



Access to finance for SMEs

Perspective of State aid control

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Every oar has to be in the water, all pulling in the same direction. State aid control is one of those oars. The European Recovery Plan includes a funding facility worth 672.5 billion euros in grants and loans. This is a huge opportunity to drive forward the digital and green transitions. To reap the full benefits of these investments, it is crucial that competition and State aid rules continue to do their part. To ensure that companies feel the need to innovate to survive; to avoid overcompensating companies; to ensure public money does not crowd out private spending.



European
Commission

COMPETITION

Context

- SMEs important for EU economy + for creating an EU value chain
- COVID crisis: recovery effort concentrates on digital and green transition
- Competition policy:
 - part of a broader policy response at EU level;
 - vector for growth, ensures that public funding goes where it is mostly needed;
 - agile: rapidly adjustable/current framework has proven to a great extent fit for purpose.

Different possibilities to tackle the economic impact of COVID-19

- EU State aid control ensures that the internal market is not fragmented and the level playing field stays intact; it avoids harmful subsidy races to the detriment of cohesion.
- General measures that do not constitute aid (e.g. deferral of payments of VAT or social security contributions).
- Article 107(2)(b) TFEU: aid to make good damage caused by exceptional occurrences.
- Article 107(3)(b) TFEU: aid to remedy serious disturbance in economy of Member State.
- Aid under Temporary Framework aims to remedy the liquidity shortage faced by undertakings and ensure that the disruptions caused by COVID-19 do not undermine their viability.

5th amendment of the Temporary Framework

- 28 January 2021 - The amendment comprises three main elements:
 - Prolongation of the Temporary Framework until 31 December 2021
 - Increase of thresholds
 - Section 3.1: from 800,000€ to 1,800,000€
 - Section 3.12: from 3,000,000€ to 10,000,000€
 - Debt write offs/conversion of aid in grants

State aid authorised under the crisis framework

- As of 25 February, the Commission has taken 456 decisions approving 549 national measures notified by 27 Member States and the UK.
- Overall measures at an amount of EUR 3.12 trillion were approved by the Commission:
 - 50.9% of that amount concerns Germany, 14.8% Italy, 13.8% France, 5.1% Spain, 2% Poland.
- Based on the replies of 26 Member States, in the period between mid-March and end of December 2020, of the EUR **2.95 trillion of aid approved by then, around EUR 542 billion euros was actually spent.**

MFF GBER

Combination of EU funds with national funds:

- National funding backed by the InvestEU Fund
- Projects within the European Territorial Cooperation
- Investment in projects bearing the Seal of Excellence (Horizon Europe)

New types of aid added:

- Investments to enable higher energy efficiency or digitalisation of buildings
- Aid for the construction of networks of charging stations for electric cars
- Aid for the digitalisation of small and medium-sized enterprises (SMEs)
- Aid for the development of broadband

Green Deal / Digitalisation: Revision of State aid rules

- Review accelerated of EEAG, RAG, IPCEI, RDI, Risk Finance and relevant parts in GBER, following a Fitness Check
- January 2019: Launch of the Fitness Check; 30 October 2020: publication Staff Working Document
- To be adopted by end 2021 to accompany the green transition & digital agenda
- Having the right conditions in the State aid rules can help to do more with public money and avoid crowding out of private money

Fitness Check: Risk finance rules

- The Fitness Check has shown that the Risk Finance rules remain relevant and fit for purpose
- Room for limited technical updates (GBER and RFG)
- Use of RFG and GBER 2014-2018:
 - more than 200 schemes put in place;
 - more than EUR 7 bn expenditure.

The revision of the Risk Finance rules: where we stand and steps forward



Recovery

European Recovery Plan contains a funding facility worth 672.5 billion euros in grants and loans. This is a huge boost to drive forward the digital and green transitions.

Competition and State aid rules have a role to play.

- To ensure that companies feel the need to innovate to survive;
- to avoid overcompensating companies;
- to ensure public money does not crowd out private spending.