



EUROPEAN COMMISSION

Brussels, 29.03.2011

C(2011)1997 final

Subject: State aid n° SA.32551 (2011/N) – Romania
Prolongation of the temporary aid scheme for granting aid in the form of guarantees (State aid N 286/2009)

Sir,

1. PROCEDURE

- (1) By electronic notification of 10 February 2011 Romania notified the prolongation of the existing guarantee scheme ("Temporary aid scheme for granting aid in the form of guarantees" N 286/2009). By electronic communications of 4 March 2011, the Romanian authorities submitted additional information and further clarifications to the Commission. The existing aid scheme has been approved by the Commission on 9 July 2009 (N 286/2009)¹ and further amended on 29 July 2010 (N 173/2010)².

2. DESCRIPTION OF THE NOTIFIED PROLONGATION

- (2) The existing guarantee scheme was approved by the Commission on the basis of the previous Communication from the Commission – Temporary Community framework for State aid measures to support access to finance in the current financial and economic crisis (Temporary Community Framework)³. Now the Romanian authorities notify the prolongation of the existing aid scheme accompanied by the introduction of stricter conditions on the basis of the Commission Communication of 1 December 2010 on the Temporary Union

¹ [OJ C 285, 26 November 2009, p.1](#)

² [OJ C 283, 20 October 2010, p. 5](#)

³ OJ C 83, 7 April 2009, p.1, as amended OJ C 261, 31 October 2009, p.2 as amended OJ C 303, 15 December 2009, p.6.

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framework for State aid measures to support access to finance in the current financial and economic crisis (Temporary Union Framework).⁴

- (3) Guarantees on the basis of the prolonged guarantee scheme can be granted under the conditions described below until 31 December 2011 at the latest.
- (4) The Romanian scheme uses less rating categories than the Annex to the Temporary Union Framework (5 instead of 8) but it consists in merging some of the rating categories of the Annex to the Temporary Union framework (the conversion table is presented in Annex). The safe-harbour premiums for large enterprises and small and medium sized enterprises (SMEs)⁵ are always equal or higher than the ones annexed to the Temporary Union framework.
- (5) The guaranteed loans run for a period of up to 6 years for investments and of up to 4 years for working capital. The guarantee will be reduced pro-rata, with each payment under the guarantee.
- (6) SMEs may benefit from a reduction of up to 15% of the annual premium during a maximum period of two years following the granting of the new guarantee.
- (7) The Romanian authorities confirmed that the determination of the applicable safe-harbour premium takes place on the basis of the situation of the beneficiary (credit rating) at the date of granting the aid. The categories of collateralisation will be defined in line with footnote 2 to the reference rate communication⁶, and will be established by the bank granting the loan.
- (8) For SMEs the prolonged scheme provides for new guarantees related to both investment and working capital loans, while for large companies, the new guarantees may relate to investment loans only.
- (9) Under the prolonged scheme the maximum loan does not exceed the total annual wage bill of the beneficiary (including social charges as well as the cost of personnel working on the company site but formally in the payroll of subcontractors) for 2010. In the case of companies created on or after 1 January 2010, the maximum loan must not exceed the estimated annual wage bill for the first two years in operation. As regards investment loans, the granting authority will calculate the maximum loan amount on the basis of the annual EU 27 average labour costs.
- (10) Guarantees under the prolonged scheme may not exceed 80% of the loan.
- (11) Firms in difficulties as defined in point 2.1 of *Community Guidelines on State aid for rescuing and restructuring firms in difficulties* are excluded from the scope of the prolonged scheme.⁷

⁴ (not yet published in the OJ) http://ec.europa.eu/competition/state_aid/legislation/temporary_framework_en.pdf

⁵ Defined as per the EC Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (OJ L 124 of 20.05.2003)

⁶ Commission Communication on the revision of the method for setting the reference and discount rates, OJ C 14 of 19.1.2008, pp. 6-9.

⁷ Communication from the Commission - Community guidelines on State aid for rescuing and restructuring firms in difficulty (OJ C 244, 1.10.2004, p.2).

