



EUROPEAN COMMISSION

Brussels, 28.05.2009

C(2009)4277

Subject: State aid N 248/2009 – Italy
Limited amount of compatible aid under the Temporary Framework

Sir,

1. PROCEDURE

- (1) By electronic notification of 24 April 2009, Italy notified a temporary aid scheme for granting limited amounts of compatible aid. By electronic communication of 14 May 2009 the Italian authorities submitted further information as requested by the Commission services on 5 May 2009.

2. DESCRIPTION

2.1. Objective of the aid scheme

- (2) The Italian authorities consider that the financial crisis starts affecting the real economy. Moreover, they underline that the recent earthquake in region Abruzzo has complicated the crisis scenario. According to the Italian Office of Statistics¹, the GDP of Italy decreased by 2.9% in the last quarter of 2008 compared to the previous quarter. As for the GDP forecast of 2009, the Italian authorities refer to the International Monetary Fund² which predicts a slump of the Italian GDP by 4.45%. This data for 2009 is confirmed by the Commission's country forecast³, with the Italian real GDP projected to fall by 4.4%. The Industrial Production

¹ Statistical data available on the website www.istat.it of the Italian Office of Statistics (ISTAT)

² Data available on the website www.imf.org of the International Monetary Fund.

³ European Commission, Economic Forecast Spring 2009, published on 4 May 2009.

S.E. On. Franco FRATTINI
Ministro degli Affari esteri
P.le della Farnesina 1
00194 Roma RM
Italia

Index fell by 19.2% for the period January-February 2009 compared to the same period of 2008. Already in the last quarter of 2008 the decrease was of 10.2% compared to the previous period. This trend is confirmed by the data for January (-17.6%) and February 2009 (-20.7%). Investments in fixed assets decreased in the last quarter of 2008 by 6.9% compared to the previous quarter. As for labour market data⁴, the Italian authorities refer in particular to the extensive use of the Cassa Integrazione Guadagni (CIG), the national redundancy fund system, which increased by 184.1% (number of hours) in the first quarter of 2009 compared to the same period of 2008. In addition, data of the Bank of Italy⁵ show a reduction of credit to enterprises by 3.5% in the first quarter of 2009, compared to the last quarter of 2008.

- (3) The notified measure aims at granting limited amounts of aid to SMEs and large companies until the end of 2010. It is part of a wider package of measures⁶ that the Italian authorities are putting in place in order to remedy the serious disturbance in the Italian economy resulting from the financial crisis.
- (4) The scheme is explicitly based on Article 87(3)(b) EC Treaty, and relies on point 4.2.2 of the Commission communication "Temporary framework for State aid measures to support access to finance in the current financial and economic crisis"⁷ (hereinafter referred to as "Temporary Framework").

2.2. The nature and form of the aid

- (5) The aid will be provided in the form of transparent forms of aid, as defined by the General Block Exemption Regulation⁸, and in particular, in the form of direct grants, soft loans, interest subsidies⁹, guarantees¹⁰, debt write-offs as well as reduction of social security contributions.

2.3. Legal basis

- (6) The legal basis for the scheme is the national implementing directive "Modalità di applicazione della comunicazione della Commissione europea – Quadro di

⁴ Statistical data available on the website www.inps.it of the National Social Security Agency (INPS).

⁵ Information published by Banca d'Italia in the Economic Bulletin n. 56/2009 of April 2009, available on the website www.bancaditalia.it

⁶ Notified measures under assessment by the Commission: N 266/2009 (Aid in the form of guarantees), N 267/2009 (Aid for the production of green products), N 268/2009 (Aid in the form of loans with subsidised interest rate) and N 276/2009 (Risk capital measures).

⁷ Consolidated text of the Commission communication published in the OJ C83 of 7.4.2009, p. 1.

⁸ Commission Regulation (EC) No 800/2008 of 6 August 2008 declaring certain categories of aid compatible with the common market in application of Articles 87 and 88 of the Treaty (General block exemption Regulation), OJ L 214, 9.8.2008, p. 3.

⁹ For which the gross grant equivalent is calculated on the basis of the Commission communication on the revision of the method for setting the reference and discount rates (2008/C 14/02).

