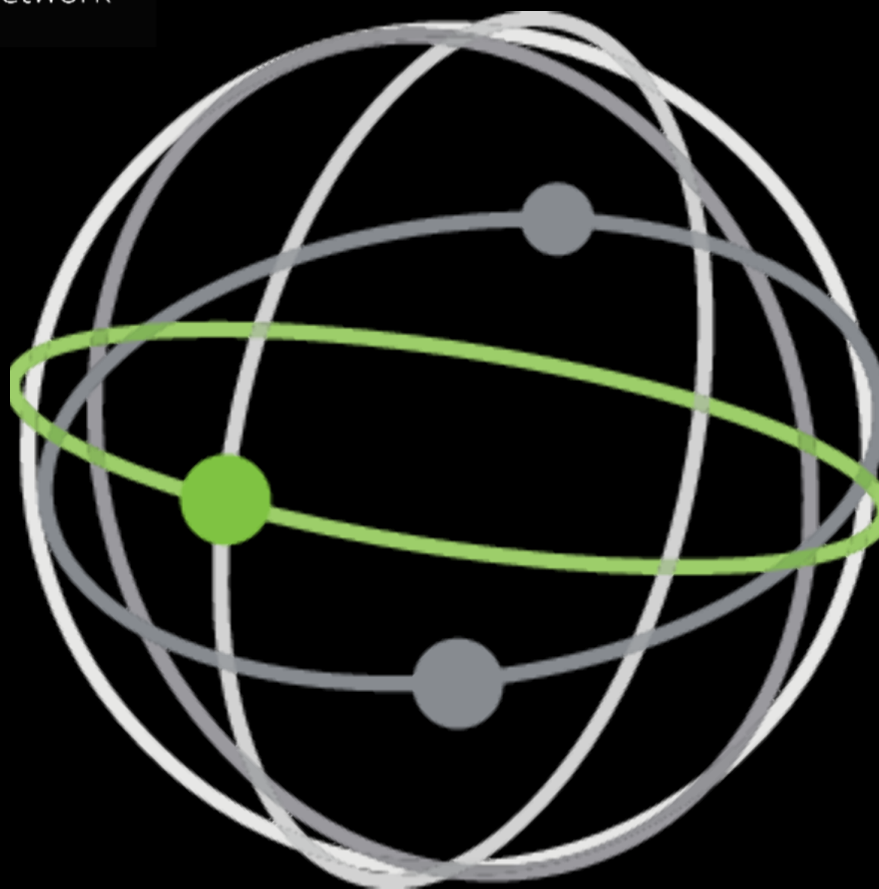


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COVID-19 | Legal Insights nº8

State Aid for SMEs and Mid-caps

23 March 2020

State Aid for SMEs and Mid-caps

Yesterday, on 22 March 2020, the European Commission has cleared 4 Portuguese guarantee schemes for small and medium sized enterprises and midcaps affected by the Coronavirus outbreak in the sectors of tourism, restaurants and other similar activities, extractive and manufacturing industry and travel agency activities, touristic animation, event organisation and similar activities.

These regimes have a total budget of €3 billion and were 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 ("Temporary Framework").

The Temporary Framework aims at ensuring that companies have sufficient liquidity to safeguard jobs and continue their activities faced with the difficult situation caused by the Coronavirus outbreak.

The Portuguese schemes now approved include measures which cover, among others:

- guarantees on operating loans with a limited maturity and size;
- Limitation of the risk taken by the State to a maximum of 90%;
- *"minimum remuneration and safeguards to ensure that the aid is effectively channelled by the banks or other financial institutions to the beneficiaries in need"*.

"The Commission concluded that the four Portuguese guarantee schemes for SMEs and midcaps will contribute to managing the economic impact of the Coronavirus outbreak in Portugal. The measures are 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."

Source: Press Release of the European Commission available on https://ec.europa.eu/commission/presscorner/detail/en/ip_20_506

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