State aid: Commission approves €520 million Italian scheme to compensate the trade fairs and congress sector for damages suffered due to the coronavirus outbreak

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The European Commission has approved, under EU State aid rules, a €520 million Italian scheme to compensate companies active in the trade fairs and congress sector and their service providers for the damages suffered due to the restrictive measures introduced by the Italian government to limit the spread of the coronavirus.

Executive Vice-President Margrethe **Vestager**, in charge of competition policy, said: "*The measures that the Italian government had to take to limit the spread of the coronavirus pandemic required trade fairs and congress operators to stop their activities, resulting in considerable losses for them as well as for their service providers. This €520 million scheme will enable Italy to compensate these companies for the damage suffered. 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 support measure

Italy notified to the Commission, under Article 107(2)(b) of the Treaty on the Functioning of the European Union (TFEU), an aid scheme aimed at compensating companies active in the trade fairs and congress sector and their service providers for the damages suffered due the restrictive measures introduced by the Italian government to limit the spread of the coronavirus.

Under the scheme, eligible beneficiaries will be entitled to compensation in the form of direct grants for part of the damages incurred between 9 March and 14 June 2020 and between 24 October 2020 and 14 June 2021, periods during which, under the restrictive measures in place, the organisation of such events was not allowed.

The Italian authorities will verify that no overcompensation will occur by setting the damage based on the net losses incurred by each beneficiary because of the pandemic, ensuring that no individual beneficiary receives more in compensation than it suffered as damage and that any payment in excess of the actual damage is recovered.

The Commission assessed the scheme under Article 107(2)(b) TFEU, which enables the Commission to approve State aid measures granted by Member States to compensate specific companies or sectors (in the form of schemes) for damage directly caused by exceptional occurrences.

The Commission considers that the coronavirus outbreak qualifies as such an exceptional occurrence, as it is an extraordinary, unforeseeable event having a significant economic impact. As a result, exceptional interventions by the Member States to compensate for the damages directly linked to the outbreak are justified.

The Commission found that the Italian measure will compensate damage directly linked to the coronavirus outbreak. It also found that the measure is proportionate, as the envisaged compensation does not exceed what is necessary to make good the damage.

The Commission therefore concluded that the measure is in line with EU State aid rules.

Background

Financial support from EU or national funds granted to health services or other public services to tackle the coronavirus situation falls outside the scope of State aid control. The same applies to any public financial support given directly to citizens. Similarly, public support measures that are available to all companies such as for example wage subsidies and suspension of payments of corporate and value added taxes or social contributions do not fall under State aid control and do not require the Commission's approval under EU State aid rules. In all these cases, Member States can act immediately. When State aid rules are applicable, Member States can design ample aid measures to support specific companies or sectors suffering from the consequences of the coronavirus outbreak

in line with the existing EU State aid framework.

On 13 March 2020, the Commission adopted a Communication on a Coordinated economic response to the COVID-19 outbreak setting out these possibilities.

In this respect, for example:

- Member States can compensate specific companies or specific sectors (in the form of schemes) for the damage suffered due and directly caused by exceptional occurrences, such as those caused by the coronavirus outbreak. This is foreseen by Article 107(2)(b)TFEU.
- State aid rules based on Article 107(3)(c) TFEU enable Member States to help companies cope with liquidity shortages and needing urgent rescue aid.
- This can be complemented by a variety of additional measures, such as under the de minimis Regulation and the General Block Exemption Regulation, which can also be put in place by Member States immediately, without involvement of the Commission.

In case of particularly severe economic situations, such as the one currently faced by all Member States due the coronavirus outbreak, EU State aid rules allow Member States to grant support to remedy a serious disturbance to their economy. This is foreseen by Article 107(3)(b) TFEU of the Treaty on the Functioning of the European Union.

On 19 March 2020, the Commission adopted a State aid Temporary Framework based on Article 107(3)(b) TFEU 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; (ii) State guarantees for loans taken by companies; (iii) Subsidised public loans to companies, including subordinated loans; (iv) Safeguards for banks that channel State aid to the real economy; (v) Public short-term export credit insurance;(vi) Support for coronavirus related research and development (R&D); (vii) Support for the construction and upscaling of testing facilities; (viii) Support for the production of products relevant to tackle the coronavirus outbreak; (ix) Targeted support in the form of deferral of tax payments and/or suspensions of social security contributions; (x) Targeted support in the form of wage subsidies for employees; (xi) Targeted support in the form of equity and/or hybrid capital instruments; (xii) Support for uncovered fixed costs for companies facing a decline in turnover in the context of 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.63317 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.

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