¹⁰ Where the aid element comprised in guarantees is calculated either on the basis of the safe harbour premiums set forth in the Annex of the Temporary Framework or another method which might in future be accepted by the Commission in view of its application in the Block Exemption Regulation (800/2008) or the *de minimis* Regulation (1998/2006), allowing to render public guarantees into a transparent form of aid.

riferimento temporaneo comunitario per le misure di aiuto di Stato a sostegno dell'accesso al finanziamento nell'attuale situazione di crisi finanziaria ed economica" (Articles 1 to 3 and 8 to 10) which will be applied by national, regional and local authorities via existing legislation.

- (7) The scheme will enter into force upon its approval by the Commission.

2.4. Administration of the scheme

- (8) The notified scheme is a national framework directive, allowing aid to be granted at national, regional and local level, and is applied in a decentralised way by all relevant aid awarding authorities. The administration of the scheme is coordinated by the Presidency of the Council of Ministers, Department for Community Policies.

2.5. Budget and duration of the measure

- (9) As the notified framework scheme will be applied by several public authorities to cope with the financial and economic crisis in Italy, the Italian authorities indicate that at this stage it is not possible to provide an annual budget for the notified measure.
- (10) Aid under this scheme can be granted until 31 December 2010.

2.6. Beneficiaries

- (11) The scheme applies to small and medium-sized enterprises ("SMEs") and large firms.
- (12) No aid under this scheme will be granted to large firms which were, on 1 July 2008, firms in difficulties in the meaning of point 2.1 of the Community guidelines on State aid for rescuing and restructuring for firms in difficulty¹¹, nor to SMEs which were on that date firms in difficulties in the meaning of Art. 1 (7) of the General Block Exemption Regulation. SMEs are defined in line with Annex I to the General Block Exemption Regulation.
- (13) The scheme may be applied to firms that were not in difficulty at that date but entered into difficulty thereafter as a result of the global financial and economic crisis.
- (14) The Italian authorities estimate that the total number of beneficiaries will exceed 1000 firms.

2.7. Sectoral scope, exclusion of export aid and aid favouring domestic over imported products

- (15) The notified measure is applicable on the whole territory of Italy.

¹¹ OJ C 244, 1.10.2004, pp. 2-17.

- (16) The scheme applies in all sectors, with the sectoral exclusions laid down in points 4.2.2 (d) ("fisheries") and (h) ("primary production of agricultural products"); it shall apply to undertakings active in the processing and marketing of agricultural products unless the amount of the aid is fixed on the basis of the price or quantity of such products purchased from primary producers or put on the market by the undertakings concerned, or the aid is conditional on being partly or entirely passed on to primary producers.
- (17) Export aid and aid favouring domestic over imported goods and services are excluded (point 4.2.2 (e) of the Temporary framework).

2.8. Basic elements of the scheme

- (18) The Italian authorities confirm that the conditions laid down in point 4.2.2 for granting limited amounts of compatible aid will be fully met. In particular, the national framework provides that
- The aid shall not exceed EUR 500 000 per undertaking, as laid down in point 4.2.2(a) of the Temporary framework. All figures used shall be gross, that is, before any deduction of tax or other charge. Where aid is awarded in a form other than a grant, the aid amount shall be the gross grant equivalent of the aid (calculated as mentioned in paragraph (5) of this decision).
 - Before granting the aid, the aid granting authorities shall obtain from the undertakings concerned a declaration about any *de minimis* aid (as defined in the Commission *de minimis*-Regulation¹²) or aid granted under this measure received during the current fiscal year (point 4.2.2 (g), first sentence).
 - The Italian authorities confirm that aid may not be cumulated with *de minimis* support in respect of the same eligible costs. The total amount of *de minimis* aid and aid granted under this measure per undertaking in the period 1.1.2008 to 31 December 2010 may not exceed EUR 500 000 (point 4.2.2 (g), second sentence)
 - Where the aid granted under this measure is to be combined with other compatible aid or with other forms of Community financing, the maximum aid intensities indicated in the relevant Guidelines or Block exemption regulations will be respected (point 4.7, last paragraph).

2.9. Monitoring and reporting, language of decision, business secrets

- (19) The Italian authorities confirm that the monitoring and reporting obligations laid down in point 6 of the Temporary Framework will be respected (e.g., by 31 July 2009, a list of schemes put in place on the basis of the Temporary Framework must be provided to the Commission; detailed records regarding the granting of aid must be maintained for 10 years; by 31 October 2009 a report on the measures put in

¹² OJ L 379, 28.12.2006, p. 5

place should be provided). In particular, information will be obtained demonstrating that the beneficiary was not a company in difficulty on 1 July 2008.

