COVID-19 Special Alerts | 21 August 2020

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1. EUROPEAN COMMISSION APPROVES BELGIAN REGIONAL AID TO SUPPORT INVESTMENTS IN COVID-19 RELATED PRODUCTS

On 19 June 2020, the European Commission ("the Commission") approved a measure adopted by the Flemish region to support the supply of products needed to respond to the COVID-19 outbreak. The measure will provide investment aid in the form of direct grants in order to ensure a sufficient production of strategic products such as medicines, medical equipment and devices, disinfectants, raw materials used for the production of such products and data collection, and processing tools.

All companies active in the Flemish region, irrespective of their size, are eligible to receive the aid, if they are not financial institutions and if they were not already in difficulty on 31 December 2019. Eligible companies must submit a 'transformation plan' and describe the principal elements of their investment project to the Flemish governmental organisation, Agency Innovation & Entrepreneurship ("the VLAIO"). Upon receipt of the application, the VLAIO will determine whether the project meets the conditions of the scheme and whether it is deemed to strengthen the applicable value chain. When approved, the investment project must be completed within six months after receiving the aid.

The Commission considered that the scheme was in line with the conditions set out by the State aid Temporary Framework as (i) the aid is limited to the supply of specific products related to COVID-19, (ii) the aid takes the form of direct grants, (iii) the investment projects must be accomplished within a six-months period, and (iv) the aid will not cover more than 50% of the eligible costs for the project.

Please find a link to the European Commission's decision here.

2. EUROPEAN COMMISSION APPROVES SECOND BELGIAN REGIONAL SCHEME TO SUPPORT START-UPS, SCALE-UPS AND SMES IN COVID-19 CRISIS

On 11 May 2020, the European Commission ("the Commission") approved a Belgian scheme financed by the Flemish Region to support start-ups, scale-ups and SMEs. This scheme complements a subordinated loan scheme approved by the Commission on 5 May 2020 (*see* VBB COVID-19 Special Alert of 19 May 2020, available here). The objective of this second scheme is to provide subordinated loans with amounts exceeding the ceilings set out in Section 3.1 of the State aid Temporary Framework ("the Temporary Framework").

The financial beneficiaries of the measure are start-ups, scale-ups and SMEs registered in the Flemish Region. The measure is open to all sectors except the financial sector and applies to the whole territory of the Flemish Region. The measure provides aid in the form of loans for start-ups, scale-ups and SMEs with a maturity of three years, which are subordinated to ordinary senior unsecured creditors, but are senior to shareholders' claims, in case of insolvency proceedings.

Start-ups, scale-ups and SMEs must meet the following conditions in order to be eligible for the aid:

- demonstrate a significant impact on their financial situation as a result of the COVID-19 outbreak;
- not be in default of payments or credits, taxes or social security contributions on 1 February 2020 (or be in default of these payments for more than 30 days on 29 February 2020);
- if they employ 10 or more people, retain at least 80% of their workforce as of 29 February 2020 or commit to return to that employment rate once the aid is granted;
- in case of any existing financing agreement between eligible undertakings and credit or other financial institutions, these institutions must commit not to terminate such financing for a period of at least six months following the granting of the aid. If necessary, these institutions must grant a six-month payment moratorium for any outstanding loan principal.

The Commission considered that the measure is necessary, appropriate, and proportionate and meets all the conditions of the Temporary Framework.

The public version of the decision can be consulted here.

3. EUROPEAN COMMISSION APPROVES BELGIAN REGIONAL SCHEME TO SUPPORT THE SOCIAL TOURISM SECTOR IN FLANDERS

On 10 July 2020, the European Commission ("the Commission") approved a EUR 6.35 million Belgian scheme financed by the Flemish Region to support up to 95 organisations, active in the social tourism sector in Flanders, which have suffered from a severe revenue reduction due to the COVID-19 outbreak.

The scheme will take the form of direct grants and intends to mitigate the severe liquidity shortage that the Flemish tourism organisations are facing. The aid is available for tourism organisations that organise holidays for vulnerable people and will be channelled through the Toerisme Vlaanderen ("Visit Flanders") agency.

The Commission considered that the scheme is line with the conditions set out in the State aid Temporary Framework ("the Temporary Framework"), specifically as (i) the support per company will not exceed the limits set out in the Temporary Framework; and (ii) the scheme will run until 31 December 2020.

