

Covid-19 Special Alerts | 21 April 2020

Contents

1.	European Commission approves guarantee scheme financed by Flemish Region to support companies affected by Covid-19 crisis	1
2.	European Commission approves Belgian Guarantee Scheme to support companies affected by Covid-19 crisis.....	2
3.	European Commission Approves Belgian Scheme in support of Walloon’s Airport Operators.....	2
4.	European Commission approves German subsidised loan scheme to support companies affected by the Covid-19 crisis.....	3
5.	European Commission approves German guarantee scheme to stabilise trade credit insurance market in coronavirus outbreak.....	3
6.	European Commission approves Luxembourg’s Loan guarantee and support schemes.....	4
7.	European Commission approves sector specific Dutch aid scheme.....	4
8.	Spanish competition authority announces the continuity of services despite the COVID-19 breakdown	5
9.	European Commission approves UK’s "umbrella" scheme	6

1. EUROPEAN COMMISSION APPROVES GUARANTEE SCHEME FINANCED BY FLEMISH REGION TO SUPPORT COMPANIES AFFECTED BY COVID-19 CRISIS

On 10 April 2020, the European Commission (**Commission**) approved a Belgian guarantee scheme under the State aid Temporary Framework (the **Temporary Framework**) of up to EUR 3 billion to support companies who face difficulties in the Flemish Region due to the coronavirus outbreak (for further background on the Temporary Framework, please refer to VBB’s publication ["European Commission adopts Covid-19 Temporary Framework for State Aid"](#)). The scheme will be financed by the Flemish Region through public guarantees on loans. It will be open to undertakings active in the Flemish Region that are not eligible for aid under the forthcoming Belgian guarantee scheme established at the federal level. The measure intends to reduce the risks regarding the granting of loans to companies severely affected by the Covid-19 crisis and to help them cover their needs in liquidity as well as pursue their activities.

The Commission considered that the conditions of the Temporary Framework were met by the scheme as (i) the underlying loan amount per company does not exceed what is necessary to cover the needs in

liquidity for the near future, (ii) no guarantee will be granted after the end of 2020, (iii) the guarantees will not be granted for a period of more than six years, and (iv) the guarantee fee premiums are in line with the levels set out in the Temporary Framework.

Please find a link to the Commission's press release [here](#).

2. EUROPEAN COMMISSION APPROVES BELGIAN GUARANTEE SCHEME TO SUPPORT COMPANIES AFFECTED BY COVID-19 CRISIS

On 11 April 2020, the European Commission (**Commission**) approved a Belgian loan guarantee scheme under EU State aid rules of up to EUR 50 billion to support companies who face difficulties due to the coronavirus outbreak. The measure will take the form of State guarantees on new short-term loans. It will be open to all companies, including small and medium-sized enterprises as well as self-employed workers, provided that they were not considered as companies in difficulty, in the sense of the Belgian scheme on 29 February 2020. The scheme thus aims to help companies cover their needs in liquidity and pursue their activities.

The Commission considered that the scheme was in line with EU State aid rules and with the principles set out by the State aid Temporary Framework as (i) the guarantees on loans have a limited maturity and size, (ii) the scheme has a limited duration, (iii) the scheme establishes a minimum remuneration of the guarantees, and (iv) the scheme provides for adequate safeguards to ensure that the aid effectively reaches the beneficiaries in need, through the intermediary of banks, which support a considerable part of the risks associated with the guaranteed loans.

Please find a link to the Commission's press release [here](#).

3. EUROPEAN COMMISSION APPROVES BELGIAN SCHEME IN SUPPORT OF WALLOON'S AIRPORT OPERATORS

On 11 April 2020, the European Commission (**Commission**) approved a Belgian scheme under the State aid Temporary Framework (the **Temporary Framework**) which is designed to defer the payment of concession fees from Walloon airports due to the Walloon authorities for the year 2020 (for further background on the Temporary Framework, please refer to VBB's publication "[European Commission adopts Covid-19 Temporary Framework for State Aid](#)"). The scheme will be available to the operators of the Charleroi and Liège airports. It aims at limiting the economic impact of the Covid-19 crisis by ensuring that both airports' operators have sufficient liquidity to pursue their activity during and after the crisis.

The Commission considered that the conditions of the Temporary Framework were met by the scheme as (i) the payment deferral will not be granted after the end of 2020, (ii) the deferral will not last more than six years, and (iii) the payment deferral complies with the requirement of minimum remuneration set out in the Temporary Framework.

Please find a link to the Commission's press release [here](#).

