Temporary Framework with existing possibilities to grant de minimis to a company of up to €25,000 over three fiscal years for companies active in the primary agricultural sector, €30,000 over three fiscal years for companies active in the fishery and aquaculture sector and €200,000 over three fiscal years for companies active in all other sectors. At the same time, Member States have to commit to avoid undue cumulation of support measures for the same companies to limit support to meet their actual needs.

Furthermore, 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 Temporary Framework will be in place until the end of December 2021. With a view to ensuring legal certainty, the Commission will assess before this date if it needs to be extended.

The non-confidential version of the decision will be made available under the case number SA.61774

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 [Competition 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](#).

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