- (20) The Italian authorities confirm that the notification does not contain business secrets.
- (21) The Italian authorities confirm that, in view of the urgency of the measure, they exceptionally accept that the Commission decision is adopted in the English language.

3. ASSESSMENT

3.1. Legality of the measure

- (22) By notifying the aid measure before putting it into effect, the Italian authorities respected their obligations under Article 88 (3) of the EC Treaty.

3.2. Existence of state aid

- (23) State resources are involved in the notified scheme since the aid is granted from national, regional and local resources, via the respective aid granting authorities at national, regional or local level.
- (24) The measure is selective since it will be granted only to certain firms.
- (25) The measure conveys an advantage by making available limited amounts of aid which would not be available to the beneficiaries without the measure.
- (26) The measure affects trade between Member States since the scheme is not limited to beneficiaries which are active in sectors where no intra-community trade exists.
- (27) The measure distorts or threatens to distort competition.
- (28) In view of the above, the Commission considers that the notified measure constitutes state aid within the meaning of Article 87 (1) of the EC Treaty. The Italian authorities do not contest that conclusion.

3.3. Compatibility of the measure

- (29) Having established that the measure involves state aid within the meaning of Article 87 (1) of the EC Treaty, it is necessary to consider whether the above mentioned measure can be found compatible with the common market.
- (30) The measure aims at remedying a severe disturbance in the economy of Italy. As presented in recital 2, according to available data the economic situation in Italy worsened significantly in the fourth quarter of 2008 and the first months of 2009.
- (31) By adopting the Temporary Framework, the Commission indeed acknowledged (point 4.1) the "seriousness of the current financial crisis and its impact on the overall economy of the Member States". The Commission concluded "that certain

categories of State aid are justified, for a limited period, to remedy these difficulties and that they may be declared compatible with the common market on the basis of Article 87(3)(b)."

- (32) The notified measure is part of a package of measures¹³ conceived at national level by the Italian authorities to remedy a serious disturbance in their economy. By granting limited compatible amounts of aid, that is a maximum of EUR 500 000 per undertaking over the period 2008-2010, the Italian authorities foresee positive economic effects across the entire Italian economy. Furthermore, the measure has been designed to meet the requirements of the additional category of aid ("Aid in the form of limited amounts") described in point 4.2.2 of the Temporary Framework.
- (33) The Commission accordingly considers that the notified measure is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State and meets all the conditions of the Temporary Framework. In particular,
- The maximum aid amount will not exceed the cash equivalent of EUR 500 000 per undertaking (in line with point 4.2.2 (a) of the Temporary Framework);
 - The measure is granted through an aid scheme (in line with point 4.2.2 (b) of the Temporary Framework);
 - Firms in difficulty (situation of 1 July 2008) are excluded from eligibility under the scheme (in line with point 4.2.2 (c) of the Temporary Framework);
 - Firms active in the fisheries sector are excluded from the scope of this measure (in line with point 4.2.2 (d) of the Temporary Framework);
 - Export aid and aid favouring domestic over imported goods and services are excluded (in line with point 4.2.2 (e) of the Temporary Framework);
 - Aid may be granted until 31 December 2010 (in line with point 4.2.2 (f) of the Temporary Framework)
 - The cumulation rules with *de minimis* aid and aid for other purposes are respected (in line with points 4.2.2 (g) and 4.7 of the Temporary Framework);
 - Undertakings active in the primary production of agricultural products are excluded from the scope of this measure. Aid to the processing and marketing of agricultural products is subject to the relevant conditions (in line with point 4.2.2 (h) of the Temporary Framework).
- (34) The monitoring and reporting rules laid down in point 6 of the Temporary Framework will be respected.

¹³ See footnote 6 above.

3.4. Conclusion

- (35) For these reasons, the Commission considers that the notified measure is in conformity with the Temporary Framework and considers it to be compatible with the EC Treaty on the basis of Article 87(3)(b). The Commission notes that the Italian authorities have confirmed that the notification does not contain business secrets, and that Italy accepts the decision to be adopted in the English language as its authentic language.

4. DECISION

- (36) The Commission has accordingly decided
- to consider the notified aid scheme as compatible with the EC Treaty under Article 87(3)(b).

Yours faithfully,
For the Commission

Neelie KROES
Member of the Commission