European Commission - Statement

State aid: Commission adopts Temporary Crisis Framework to support the economy in context of Russia's invasion of Ukraine

Brussels, 23 March 2022

Today, the European Commission has adopted a Temporary Crisis Framework to enable Member States to use the flexibility foreseen under State aid rules to support the economy in the context of Russia's invasion of Ukraine.

Executive Vice-President Margrethe **Vestager**, in charge of competition policy, said: *"In this critical moment the European Union continues to stand with Ukraine and its people. We must oppose this cruel invasion as it is also our freedom that is at stake.*

The sanctions adopted by the EU and its international partners have severely affected the Russian economy.

These sanctions also take a toll on the European economy and will continue to do so in the coming months. We need to mitigate the economic impact of this war and to support severely impacted companies and sectors. And we need to act in a coordinated manner.

With this in mind, the Commission will enable Member States to use the flexibility foreseen under State aid rules to tackle this unprecedented situation, while protecting the level playing field in the Single Market.

The Temporary Crisis Framework complements the existing State aid toolbox with many other possibilities already available to Member States, such as measures providing compensation to companies for damages directly suffered due to exceptional circumstances, and measures outlined in the Commission Communications on energy market developments.

The new framework will enable Member States to (i) grant limited amounts of aid to companies affected by the current crisis or by the related sanctions and countersanctions; (ii) ensure that sufficient liquidity remains available to businesses; and (iii) compensate companies for the additional costs incurred due to exceptionally high gas and electricity prices.

These types of measures will be available also to companies that qualify as being in difficulty, as they may face acute liquidity needs due to the current circumstances, arriving on the heels of the coronavirus pandemic. Sanctioned Russian-controlled entities will be excluded from the scope of these measures.

To give one example: if Member States want to minimise the impact of the sharp increase of input costs, they can immediately introduce schemes to grant up to €400,000 per company affected by the crisis. The Commission is ready to work with Member States immediately to find workable solutions that preserve this important part of our economy, using the full flexibility under State aid rules.

In order to preserve the level playing field in the Single Market, the new Temporary Crisis Framework includes a number of safeguards. Member States are also invited to include sustainability requirements for granting aid for the additional energy costs linked to the high gas and electricity prices.

The Commission will continue to monitor the situation and provide the necessary support to governments and citizens."

Background

The State aid Temporary Crisis Framework to support the economy in the context of Russia's invasion of Ukraine, based on Article 107(3)(b) of the Treaty on the Functioning of the European Union ('TFEU'), recognises that the EU economy is experiencing a serious disturbance. To remedy that, the Temporary Crisis Framework provides for three types of aid:

- **Limited amounts of aid**: Member States will be able to set up schemes to grant up to €35,000 for companies affected by the crisis active in the agriculture, fisheries and aquaculture sectors and up to €400,000 per company affected by the crisis active in all other sectors. This aid does not need to be linked to an increase in energy prices, as the crisis and the restrictive measures against Russia affect the economy in multiple ways, including physical supply chain disruptions. This support can be granted in any form, including direct grants.

- **Liquidity support in form of State guarantees and subsidised loans**: Member States will be able to provide (i) subsidised State guarantees to ensure banks keep providing loans to all companies affected by the current crisis; and (ii) public and private loans with subsidised interest rates.
  - Member States can grant State guarantees or set up guarantee schemes supporting bank loans taken out by companies. These would have subsidised premiums, with reductions on the estimated market rate for annual premiums for new loans for small and medium-sized enterprises ('SMEs') and non-SMEs.
  - Member States can enable public and private loans to companies with subsidised interest rates. These loans must be granted at an interest rate, which is at least equal to the risk-free base rate plus specified credit risk premiums applicable to SMEs and non-SMEs respectively.

For both kinds of support, there are limits regarding the maximum loan amount, which are based on the operating needs of a company, taking into account its turnover, energy costs or specific liquidity needs. The loans may relate to both investment and working capital needs.

- **Aid to compensate for high energy prices**: Member States will be able to partially compensate companies, in particular intensive energy users, for additional costs due to exceptional gas and electricity price increases. This support can be granted in any form, including direct grants. The overall aid per beneficiary cannot exceed 30% of the eligible costs, up to a maximum of €2 million at any given point in time. When the company incurs operating losses, further aid may be necessary to ensure the continuation of an economic activity. To that end, Member States may grant aid exceeding these ceilings, up to €25 million for energy-intensive users, and up to €50 million for companies active in specific sectors, such as production of aluminum and other metals, glass fibers, pulp, fertilizer or hydrogen and many basic chemicals.

The Temporary Crisis Framework will help target support to the economy, while limiting negative consequences to the level playing field in the Single Market.

The Temporary Crisis Framework therefore includes a number of safeguards:

- **Proportional methodology**: There should be a link between the amount of aid that can be granted to businesses and the scale of their economic activity and exposure to the economic effects of the crisis, by taking into account their turnover and energy costs;
- **Eligibility conditions**: The definition of energy intensive users is set by reference to Article 17(1)(a) of the Energy Taxation Directive, that is to say, businesses for which the purchase of energy products amount to at least 3% of their production value;
- **Sustainability requirements**: Member States are invited to consider, in a non-discriminatory way, setting up requirements related to environmental protection or security of supply when granting aid for additional costs due to exceptionally high gas and electricity prices. The aid should therefore help businesses to tackle the current crisis while at the same time laying the ground for a sustainable recovery.

The Temporary Crisis Framework will be in place until 31 December 2022. With a view to ensuring legal certainty, the Commission will assess before that date if it needs to be extended. Moreover, during its period of application, the Commission will keep the content and scope of the Framework under review in the light of developments regarding the energy markets, other input markets and the general economic situation.

The Temporary Crisis Framework adopted today complements the ample possibilities for Member States to design measures in line with existing EU State aid rules. For example, EU State aid rules enable Member States to help companies cope with liquidity shortages and needing urgent rescue aid. Furthermore, Article 107(2)(b) of the TFEU enables Member States to compensate companies for the damage directly caused by an exceptional occurrence, such as those caused by the current crisis.

The Commission had previously adopted a Temporary Framework in 2008, in response to the global financial crisis.

On 19 March 2020, the Commission adopted a Temporary Framework in the context of the coronavirus outbreak. The COVID Temporary Framework was amended on 3 April, 8 May, 29 June, 13 October 2020, 28 January and 18 November 2021.

For more information

Communication from the Commission - Temporary Crisis Framework to support the economy in context of Russia's invasion of Ukraine

STATEMENT/22/1949

Press contacts:

Daniel FERRIE (+32 2 298 65 00)
Nina FERREIRA (+32 2 299 81 63)
Maria TSONI (+32 2 299 05 26)

General public inquiries: Europe Direct by phone 00 800 67 89 10 11 or by email