



State aid: Commission approves €50 million Italian support scheme for production and supply of medical equipment and masks during Coronavirus outbreak

Brussels, 22 March 2020

The European Commission has approved a €50 million Italian aid scheme to support the production and supply of medical devices, such as ventilators, and personal protection equipment, such as masks, goggles, gowns, and safety suits. The scheme will help Italy provide the necessary medical treatment to those infected, while protecting healthcare operators and citizens. The scheme was approved under the [State aid Temporary Framework to support the economy in the context of the COVID-19 outbreak](#) adopted by the Commission on 19 March 2020. The Commission approved the scheme within 48 hours from receiving the notification from Italy.

Executive Vice President Margrethe **Vestager**, in charge of competition policy, said: *"These are very difficult times, especially in Italy. We have to do what we can to mitigate the impact of the Coronavirus outbreak on human lives and livelihoods. The Italian scheme approved today, shortly after the adoption of our new State aid Temporary Framework, will support companies ready to produce and supply medical equipment and masks. These are needed urgently. We will continue to work with Member States to ensure timely, coordinated and effective action."*

The Italian support measures

Italy notified to the Commission a €50 million support scheme for the production and supply of medical devices and personal protection equipment under the Temporary Framework.

The scheme aims at increasing the market output of such devices and protection equipment, which has proven to be insufficient as a result of the peak in demand arising from the Coronavirus outbreak.

Under the scheme, financial support will be available to companies of all sizes which (i) set up new facilities for the production of medical devices and personal protection equipment; (ii) expand the production of their existing structures producing such equipment; or (iii) convert their production line to that effect. The beneficiaries of the support will make the products available to the Italian authorities at the market prices applied in December 2019, i.e. prior to the outbreak in Italy.

The aid will take the form of direct grants or repayable advances. The repayable grants will be converted into direct grants, if the beneficiaries supply the equipment and devices in an expedited manner to the Italian authorities.

The scheme will ensure swift and adequate support to companies ready to produce and supply medical devices and personal protection equipment and will incentivise rapid production and timely delivery of these essential products.

The Commission found that the Italian measure is in line with the conditions set out in the Temporary Framework for aid in the form of direct grants and repayable advances. In particular, under the scheme, the support will not exceed €800 000 per company as foreseen by the Temporary Framework.

The Commission concluded that the measure is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State, in line with Article 107(3)(b) TFEU and the conditions set out in the Temporary Framework.

On this basis, the Commission approved the measures under EU State aid rules.

Background

The Commission has adopted a Temporary Framework 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 provides for five types of aid, which can be granted by Member States:

1. **Direct grants, selective tax advantages and advance payments:** Member States will be able to set up schemes to grant up to €800,000 to a company to address its urgent liquidity needs.
2. **State guarantees for loans taken by companies from banks:** Member States will be able to provide State guarantees to ensure banks keep providing loans to the business customers who

need them. These state guarantees can cover loans to help businesses cover immediate working capital and investment needs.

3. **Subsidised public loans to companies:** Member States will be able to grant loans with favourable interest rates to companies. These loans can help businesses cover immediate working capital and investment needs.
4. **Safeguards for banks that channel State aid to the real economy:** Some Member States plan to build on banks' existing lending capacities, and use them as a channel for support to businesses – in particular to small and medium-sized companies. The Framework makes clear that such aid is considered as direct aid to the banks' customers, not to the banks themselves, and gives guidance on how to ensure minimal distortion of competition between banks.
5. **Short-term export credit insurance:** The Framework introduces additional flexibility on how to demonstrate that certain countries are not-marketable risks, thereby enabling short-term export credit insurance to be provided by the State where needed. The Commission will continue monitoring the situation and stands ready to amend the list of marketable risk countries if needed.

The Temporary Framework will be in place until the end of December 2020. With a view to ensuring legal certainty, the Commission will assess before that date if it needs to be extended.

The Temporary Framework complements the many other possibilities already available to Member States to mitigate the socio-economic impact of the Coronavirus outbreak, in line with EU State aid rules. On 13 March 2020, the Commission adopted a [Communication on a Coordinated economic response to the COVID-19 outbreak](#) setting out these possibilities. For example, Member States can make generally applicable changes in favour of businesses (e.g. deferring taxes, or subsidising short-time work across all sectors), which fall outside State Aid rules. They can also grant compensation to companies for damage suffered due to and directly caused by the Coronavirus outbreak.

The non-confidential version of the decision will be made available under the case number SA.56786 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 [State Aid 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](#).

IP/20/507

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