



EUROPEAN COMMISSION

Brussels, 10.03.2010
C(2010)1637

**Subject: State aid N 46/2010 – Lithuania
Amendment to the Temporary Framework measure "Limited
amounts of compatible aid" (N 272/2009)**

Sir,

1. PROCEDURE

- (1) By electronic notification of 8 February 2010 Lithuania notified an amendment to the existing scheme "State aid N 272/2009 – Lithuania – Measure "Limited amounts of compatible aid in the form of guarantees to credit institutions for loans taken by SMEs and large enterprises during the financial and economic crisis". Additional information was required by the Commission on 15 February (D/5648), 24 February (D/5894) and 2 March 2010 (D/5925). By email dated 17 February (A/3682), 1 March (A/3679) and 4 March 2010 (A/3901) the Lithuanian authorities submitted the requested information.
- (2) The existing scheme had been approved by the Commission on 8 June 2009 (N 272/2009).¹ A first amendment to the scheme has been approved by the Commission on 13 November 2009 (N 523/2009).

2. DESCRIPTION OF THE AMENDMENT

- (3) Through the existing aid scheme (N 272/2009) the Lithuanian authorities may grant guarantees to credit institutions in Lithuania for loans taken by SMEs and large enterprises. The new notification aims at amending the conditions of the existing scheme. By means of the new amendment, the Lithuanian authorities intend to issue guarantees also to credit institutions which are not located within their territory. Under the existing scheme, the granting authority (INVEGA) could have issued guarantees only to credit institutions that operated within the territory (meaning being located in Lithuania). Furthermore, the Lithuanian authorities

¹ OJ C 148, 30 June 2009, p.3.

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intend to increase the maximum guarantee amount for each guarantee from LTL 5 million to LTL 20 million. In addition, the total guaranteed amount that one company can receive will be raised from LTL 20 to LTL 25 million.

- (4) The Lithuanian authorities confirm that for the implementation of the notified amendment no increase in budget is necessary. Furthermore, all other elements of the approved scheme remain unchanged.
- (5) The Lithuanian authorities provided extensive information on the ongoing negative effects of the financial and economic crisis on the Lithuanian economy. According to the Lithuanian authorities the annual GDP growth rate in 2009 compared to the previous year dropped by 15% (last quarter of 2009 the GDP dropped by 12.8%). The unemployment rate grew rapidly in 2009 (13.7% of the working age population).
- (6) The Lithuanian authorities confirm that the monitoring and reporting obligations laid down in Section 6 of the Temporary Framework² will be respected.
- (7) The Lithuanian authorities confirm also that the notification does not contain business secrets.
- (8) In view of the urgency of the measure, Lithuania exceptionally accepts that the Commission decision is adopted in the English language.

3. ASSESSMENT

- (9) The Commission approved the scheme "State aid N 272/2009 – Lithuania – Measure "Limited amounts of compatible aid in the form of guarantees to credit institutions for loans taken by SMEs and large enterprises during the financial and economic crisis" on 8 June 2009. The Commission considered that the scheme is in conformity with the Temporary Framework and with the Treaty on the basis of Article 107(3)(b).
- (10) The Commission considers that the modification of the scheme does not alter such assessment. The amended scheme is designed to meet the requirements of the additional category of aid ("compatible limited amount of aid") described in section 4.2.2. of the Temporary Framework. The amended scheme meets all the conditions of the Framework: In particular,
 - For the increased guarantee amount (LTL 20 million per guarantee and LTL 25 million total guarantee amount) the maximum aid amount will not exceed the cash equivalent of EUR 500,000 (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);

² Communication from the Commission – Temporary Community framework for State aid measures to support access to finance in the current financial and economic crisis, adopted and entered into force on 17 December 2008, OJ C 16, 22 February 2009, p.1; as amended by Communication from the Commission of 25 February, OJ C 83, 7 April 2009, p.1.; as further amended by Communication from the Commission of 28 October 2009 C(2009) 8462, OJ C 26, 31 October 2009, p.2.

- Firms in difficulty (situation of 1.7.2008) 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 31.12.2010 (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);
- The provisions of Paragraph 4.2.2 (h) of the Temporary Framework regarding the conditions on aid to undertakings active in the primary production, the processing and marketing of agricultural products will be respected.
- The monitoring and reporting rules laid down in section 6 of the Temporary Framework will be respected.

Given that all other aspects of the approved scheme remain the same, the Commission assessment in case N 272/2009 remains valid.

- (11) For these reasons, the Commission considers that the notified amendments are in conformity with the Temporary Framework and considers it to be compatible with the TFEU on the basis of Article 107(3)(b). The Commission notes that the notification does not contain business secrets, and that Lithuania has agreed that the decision be adopted in English as its authentic language.

4. DECISION

- (12) The Commission has accordingly decided
- to consider the notified aid scheme as compatible with the Treaty on the functioning of the European Union under Article 107(3)(b).
- (13) The Commission reminds the Lithuanian authorities to transmit the concrete implementing rules as soon as possible after the approval of the notified aid.

Yours faithfully,
For the Commission

Joaquin ALMUNIA
Vice-President of the Commission