Member States can grant aid in the form of direct grants, tax advantages, repayable advances and no-loss guarantees to support investments enabling the rapid production of COVID-19 relevant products, e.g. medical products such as vaccines, ventilators, protective clothing and equipment. The investment project should be completed within six months after the aid has been granted (otherwise a penalty of 25% of the aid amount is due per month of delay). Projects started on or after 1 February 2020 are eligible if such projects have been started prior to that date. If additional costs relating to the acceleration of effects are envisaged for, this can increase the aid support even where the Member State/Member State of the Government scheme is not yet in place. Accrued costs may also be eligible.

Defence of loss payments and/or cooperation with commercial social security risks: On a very limited number of these sectors, geographic regions or companies of a certain size (including self-employed individuals) that are specifically affected by the crisis, Member States can offer insurance or guarantees to support investments enabling the rapid production of COVID-19 relevant products, e.g. medical products such as vaccines, ventilators, protective clothing and equipment. The investment project should be completed within six months after the aid has been granted (otherwise a penalty of 25% of the aid amount is due per month of delay). Projects started on or after 1 February 2020 are eligible if such projects have been started prior to that date. If additional costs relating to the acceleration of effects are envisaged for, this can increase the aid support even where the Member State/Member State of the Government scheme is not yet in place. Accrued costs may also be eligible.

Expansions of existing aid measures: The amended Temporary Framework also allows for the extension of aid measures Member States can give to companies in need. In addition to direct grants, repayable advances or tax or payments advantages, Member States can now:

- Grant leave to persons involved in the company with a nominal value up to €800,000 per company.
- Purchase guarantees covering at least 60% of the risk for loans up to the nominal value of €800,000 and
- Provide equity up to the nominal value of €800,000 per company.

Decisions probably made under the Temporary Framework

Since the beginning of the crisis, the Commission has been in close contact with the Member States to ensure that their aid schemes are in line with the Temporary Framework. From our perspective, these decision-making processes have been very efficient.

One TF Amendment

On 4 April 2020, the Commission issued a second amendment to the Temporary Framework ("Second TF Amendment") that is currently in effect. The Second TF Amendment introduces changes that make the Temporary Framework even more flexible and broaden the scope of aid that can be granted to companies in need. This includes measures to support the urgent production of COVID-19 relevant products, such as vaccines, ventilators, and protective clothing and equipment. The investment project should be completed within six months after the aid has been granted (otherwise a penalty of 25% of the aid amount is due per month of delay). Projects started on or after 1 February 2020 are eligible if such projects have been started prior to that date. If additional costs relating to the acceleration of effects are envisaged for, this can increase the aid support even where the Member State/Member State of the Government scheme is not yet in place. Accrued costs may also be eligible.

Specific sectors

The Second TF Amendment aims to further support sectors that are most affected by the crisis, such as airlines, the hotel and restaurant industry, and the automotive industry. In particular, the support for airlines is extended to include measures that can be granted by the Commission, such as temporary insolvency assistance and guarantees for loans. The hotel and restaurant industry is also provided with additional support, including measures to help companies meet their fixed costs and ensure the continued provision of essential services.

Finally, the Second TF Amendment addresses the situation of the automotive industry, which has been hit hard by the crisis. The Commission has already granted a number of measures to support the automotive sector, and the Second TF Amendment further broadens the scope of support that can be provided. This includes measures to support the urgent production of COVID-19 relevant products, such as ventilators and protective equipment for medical personnel.

In summary, the Second TF Amendment aims to provide additional support to a range of sectors that are particularly affected by the crisis, ensuring that companies can continue to operate and support the national and international economy.
As mentioned, many of the schemes outlined earlier the Temporary Framework was launched were aimed at small and medium enterprises (SMEs) or at companies in temporary difficulty. One of the main ideas driving the EC’s approach to State aid in response to the pandemic is that State aid should be limited to what is necessary to allow companies to survive. This principle aims at avoiding distortions in the single market and ensuring that there is no free-rider effect among Member States.

This means that, in order to qualify for State aid, companies must face a situation of genuine financial difficulty; that the aid is necessary to allow the company to continue operations; and that the conditions for State aid should be aimed at minimising market distortions.

In practice, this means that the aid granted must be proportionate to the company’s situation and must be used in a way that does not cause any distortion of competition. Furthermore, the aid must be monitored to ensure that it is being used effectively and that it is not being abused.

In conclusion, the Temporary Framework was launched to provide guidance to Member States on how to grant State aid in response to the pandemic. The framework aims at ensuring that the aid granted is limited to what is necessary to allow companies to survive and that it is used in a way that minimises distortions of competition. The framework also includes provisions for monitoring the use of State aid to ensure that it is being used effectively and that it is not being abused.

For further details, see para. 13 of the amended Temporary Framework. These and the existing provisions should be read as applying in all the circumstances to which these provisions may be relevant.