Please find a link to the European Commission's press release here.

4. GERMAN COMPETITION AUTHORITY BACKS AUTOMOTIVE INDUSTRY'S PROPOSAL FOR COVID-19 RELIEF MEASURES

On 9 June 2020, the German Federal Cartel Office ("FCO") issued a press release stating that it had engaged in discussions concerning certain actions proposed by the German Association of the Automotive Industry ("VDA") to address the negative effects of the COVID-19 pandemic on the automotive industry. Following these discussions, the FCO announced it would not conduct an in-depth assessment of the proposed actions under competition law but instead published a list of measures that it had agreed with the

VDA to ensure that the proposed actions comply with competition rules. The FCO also stated that it had informed the European Commission about its assessment of the proposed actions and reserves the right to investigate in case of a complaint or if new evidence comes to light.

The proposed VDA actions include (a) a framework for restarting production in the sector and (b) a model for the restructuring of suppliers. First, as regards restarting production, the VDA intends to publish information on the re-opening times of manufacturers' and suppliers' facilities and plans to issue a best practice guide to explain ways to avoid a misallocation of resources in times of limited capacities. Second, as regards the restructuring of suppliers referred to as the "Corona restructuring process", the proposal would allow undertakings which "in their own assessment are undergoing an economic crisis due to the COVID-19 pandemic", to restructure quickly by setting up stakeholder groups and exchanging information within and between these groups. This would include the exchange of information on the solvency, credits, aid measures or operational problems of a company for a limited period to jointly develop effective restructuring solutions.

While the FCO generally does not raise objections to the above plans, it notes that the VDA's plans should comply with certain conditions. These include, first, that suppliers must be allowed to decide freely when and how they wish to restart their activities as well as whether to make such information public. Second, the best practice guide must remain general and not contain company-specific information regarding, for example, amounts of goods or contracts, and cannot impose specific supply volume requirements. Third, the restructuring process must be open to companies which, in their own assessment, are undergoing an economic crisis due to the COVID-19 pandemic, whether established in Germany themselves of with subsidiaries or establishments located in Germany. Fourth, the process must be limited in time. Fifth, the information exchanged must be limited to data, which is indispensable for restructuring, is subject to certain confidentiality requirements and is exchanged only in aggregate form to prevent companies receiving data about individual competitors. Sixth, the restructuring process must terminate when the framework agreement describing the stakeholders' contributions is generally concluded. Finally, participation in and agreement to the outcome of the restructuring negotiations must be free and parties to a framework agreement cannot agree to disadvantage stakeholders which are not parties.

A link to the FCO's press release can be found here.

5. EUROPEAN COMMISSION APPROVES EUR 6 BILLION GERMAN RECAPITALISATION OF LUFTHANSA SUBJECT TO CONDITIONS

On 25 June 2020, the European Commission ("the Commission") approved a EUR 6 billion German recapitalisation measure to Deutsche Lufthansa AG ("Lufthansa"), the parent company of Lufthansa Group, under the State aid Temporary Framework ("the Temporary Framework"). The approved measure is part of a larger support package, which includes a guarantee on a EUR 3 billion loan plan to be granted to Lufthansa as individual aid under the German scheme previously approved on 22 March 2020.

According to the Commission, travel restrictions implemented by Member States and third countries in the second quarter of 2020, which were necessary to face the health emergency, resulted in a heavy decline in travel. This has affected the entire travel industry, and particularly the airline industry including Lufthansa Group's carriers: Deutsche Lufthansa, Swiss International, Brussels Airlines, Austrian Airlines, Air Dolomiti, Eurowings, Germanwings, Edelweiss Air, and SunExpress Deutschland.

The German measure aims to restore the balance sheet position and liquidity of Lufthansa in the exceptional situation caused by the COVID-19 pandemic. The recapitalisation aid will prevent an insolvency of Lufthansa, which would cause serious consequences on German employment, connectivity, and foreign trade volumes. The measure comprises:

- a EUR 300 million equity participation through the subscription of new shares by the German State, corresponding to 20% of Lufthansa’s share capital;

- a EUR 4.7 billion silent participation with the features of a non-convertible equity instrument; and

- a EUR 1 billion silent participation with the features of a convertible debt instrument.