4. EUROPEAN COMMISSION APPROVES GERMAN SUBSIDISED LOAN SCHEME TO SUPPORT COMPANIES AFFECTED BY THE COVID-19 CRISIS

On 2 April 2020, the European Commission (**Commission**) approved the extension of a German subsidised loan scheme under the State aid Temporary Framework (for further background on the Temporary Framework, please refer to VBB's publication "[European Commission adopts Covid-19 Temporary Framework for State Aid](#)"). The German measure aims to provide companies with liquidity to continue their activities faced with economic difficulties caused by the coronavirus outbreak.

Similar to the first subsidised loan scheme already approved by the Commission in March 2020, this new scheme is open to all companies in the real economy. It enables loans to be granted at favourable terms to help businesses cover immediate working capital and investment needs. However, unlike the initial scheme, which stipulated that subsidised loans could only be granted by the German Kreditanstalt für Wiederaufbau ("KfW"), which is a state-owned development bank, the new scheme now also allows other regional authorities and promotional banks to provide support along the same lines.

The Commission found that the German measure complies with the conditions set out in the Temporary Framework. In particular, (i) the underlying loan amount per company is linked to cover its liquidity needs for the foreseeable future, (ii) the loans can only be granted until the end of 2020, (iii) the loans are limited to a maximum six-year maturity, and (iv) the scheme foresees a mechanism to ensure that commercial banks pass the advantage of the subsidised rates on to the companies that need support.

Please find a link to the Commission's press release [here](#).

5. EUROPEAN COMMISSION APPROVES GERMAN GUARANTEE SCHEME TO STABILISE TRADE CREDIT INSURANCE MARKET IN CORONAVIRUS OUTBREAK

On 14 April, the European Commission (**Commission**) approved a German guarantee scheme to support the trade credit insurance market in response to the coronavirus outbreak.

Under normal circumstances, companies supplying goods and services are protected against the risk of non-payment by their clients through trade credit insurance. However, due to the economic impact of the Covid-19 outbreak, there is an increasing risk of an unwillingness of insurers to maintain insurance coverage. The guarantee scheme thus ensures that trade credit insurance continues to be available to all companies, avoiding the need for buyers of goods or services to pay in advance, therefore reducing their immediate liquidity needs.

The Commission found that the scheme is well targeted to remedy a serious disturbance in the German economy as (i) the trade credit insurers have committed to maintain their current level of protection in spite of the economic difficulties faced by companies due to the coronavirus outbreak; (ii) the guarantee is limited to only cover trade credit originated until the end 2020; (iii) the scheme is open to all credit insurers in Germany, covering also trade credit to purchasers of goods and services in third countries; (iv) the guarantee mechanism ensures risk sharing between the insurers and the State, up to a volume of EUR 5 billion, and provides an additional safety-net to cover up to EUR 30 billion in total if required; and (v) the guarantee fee provides sufficient remuneration for the German State.

Please find a link to the Commission's press release [here](#).

6. EUROPEAN COMMISSION APPROVES LUXEMBOURG'S LOAN GUARANTEE AND SUPPORT SCHEMES

The European Commission (**Commission**) [approved](#) Luxembourg's loan guarantee scheme for State aid measures to support the economy in the current Covid-19 outbreak (*régime de garantie en faveur de l'économie luxembourgeoise dans le cadre de la pandémie Covid-19*) under the State aid Temporary Framework (the **Temporary Framework**, for further background on the Temporary Framework, please refer to VBB's publication "[European Commission adopts Covid-19 Temporary Framework for State Aid](#)"). The maximum budget for the measure is EUR 2 500 million and aid under the scheme can be granted until 31 December 2020. Aid is available to all companies that have an authorisation of establishment in Luxembourg as long as they were not in difficulty on 31 December 2019. Only the holding sector and the promotion, holding, rental and sale of buildings sector are excluded from the scheme. The aid is granted through credit institutions or other financial institutions as intermediaries. It provides guarantees to new investment loans and new working capital loans with a maturity of a maximum of 6 years. In general, the loan principal should not exceed 25% of the total turnover of the beneficiary in 2019 and the guarantee must not exceed 85% of the amount of the eligible instrument. More information on how to apply can be accessed [here](#).

The Commission further [approved](#) a scheme to support companies (of all sizes) and liberal professions affected by Covid-19 in Luxembourg under the Temporary Framework. Only companies carrying out one of the specified activities (article 91(1) of the [LIR](#)) such as scientific, artistic, literary, teacher or educational activity, doctors etc. are eligible. This scheme provides support in the form of a repayable advance granted in one or more instalments to allow beneficiaries to face their operating costs. This includes staff and rent costs until 30 September 2020 at the latest, subject to further caps for individual costs. Advances can be of a value up to EUR 500,000 per company and up to EUR 300 million in total. Where an undertaking recovers in the coming years, it will be required to reimburse the advance. Applications for aid are accepted until 15 August 2020 and individual aid may be granted until 30 September 2020 at the latest. Further information is available [here](#).

