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**Subject: State Aid SA.59705 (2020/N) – Czech Republic
COVID-19: Modifications to SA.56961, SA.57071, SA.57149,
SA.57195, SA.57358, SA.58018, SA.58167 and SA.58398**

Excellency,

1. PROCEDURE

- (1) By electronic notification of 23 November 2020, Czech Republic notified modifications concerning the following existing aid schemes (“the existing aid schemes”) which the Commission has previously approved (“the initial decisions”) in light of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (“the Temporary Framework”)¹:

¹ Communication from the Commission - Temporary framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 91I, 20.3.2020, p. 1, as amended by Communication from the Commission C(2020) 2215 final of 3 April 2020 on the Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 112I, 4.4.2020, p. 1, by Communication from the Commission C(2020) 3156 final of 8 May 2020 on the Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 164, 13.5.2020, p. 3, by Communication from the Commission C(2020) 4509 final of 29 June 2020 on the Third Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 218, 2.7.2020, p. 3, and by Communication from the Commission C(2020) 7127 final of 13 October 2020 on the Fourth Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak and amendment to the Annex to the Communication from the Commission to the Member States on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to short-term export-credit insurance, OJ C 340 I, 13.10.2020, p. 1.

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- (a) SA.56961, *Investment aid scheme for COVID-19 relevant products*, which the Commission approved by Decision C(2020) 2394 final of 14 April 2020²;
 - (b) SA.57071: *COVID-19 - Support to R&D projects*, which the Commission approved by Decision C(2020) 3098 final of 7 May 2020;
 - (c) SA.57149: *COVID-19: Social contribution payment reliefs for self-employed*, which the Commission approved by Decision C(2020) 472 final of 6 July 2020;
 - (d) SA.57195: *COVID-19: Aid in the form of guarantees on loans for enterprises of up to 500 employees*, which the Commission approved by Decision C(2020) 3340 final of 15 May 2020;
 - (e) SA.57358: *COVID-19: Public health insurance reliefs for self-employed*, which the Commission approved by Decision C(2020) 6230 final of 8 September 2020;
 - (f) SA.58018: *COVID-19: Support for Health Spas*, which the Commission approved by Decision C(2020) 5552 final of 7 August 2020;
 - (g) SA.58167: *COVID-19: Operational Programme Employment*, which the Commission approved by Decision C(2020) 5890 final, of 24 August 2020;
 - (h) SA.58398: *COVID-19: Accommodation Facility Support (COVID-Accommodation)*, which the Commission approved by Decision C(2020) 5961 final, of 27 August 2020.
- (2) Czech Republic exceptionally agrees to waive its rights deriving from Article 342 of the Treaty on the Functioning of the European Union (“TFEU”), in conjunction with Article 3 of Regulation 1/1958³ and to have this Decision adopted and notified in English.

2. DESCRIPTION OF THE MEASURE

- (3) On 13 October 2020, the Commission adopted a Communication⁴ prolonging the validity of the Temporary Framework until 30 June 2021.

² That scheme was amended by SA.57063, approved by Commission decision C(2020) 2632 final of 21 April 2020.

³ Regulation No 1 determining the languages to be used by the European Economic Community, OJ 17, 6.10.1958, p. 385.

⁴ Communication from the Commission C(2020) 7127 final of 13 October 2020 on the Fourth Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak and amendment to the Annex to the Communication from the Commission to the Member States on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to short-term export-credit insurance, OJ C 340 I, 13.10.2020, p. 1.

- (4) Following this prolongation, the Czech authorities notified their intention to extend the duration of the schemes listed in recital 1 until 30 June 2021.
- (5) The Czech authorities confirmed that all other conditions of the existing aid schemes remain unchanged.
- (6) The modifications will only be put into effect after the notification of the Commission decision.

3. ASSESSMENT

3.1. Lawfulness of the measure

- (7) By notifying the measure before putting it into effect, the Czech authorities have respected their obligations under Article 108(3) TFEU.

3.2. Existence of State aid

- (8) For a measure to be categorised as aid within the meaning of Article 107(1) TFEU, all the conditions set out in that provision must be fulfilled. First, the measure must be imputable to the State and financed through State resources. Second, it must confer an advantage on its recipients. Third, that advantage must be selective in nature. Fourth, the measure must distort or threaten to distort competition and affect trade between Member States.
- (9) The existing aid schemes constitute State aid within the meaning of Article 107 (1) TFEU for the reasons set out in the initial decisions⁵. The proposed modifications do not affect that conclusion. The Commission therefore refers to the respective assessment of the aforementioned decisions and concludes that the schemes as modified constitute State aid in the meaning of Article 107 (1) of the TFEU.

3.3. Compatibility

- (10) The Commission assessed the existing aid schemes based on Article 107 (3)(b) or, in cases SA.56961 and SA.57071, Article 107 (3)(c) TFEU in light of the Temporary Framework and concluded that they were compliant with the compatibility conditions set out in that Framework.
- (11) The Commission refers to its analysis of compatibility as set out in the initial decisions⁶.
- (12) The Commission has examined the notified amendments and concludes that they do not alter the conclusions on compatibility as set out in the initial decisions.

⁵ See Decisions listed in recital (1): SA.56961, recitals (24) to (30), SA.57071, recitals (32) to (38), SA.57149, recitals (23) to (28), SA.57195, recitals (41) to (47), SA.57358, recitals (41) to (46), SA.58018, recitals (29) to (34), SA.58167, recitals (26) to (31), and SA.58398, recitals (37) to (42).

⁶ See Decisions listed in recital (1): SA.56961, recitals (32) to (37), SA.57071, recitals (32) to (38), SA.57149, recitals (23) to (28), SA.57195, recitals (41) to (47), SA.57358, recitals (47) to (56), SA.58018, recitals (35) to (55), SA.58167, recitals (32) to (39), and SA.58398, recitals (43) to (50).

- (13) Apart from the amendments referred to in recital (4), the Commission notes that there are no other alterations to the existing aid schemes.
- (14) The Commission therefore considers that the measures, as modified, are necessary, appropriate, and proportionate to remedy a serious disturbance in the economy of the Member State pursuant to Article 107 (3)(b) TFEU. The measures in cases SA.56961 and SA.57071, as modified, contributes to the development of certain economic activities, is appropriate and necessary to address the health crisis pursuant to Article 107(3)(c) TFEU and does not affect trading conditions and competition to an extent contrary to the common interest.

4. CONCLUSION

The Commission has accordingly decided not to raise objections to the modifications to aid schemes SA.56961, SA.57071, SA.57149, SA.57195, SA.57358, SA.58018, SA.58167 and SA.58398. Those schemes are compatible with the internal market pursuant to Article 107(3)(b) or, in cases SA.56961 and SA.57071, Article 107(3)(c) of the Treaty on the Functioning of the European Union.

The decision is based on non-confidential information and is therefore published in full on the Internet site: <http://ec.europa.eu/competition/elojade/isef/index.cfm>.

Yours faithfully,

For the Commission

Margrethe VESTAGER
Executive Vice-President