The recapitalisation will be financed by the Economic Stabilisation Fund (“Wirtschaftsstabilisierungsfonds”), which is a special fund established by Germany to provide financial support to German companies affected by the coronavirus outbreak.

In order to maintain necessary safeguards to limit distortions of competition, the measure is subject to a number of conditions namely:

- Conditions regarding **necessity, appropriateness, and size of the intervention** to ensure that it will not exceed the minimum necessary for Lufthansa’s viability and will not go beyond restoring the capital position to before the coronavirus outbreak;

- Conditions on the State's entry in the capital and **appropriate remuneration** for the investment, including additional mechanisms to incentivise Lufthansa to buy back the State's equity participation and the silent participations;

- Conditions regarding the **exit of the State from the capital**, which foresee that Lufthansa redeem the loan and recapitalisation by 2026;

- **Governance** conditions which (i) prohibit dividends and share buybacks until the State has exited in full and (ii) impose a strict limitation of management remuneration, including a ban on bonus payments, until at least 75% of the recapitalisation is redeemed;

- Pursuant to a **prohibition of cross-subsidisation**, Lufthansa is prevented from using the aid to support economic activities of integrated companies which were in financial difficulties prior to 31 December 2019 in order to ensure that Lufthansa does not unduly benefit from the recapitalisation aid;

- An **acquisition ban** applies until at least 75% of the recapitalisation is redeemed. This ban bars Lufthansa from acquiring a stake of more than 10% in other pandemic-struck competitors;

- Since Lufthansa holds a significant market power on the relevant markets on which it operates, additional **commitments to preserve effective competition** are necessary in line with requirements of the Temporary Framework. Before the coronavirus outbreak, Lufthansa’s hub airports in Munich and Frankfurt were congested, with landing and take-off slots in short supply. Commitments involve divesting up to 24 slots/day at Frankfurt and Munich hub airports and related additional assets to allow competing carriers a viable entry or expansion of activities at these airports;

- Public transparency and reporting conditions which oblige Lufthansa to publish information on the use of the aid received, including on how its use supports the company's activities in line with EU and national obligations linked to green and digital transformation.

The Commission concluded that the recapitalisation measure is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State, in line with Article 107(3)(b) TFEU and the general principles as set out in the Temporary Framework. A link to the Commission's press release can be found here.

The measure has sparked controversies. Irish carrier Ryanair criticised the speed of the Commission's decision and announced plans to appeal it.

6. EUROPEAN COMMISSION APPROVES EUR 840 MILLION GERMAN GUARANTEE SCHEME FOR VOUCHERS ISSUED BY TOUR OPERATORS

On 31 July 2020, the European Commission ("the Commission") approved a German State guarantee scheme worth EUR 840 million for vouchers issued by travel operators as an alternative to reimbursement for cancelled holiday packages booked prior to 8 March 2020. This scheme was found to be in line with the objectives pursued by Commission Recommendation (EU) 2020/648 adopted on 13 May 2020, to make vouchers an attractive and reliable alternative to cash reimbursements.

As of the end of April, travel packages amounting to a total of EUR 6 billion were booked before 8 March 2020 in Germany. Some bookings have already been cancelled because of emergency measures necessary to limit the spread of the COVID-19 pandemic. More may still have to be cancelled. Customers have been refunded or have been offered replacement bookings by tour operators for a large percentage of cancellations. According to estimates, travel operators will still issue EUR 1.5 billion worth of vouchers to compensate customers for remaining cancellations.

The German state aims to provide tour operators with a guarantee for these vouchers in the event of insolvency of the tour operator. The scheme's goals are (i) to protect consumers; (ii) to ensure effective settlement of refunds or reimbursements to travellers; and (iii) to ease liquidity pressure on the travel industry by encouraging the acceptance of vouchers instead of direct repayment. All customers of travel organisers who have a right to a refund under Directive (EU) 2015/2302 ("the EU Package Travel Directive") can benefit from these secured vouchers regardless of their service provider where German law is applicable. The vouchers will remain valid until 31 December 2021. Under this scheme, any traveller who accepts a voucher from a travel operator will be able to either use it or receive a full refund, if not used before the end of validity.

In return, tour operators will pay a premium of 0.15% of the value of the voucher guaranteed in the case of small and medium-sized enterprises and of 0.25% in the case of large companies to the German State.