The Luxembourg Competition Authority has published a [guidance paper](#) for businesses, stating that it will not take action in cases of coordination if this is appropriate and necessary in the public interest and benefits the consumer; if it relates to critical issues caused by the pandemic; and if it does not last longer than necessary.

On 25 March, Luxembourg also passed a [regulation](#) suspending the obligation to file for insolvency within one month after becoming bankrupt. Creditors, however, continue to have the right to petition for insolvency.

7. EUROPEAN COMMISSION APPROVES SECTOR SPECIFIC DUTCH AID SCHEME

On 3 April 2020, the European Commission (**Commission**) approved a EUR 23 million Dutch scheme to support the economy during the Covid-19 outbreak under the State aid Temporary Framework (the **Temporary Framework**, for further background on the Temporary Framework, please refer to VBB's publication "[European Commission adopts Covid-19 Temporary Framework for State Aid](#)"). The

beneficiaries of the measures are providers of social support services, health care services and youth care. The measure will take the form of direct grants for the purchase, leasing, licensing and implementation of e-health applications. As the aim of the measure is to avoid that social support, health and youth care providers are confronted with liquidity issues resulting from a significant increase in demand of services at home, which require investments in e-health applications.

The Commission considered that the scheme was in line with EU State aid rules and with the principles set out by the Temporary Framework as (i) the maximum amount per undertaking does not exceed EUR 100,000 and (ii) the scheme is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State.

Please find a link to the Commission's press release [here](#). Please find a link to the website of the Netherlands Enterprise Agency who is responsible for administering the aid [here](#).

Please note that the subsidy ceiling of EUR 23 million of the measure has already been reached. Therefore, it is no longer possible to submit an application for this aid.

8. SPANISH COMPETITION AUTHORITY ANNOUNCES THE CONTINUITY OF SERVICES DESPITE THE COVID-19 BREAKDOWN

The National Commission of Markets and Competition of Spain (Comisión Nacional de los Mercados y la Competencia in Spanish, hereinafter the "**CNMC**") announced that it will adapt its operations to comply with the measures adopted by the Spanish health authorities both at the national and regional level so as to ensure the continuity of the provision of its services. Since early March 2020, employees of the CNMC have been working remotely, both in Madrid and Barcelona headquarters, without any inconvenience in the performance of their duties.

The CNMC announced that it has strengthened vigilance against possible abuses that could hinder the supply or increase the price of products necessary for the protection of public health. Consequently, the CNMC called-out for public collaboration and pointed-out the availability of various means for the electronic and anonymous submission of complaints concerning possible anticompetitive agreements of pricing and other commercial conditions, or fraudulent distribution of public or private tenders.

Additionally, the CNMC will collaborate with the Spanish Ministry of Health in the analysis of measures that seek to ensure the availability of the products necessary for the protection of public health under appropriate conditions. The CNMC seeks to ensure that the measures adopted are proportionate, effective in achieving the objectives sought, and generate the least possible distortion of competition in the markets.

Furthermore, the CNMC adapted its operations to comply with the recommendations of the health authorities. Thus, it put into practice the protocol for the prevention and protection of employees against Covid-19 infection. The protocol includes measures such as the total suspension of work related traveling. It should be noted, however, that a small number of employees are still carrying out their tasks *in situ* at the premises of the CNMC so as to ensure the minimum operational capacity to keep systems and services running.

These measures by the CNMC will continue to be implemented until further notice and in consideration of the recommendations of the health authorities, based on the evolution of the Covid-19 pandemic.

9. EUROPEAN COMMISSION APPROVES UK'S "UMBRELLA" SCHEME

On 6 April 2020, the European Commission (**Commission**) approved the UK's GBP 50 billion "umbrella" scheme, enabling support to be provided to UK-based SMEs and large corporates detrimentally affected by Covid-19 (see [Commission press release](#)). The scheme allows for UK authorities at all levels to provide aid in a variety of forms, ranging from direct grants, tax advantages, and loans/loan guarantees, to financial support for Covid-19-related R&D and for the production of products relevant to the fight against the pandemic. The scheme applies to the whole of the UK, with only undertakings that were not already in financial difficulty on 31 December 2019 eligible to benefit from it.

The UK "umbrella" scheme is the third UK scheme to be approved pursuant to the State Aid Temporary Framework (the **Temporary Framework**), as adopted by the Commission on 19 March 2020 in response to the Covid-19 pandemic (for further background on the Temporary Framework, please refer to VBB's publication ["European Commission adopts Covid-19 Temporary Framework for State Aid"](#)). The Commission previously approved two UK State aid schemes enabling support to be provided through the provision of grants and loan guarantees, respectively, to UK SMEs detrimentally affected by the coronavirus (see [Commission press release](#)).

According to the UK Withdrawal Agreement, the entire body of EU law (including that related to State aid) continues to apply to (and in) the UK during the transition period.