- (12) The Romanian authorities estimate that the number of beneficiaries will be between 11 and 50 during the prolonged period.
- (13) The Romanian authorities estimate that the guaranteed amount of loans will not exceed RON 200,000,000.
- (14) The prolonged scheme accompanied by the introduction of the above-mentioned stricter conditions will into force upon the approval of the Commission and will expire on 31 December 2011.
- (15) All other elements of the existing scheme remain unchanged.
- (16) The Romanian authorities confirmed that the monitoring and reporting obligations laid down in particular in Section 4 of the Temporary Union framework will be respected.
- (17) Furthermore, the Romanian authorities declared to respect the applicable rules in case of co-financing with the EU Structural Funds and other EU financing instruments.
- (18) The Romanian authorities confirmed that the notification does not contain business secrets and that, in view of the urgency of the measure, they exceptionally accept that the Commission decision is adopted in the English language.

3. ASSESSMENT

- (19) In its decision of 9 July 2009, the Commission concluded that the guarantee scheme ("Temporary aid scheme for granting aid in the form of guarantees" N 286/2009) constitutes State aid within the meaning of Article 107(1) of the Treaty on the Functioning of the European Union ("TFEU"). It found that the measure was compatible with the internal market under Article 107(3)(b) TFEU, because it was apt to remedy a serious distortion of the Romanian economy. To this end, the Commission had assessed the appropriateness, necessity and proportionality of the measure.
- (20) In view of the continued volatility of financial markets and the uncertainty about the economic outlook, the Commission decided that a prolongation until end 2011 of the Temporary Community Framework measures targeted to facilitate companies' access to finance was justified in order to assure a gradual return to normal state aid rules while limiting their impact on competition.
- (21) The Commission observes that the prolongation of the scheme is a response to the continuing difficulties that enterprises in Romania experience in obtaining funding by the banks. Even though in broad terms the health of the banking sector has improved compared with the situation one year ago, the recovery is still fragile as the future evolution of financing remains uncertain. Thus the risk persists that the banking system may not be ready to sustain the recovery when credit demands picks up.
- (22) Against this background and taking into account the residual fragility of the recovery process and the possibility of setbacks in that process, the continuation of the guarantee scheme ("Temporary aid scheme for granting aid in the form of guarantees" N 286/2009) can be deemed necessary to facilitate companies' access

to finance. The Commission considers that an abrupt withdrawal of the scheme might put further stress on the recovery process. The Commission therefore considers that the prolongation of the scheme until the end of 2011 is appropriate, necessary and proportional to remedy a serious disturbance of the Romanian economy.

- (23) On the basis of the above, the notified prolongation of the guarantee scheme ("Temporary aid scheme for granting aid in the form of guarantees" N 286/2009) does not alter the Commission's previous assessment in the decision of 9 July 2009 and 29 July 2010.
- (24) On the basis of these considerations, the prerequisites for the compatibility of schemes with Article 107(3)(b) TFEU that have been established by the Temporary Community Framework continue to apply. Furthermore, the Commission considers that the notified prolongation of the existing guarantee scheme ("Temporary aid scheme for granting aid in the form of guarantees" N 286/2009) accompanied by stricter conditions until 31 December 2011 (as described above under Section 2) complies with the requirements set out in point 2.3 of the Temporary Union Framework and is therefore compatible with the internal market.
- (25) The Commission notes that the notification does not contain business secrets, and that Romania has exceptionally agreed that the decision be adopted in English as its authentic language.

4. DECISION

- (26) The Commission has accordingly decided
 - to consider the notified prolongation of the aid scheme as compatible with Article 107(3)(b) of the TFEU.

Yours faithfully,
For the Commission

Joaquín ALMUNIA
Vice President

Annex

Safe-harbour premiums conversion table (in basis points)

Rating categories		Collateralisation					
Romanian scheme	Temporary framework	High		Normal		Low	
		Romanian scheme	Temporary framework	Romanian scheme	Temporary framework	Romanian scheme	Temporary framework
A	AAA	55	40	80	40	80	40
	AA+		40		40		40
	AA						
	AA-						
	A+	40	55	55			
	A						
	A-						
B	BBB+ BBB BBB-	80	55	100	80	100	80
C	BB+ BB	100	80	200	200	200	200
D	BB- B+	200	200	380	380	630	380
	B B-		200		380		630
E	CCC and below	630	380	630	630	980	980