According to the Commission, this guarantee will ensure the rights of consumers to be compensated for cancellations, encourage the acceptance of vouchers, and help the tourism industry with their immediate liquidity needs and continuation of their activities. The Commission found that the measure is in line with Article 107(3)(b) TFEU, which enables the Commission to approve State aid measures to remedy a serious disturbance to the economy of a Member State, as (i) the guarantees cover 100% of the value of the vouchers; (ii) the guarantees are granted by 31 December 2020 at the latest; (iii) the measure requires a minimum remuneration for the guarantees; and (iv) the scheme is open to all tour operators, so long as German law is applicable.

A link to the Commission's press release can be found here.

7. EUROPEAN COMMISSION APPROVES AID SCHEME TO ITALIAN FARMERS WORTH EUR 12 MILLION

On 28 May 2020, the European Commission ("the Commission") approved an Italian aid scheme under the State Aid Temporary Framework. The measure consists of direct grants designed to compensate farmers for interests due on the advanced payment of direct support under the Common Agricultural Policy (CAP) for the year 2020.

The aid is addressed to agricultural undertakings operating in Italy. Specifically, Italian farmers can receive an advanced payment of 70% of their entitlements for direct support under the CAP for the year 2020. The advanced payments will be subject to market interest rates from the date of the payment of the support until 30 June 2021. The paying agencies will also grant an aid equal to the net present value of the amount of the interests due by the farmers on the advanced payments. The estimated overall budget of the measure is EUR 12 million and the aid can be granted until no later than 31 July 2020.

The Commission's decision is available here.

8. EUROPEAN COMMISSION APPROVES LUXEMBOURG SCHEMES TO SUPPORT COMPANIES AFFECTED BY COVID-19 PANDEMIC

On 2 June 2020, the European Commission ("the Commission") announced that on 29 May 2020 it had approved two Luxembourgish aid schemes to support undertakings affected by the COVID-19 pandemic under the State aid Temporary Framework. The first scheme is the **Solidarity Fund scheme** which will provide a total of EUR 200 million for undertakings in specific sectors affected by the COVID-19 pandemic. The second scheme, named the **Retail Shop scheme**, will provide EUR 60 million to support small and medium-sized enterprises ("SMEs") in Luxembourg. The aid will take the form of direct grants to save businesses from insolvency and combat a rise in unemployment and are set to run until the end of 2020. The direct grants will be administered by the Ministry of the Economy and the Ministry of Finance.

The Solidarity Fund scheme is open to SMEs as well as large companies active in Luxembourg in specific sectors, including the hotel and camping sector, restaurant and catering services, the sale of drinks, travel and event organisation agency services, rental of conferences and exposition venues, photography, and advertising. The grants are allocated based on the number of persons employed by the undertaking and are capped at 85% of the loss in its monthly turnover suffered by the undertaking.

The Retail Shop scheme is limited to SMEs operating commercial shops in Luxembourg in retail trade which either had to suspend their activities or registered a decrease in monthly turnover of at least 50% due to COVID-19. Only businesses which have resumed activity in all their shops on 1 June 2020 at the latest and have been open since, are eligible to receive grants. The amount of the grants under this scheme is also based on the number of employees by the undertaking in the relevant month for which it seeks aid. The aid is capped at EUR 50,000 per month per undertaking.

Please find a link to the Commission's decision here.

9. EUROPEAN COMMISSION APPROVES LUXEMBOURGISH MEASURE TO SUPPORT AUDIO-VISUAL PRODUCTION COMPANIES

On 19 June 2020, the European Commission ("the Commission") published its decision approving a EUR 7 million Luxembourgish aid scheme intended to support audio-visual production companies.

The aid scheme would provide financing in the form of direct grants and repayable advances administered by the Luxembourg Film Fund. The funding is estimated to amount to a total of EUR 7 million and will be paid out of the Luxembourg Film Fund's budget. Around 50 companies are expected to be eligible for funding under the scheme.

The Commission considered that the aid was compatible with State aid rules in light of the State aid Temporary Framework as it is necessary, appropriate and proportionate to remedy a serious disturbance caused by the COVID-19 pandemic and meets all the conditions contained therein.

Please find a link to the European Commission's decision here.

