

Brussels, 13 February 2009

## State aid: Commission approves German real economy crisis measure

*The European Commission has approved, under EC Treaty state aid rules, a German aid measure that addresses mid-sized enterprises' increased demand for funding for research and development (R&D)- in the current financial and economic crisis. The aid measure temporarily amends the existing aid scheme 'Zentrales Innovationsprogramm Mittelstand' (ZIM), initially targeted at funding R&D activities of SMEs only. Now, R&D projects of mid-sized enterprises of up to 1,000 employees will also be eligible for funding until 31.12.2010. Germany will commit an extra budget of €900 million for that purpose. The Commission concluded that the proposed aid is in line with the EU rules on state aid for research, development and innovation (see [IP/06/1600](#) and [MEMO/06/441](#)) because it will not exceed the prescribed limits and will provide an incentive to increase the level of R&D&I activity.*

Competition Commissioner Neelie Kroes said: "R&D projects usually entail considerable risks. In the current crisis smaller players have less access to financing, as the financial market is extremely risk averse. However, the European industry needs a sustained high level of R&D to become more competitive in the global economy. ZIM encourages businesses to continue investing in the future. In addition, it demonstrates that Member states can use existing EU state aid rules Member States to counter the crisis."

The extension of ZIM to enterprises of up to 1,000 employees and an increase of ZIM's budget by €900 million, to €2.4 billion in total, is one of the actions provided for by the German Government's Second Economic Stimulus Package (Konjunkturpaket II). The objective of that broad policy package is to mitigate the impact of the financial and economic crisis in Germany.

In particular, the aid is aimed at market-effective R&D projects with duration between one and two years. The German Government thus intends to stimulate mid-sized enterprises to maintain their level of R&D and remain competitive on the global market. Germany expects to switch back ZIM to its previous funding rules after 31.12.2010. However, in case further modifications are needed after that date, the German Government will formally notify such plans to the Commission.

The non-confidential version of the decision will be made available under the case number N65/2009 in the [State Aid Register](#) on the [DG 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](#).