



State aid: Commission approves €800 million Italian scheme to support companies in context of coronavirus outbreak, as well as development and production of coronavirus-relevant products

Brussels, 8 June 2021

The European Commission has approved a €800 million Italian scheme to support companies affected by the coronavirus outbreak, active in Italy under “Development Contracts” for the implementation of priority projects. The scheme was approved under several sections of the State aid [Temporary Framework](#).

Executive Vice-President Margrethe **Vestager**, in charge of competition policy, said: “*This €800 million Italian scheme will ensure liquidity support to companies affected by the coronavirus outbreak. At the same time, it will contribute to much needed research activities and products to respond to the coronavirus outbreak. We continue working in close cooperation with Member States to find workable solutions to mitigate the economic impact of the coronavirus outbreak, in line with EU rules.*”

The Italian measures

Italy notified to the Commission a €800 million scheme addressed to companies performing priority projects under so-called “Development Contracts under the COVID-19 Temporary Framework” (mainly COVID-related projects). The scheme supports companies affected by the coronavirus outbreak and provides incentives to companies for directing their activities to research and/or production of certain products that are crucial to address the coronavirus outbreak.

These “Development Contracts” will be administered by the National Agency for Inward Investment and Economic Development S.p.A. (Invitalia) and will be open to companies of all sizes, active in all sectors, except the financial, primary production of agricultural products, fishery and aquaculture, construction, insurance and real estate ones.

The aid will take the form of:

- Direct grants and loans up to a maximum of €1.8 million per company and with an overall maximum nominal value equal to 45% of the eligible costs;
- Direct grants for coronavirus-related research and development (R&D) projects, with a maximum allowable aid intensity equal to 80% of the eligible costs;
- Direct grants and repayable advances for testing and upscaling infrastructures that contribute to the development of coronavirus relevant products, with a maximum allowable aid intensity equal to 75% of the eligible costs;
- Direct grants and repayable advances for the production of coronavirus-relevant products, with a maximum allowable aid intensity equal to 80% of the eligible costs.

The Commission found that the Italian scheme is in line with the conditions set out in the Temporary Framework. In particular, (i) the aid granted under the first measure will not exceed €1.8 million per company, (ii) the aid granted under the other measures will cover a significant share of the necessary R&D and investment costs, (iii) for the second measure in particular, any result 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, and (iv) all aid will be granted no later than 31 December 2021.

The Commission therefore concluded that all the measures are necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State, in line with Article 107(3)(b) TFEU or to fight the health crisis, in line with Article 107(3)(c). On this basis, the Commission approved the aid 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, 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.62576 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](#).

IP/21/2904

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