State aid: Commission authorises UK crisis scheme for aid of up to €500 000 per business

The European Commission has authorised, under the state aid rules of the EC Treaty, the first in a series of aid measures for businesses planned by the United Kingdom to deal with the current economic crisis. This measure will enable aid of up to €500 000 to be granted per company in 2009 and 2010 to businesses in difficulty as a consequence of the crisis or facing funding problems because of the credit crunch. The scheme meets the conditions laid down in the Commission's Temporary Framework giving Member States additional possibilities for providing businesses with improved access to financing during the economic and financial crisis (see IP/08/1993). It is therefore compatible with Article 87(3)(b) of the EC Treaty, which permits aid intended to remedy a serious disturbance in the economy of a Member State.

Competition Commissioner Neelie Kroes said: "This measure will help alleviate the difficulties faced by UK businesses affected by the current situation without giving rise to disproportionate distortions of competition. Thanks to the excellent cooperation of the UK authorities, it was possible to approve the measure very quickly."

The scheme is in line with the provisions of the temporary framework allowing limited amounts of aid under certain conditions. In particular, the maximum amount of aid does not exceed €500 000 per company and the scheme applies only to businesses which were not in difficulty on 1 July 2008.

This scheme is the first measure authorised for the UK under the new temporary framework for state aid (see $\underline{\text{IP}/08/1993}$). The UK is the fourth country, after Germany (see $\underline{\text{IP}/08/2063}$), France (see $\underline{\text{IP}/09/72}$) and Portugal (see $\underline{\text{IP}/09/71}$) to avail itself of the framework.

The decision will be made available under case number N 43/2009 in the <u>State Aid</u> <u>Register</u> on the <u>DG Competition website</u>. New publications of State aid decisions on the Internet and in the Official Journal are listed in the <u>State aid Weekly e-News</u>.