10. LUXEMBOURG'S COMPETITION COUNCIL DOES NOT FIND ANTICOMPETITIVE PRACTICES IN MARKETS FOR FACEMASKS AND DISINFECTANT GELS

On 16 July 2020, the Luxembourgish Competition Council ("the Council") published a press release stating that its investigation found no signs of anticompetitive behaviour on the market for protective masks and the market for disinfectants.

Following a request by Luxembourg's Ministry of Economy, the Council conducted an analysis into the effect of the COVID-19 pandemic on the market for protective masks and the market for disinfectant gels. It found that during the first phase of the pandemic, prices increased as the production and the available stock were insufficient to cover the sharp rise in demand. In the second phase, prices fell again as worldwide production increased, the Luxembourgish Government made masks available for free, new suppliers (including supermarkets) entered the market and demand for disinfectants fell due to the lockdown measures. The Council also found that minimum prices, such as those introduced in France, were not the solution. On the contrary, minimum prices were found to aggravate shortages in supply as suppliers retained their stock to avoid selling at a loss.

In its decision, the Council concluded that supply and demand are now re-balanced and the markets continue to stabilise following the temporary disruption due to the pandemic. As a result, it found no market distortions.

Please find a link to the press release of Luxembourg's Competition Council here (in French and German only).

11. EUROPEAN COMMISSION APPROVES AMENDMENTS TO FOUR EXISTING LUXEMBOURGISH STATE AID SCHEMES FOLLOWING CHANGES TO TEMPORARY FRAMEWORK

On 4 August 2020, the European Commission ("the Commission") published a decision approving changes to four state aid schemes in Luxembourg that it had previously approved.

All four initial measures aim to provide financing to companies struggling as a result of the COVID-19 pandemic and were approved by the Commission in March and May 2020. The schemes provide aid for (i) commercial shops affected by the COVID-19 outbreak; and (ii) investment aid for certain sectors; and also set up (iii) a solidarity fund for undertakings affected by the outbreak, as well as (iv) a scheme for enterprises in temporary financial difficulty.

Luxembourg decided to amend its schemes in line with the most recent changes made to the EU's State aid Temporary Framework ("the Temporary Framework"). These changes provide, in particular, for relaxed conditions for granting state aid to small and micro undertakings and the granting authorities' obligation to publish information on individual aid above EUR 100 000. Luxembourg asked the Commission for permission to modify its schemes in line with these changes. It also plans to extend the period for which the loss of turnover has to be proved (from April and May 2020 to April, May and June 2020) and to extend the duration of certain aid measures until 31 December 2020. Furthermore, Luxembourg intends to increase the maximum amount of aid a single enterprise can receive.

The Commission found that the modified measures meet the conditions set out in the Temporary Framework and were, therefore, necessary, appropriate and proportionate to remedy a serious disturbance in the Luxembourgish economy.

Please find a link to the Commission decision here. Information webinars are hosted by the Ministry of Economy in French, Luxembourgish and English. Interested businesses can register for these webinars here.

12. EUROPEAN COMMISSION APPROVES EUR 1.4 BILLION DUTCH AID SCHEME IN SUPPORT OF SMES

On 26 June 2020, the European Commission ("the Commission") approved a Dutch scheme under the State aid Temporary Framework ("the Temporary Framework") of up to EUR 1.4 billion to support small and medium-sized enterprises ("SMEs") affected by the COVID-19 pandemic. The scheme aims at addressing the liquidity needs of companies. The scheme will take the form of direct grants of up to EUR 50,000 per company and will be open to SMEs active in all sectors, except for companies active in the fishery and aquaculture sector, in the primary production of agricultural products and the processing and marketing of agricultural products.

The Commission considered that the scheme was in line with the conditions set out in the Temporary Framework as the aid will not exceed EUR 800,000 per company, and the measure is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State.

Please find a link to the public version of the Commission's decision here and a link to request aid under the scheme here.

13. EUROPEAN COMMISSION APPROVES EUR 160 MILLION DUTCH GRANT SCHEME FOR SPECIAL TRANSPORT SERVICES

On 30 June 2020, the European Commission ("the Commission") approved a EUR 160 million Dutch scheme under EU State aid rules. The scheme aims at compensating companies offering special transport services for specific groups, such as the elderly and children. Those transport companies can receive under the scheme direct grants for a maximum of 80% of the revenues lost due to cancellations between 15 March 2020 and 30 June 2020.

The Commission approved the scheme under Article 107(2)(b) of the Treaty on the Functioning of the European Union as the scheme will compensate damages that are directly linked to the COVID-19 crisis.

Please find a link to the Commission's press release here.

14. EUROPEAN COMMISSION APPROVES EUR 25 MILLION DUTCH LOAN SCHEME IN SUPPORT OF SMALL AND MICRO COMPANIES

On 8 July 2020, the European Commission ("the Commission") approved a Dutch scheme under the State aid Temporary Framework ("the Temporary Framework") of up to EUR 25 million to support small and micro companies affected by the COVID-19 pandemic. The measure will provide aid in the form of subsidised interest rates on loans and aims to guarantee access to liquidity for small and micro companies active in all sectors which have been affected by the COVID-19 pandemic.

The Commission considered that the scheme was in line with the conditions set out by the Temporary Framework as (i) companies that were in difficulty before 31 December 2019 are not eligible (ii) only new loans are eligible; (iii) the aid amount is limited to EUR 25 000 per company, and iv) there are safeguards in place to guarantee that the aid is received by the final beneficiaries.

Please find a link to the Commission's press release here.

15. EUROPEAN COMMISSION APPROVES EUR 77 MILLION DUTCH DIRECT GRANT SCHEME FOR E-HEALTH APPLICATIONS IN THE CONTEXT OF THE COVID-19 PANDEMIC

On 16 July 2020, the European Commission ("the Commission") approved a Dutch scheme under the State aid Temporary Framework ("the Temporary Framework") of EUR 77 million to support the development and implementation of e-health applications in the context of the COVID-19 pandemic. The scheme aims to support providers of general practitioner's care, mental health, direct nursing and social support services, who provide at-home services to patients that are considered most affected by the social distancing rules, i.e. elderly, mentally ill patients and people with weak health conditions. The scheme will take the form of direct grants for the leasing, licensing, purchasing and implementation of e-health applications.

The Commission considered that the scheme was in line with the conditions set out by the Temporary Framework as the aid will not exceed EUR 800,000 per company and no subsidies will be granted after 31 December 2020. Thus, the Commission concluded that the measure is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State.

Please find a link to the public version of the Commission's decision here.

16. EUROPEAN COMMISSION APPROVES EUR 165 MILLION DUTCH AID SCHEME IN SUPPORT OF THE TRAVEL SECTOR

On 29 July 2020, the European Commission ("the Commission") approved under the State aid Temporary Framework ("the Temporary Framework") a EUR 165 million Dutch measure to support the five Dutch Travel Guarantee Funds which have been affected by the COVID-19 pandemic. The support will take the form of subsidised loans and aims at ensuring that the five Dutch Travel Funds have enough liquidity to guarantee all payments made by travellers for package tours that had to be cancelled due to the COVID-19 pandemic. The measure also encourages travellers to accept vouchers instead of direct repayment by broadening the guarantee to vouchers offered by travel operators.

The Commission considered that the scheme was in line with the conditions set out by the Temporary Framework as (i) the loan contracts will be signed by 31 December 2020; (ii) the reduced interest rates will be above the minimum levels set out in the Temporary Framework; and (iii) the maturity of the loans will not exceed six years. Therefore, the Commission concluded that the measure was necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State.

Please find a link to the press statement of the Commission here.

17. NEW UK GOVERNMENT POWERS TO INTERVENE IN MERGERS ON PUBLIC HEALTH GROUNDS

On 23 June 2020, a new piece of secondary legislation came into effect giving the UK government the power to intervene in mergers involving businesses with a role in combatting or mitigating the impacts of public health emergencies, such as the current COVID-19 pandemic. The new legislation amends the UK's Enterprise Act 2002 (which governs the UK's merger control regime) to add this new public interest consideration as a ground for government intervention in mergers. The UK does not have a standalone foreign direct investment (FDI) regime and instead relies on the government being able to intervene in mergers on certain public interest grounds.

The UK government has said that it is concerned about the economic disruption caused by the COVID-19 pandemic leading to businesses with critical capabilities becoming more susceptible to takeovers, either from outwardly hostile approaches or financially distressed companies being sold to malicious parties. In its explanatory memorandum, the UK government says that the purpose of the legislation is not limited to companies involved in the treatment or medical management of a pandemic but also the mitigation of its effects.