



EUROPEAN COMMISSION

Brussels, 27.7.2020
C(2020) 5227 final**SENSITIVE*** : *COMP Operations*

Subject: State Aid SA.58081 (2020/N) – Belgium
COVID-19: *Besluit van de Vlaamse Regering tot instellen van een terugbetaalbaar voorschot ter ondersteuning van de opstart van de evenementensector (Decision of the Flemish Government regarding a repayable advance in support of the restart of the event sector)*

Excellency,

1. PROCEDURE

- (1) By electronic notification of 17 July 2020, Belgium notified aid in the form of limited amounts of aid, *Besluit van de Vlaamse Regering tot instellen van een terugbetaalbaar voorschot ter ondersteuning van de opstart van de evenementensector* (“the measure”) under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, as amended (“the Temporary Framework”).¹
- (2) Belgium exceptionally agrees to waive its rights deriving from Article 342 of the Treaty on the Functioning of the European Union (“TFEU”), in conjunction with

* Handling instructions for SENSITIVE information are given at <https://europa.eu/ldb43PX>

¹ Communication from the Commission - Temporary framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 91I, 20.3.2020, p. 1, as amended by Communication from the Commission C(2020) 2215 final of 3 April 2020 on the Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 112I, 4.4.2020, p. 1, by Communication from the Commission C(2020) 3156 final of 8 May 2020 on the Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 164, 13.5.2020, p. 3 and by Communication from the Commission C(2020) 4509 final of 29 June 2020 on the Third Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 218, 2.7.2020, p. 3.

Zijne Excellentie de Heer Philippe Goffin
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Article 3 of Regulation 1/1958² and to have this Decision adopted and notified in English.

2. DESCRIPTION OF THE MEASURE

- (3) Belgium considers that the COVID-19 outbreak has started to affect the real economy, in particular, the event sector,³ where many businesses have been forced to close, leading to a nearly complete lock-down, due to the measures imposed by the National Security Council.
- (4) Belgium notes that, according to a survey conducted in June, event organizers estimate a loss in turnover at EUR 1.7 billion (loss of 68% in 2020 compared to 2019) and that event suppliers expect to lose more than 4.7 billion euros (loss of 71% in 2020 compared to 2019).⁴ More specifically, according to the Belgian Economic Risk Management Group, the arts, entertainment and recreation sector together with the catering and accommodation sector, are the two hardest-hit sectors in the economy with an average drop in turnover over the different surveys of 84% and 50% respectively, and a percentage reduction in the number of employees of 32% and 15% respectively.⁵
- (5) Belgium also notes that, given the uncertainty regarding a possible second wave of COVID-19 by autumn 2020, which could lead again to lock-downs and cancellations of events, the restart of the activities in the event sector by that time is not guaranteed, and therefore undertakings active in that sector face difficulties in obtaining the necessary financing and insurance.
- (6) Belgium considers that the measure, in the form of repayable advances for specific projects, facilitates a partial restart of the event sector and achieves the double goal of financing and insuring the needs of undertakings active in that sector. The measure contributes to the general aim of ensuring that sufficient liquidity remains available in the market, to counter the liquidity shortage faced by undertakings because of the outbreak, and to ensure that the disruptions caused by the outbreak do not undermine their viability and continuity.
- (7) Belgium confirmed that the aid under the measure is not conditioned on the relocation of a production activity or of another activity of the beneficiary from another country within the EEA to the territory of the Member State granting the aid. This is irrespective of the number of job losses actually occurred in the initial establishment of the beneficiary in the EEA.

² Regulation No 1 determining the languages to be used by the European Economic Community, OJ 17, 6.10.1958, p. 385.

³ Belgium indicates that the event sector comprises, among others: event organisers, event suppliers, catering operators, location rental operators, freelancers, technicians, roadies, hostesses, presenters, photographers, communications professionals, emergency services, artists and performers.

⁴ Study by the Public Impact Expertise Centre of Karel de Grote Hogeschool (KdG), Press Release, available at this [link](#). See also, to this effect, the following source: <https://www.publiekeimpact.be/en-impactcoronacrisis>

⁵ National Bank of Belgium, Economic Risk Management Group, Surveys, “*Loss of turnover due to coronavirus crisis still high although already reduced by half*”, 29 June 2020, available at this [link](#).

- (8) The compatibility assessment of the measure is based on Article 107(3)(b) TFEU, in light of sections 2 and 3.1 of the Temporary Framework.

2.1. The nature and form of aid

- (9) The measure provides aid in the form of repayable advances.
- (10) The objective of the measure is to provide the necessary financing to companies active in the event sector in order to fund the restart of their activities.

2.2. Legal basis

- (11) The legal basis for the measure is *Besluit van de Vlaamse Regering tot instellen van een terugbetaalbaar voorschot ter ondersteuning van de opstart van de evenementensector* (Decree of the Flemish Government regarding a repayable advance in support of the restart of the event sector).

2.3. Administration of the measure

- (12) The Flemish governmental organisation Agency Innovation & Entrepreneurship (*Agentschap Innoveren & Ondernemen*, hereinafter referred to as “VLAIO”) is responsible for administering the measure.
- (13) The applications for the repayable advances must be submitted before the event takes place and, in any case, no later than 1 November 2020. The aid applicant must prove that the aided project is related to the Flemish event sector, that it is organized in accordance with a business plan and that it keeps separate and transparent accounts for the event.
- (14) After an assessment of the applications, VLAIO decides on the granting of the repayable advances and informs the applicant accordingly. The repayable advances are paid in one instalment upon applications for payment submitted within three months after the receipt by the applicant of VLAIO’s decision.

2.4. Budget and duration of the measure

- (15) The estimated budget of the measure is EUR 50 million.
- (16) Aid may be granted under the measure as from its approval until no later than 31 December 2020. Belgium estimates that a first call for applications would be launched in September (for events still planned to be held in 2020) and a second call for applications would be launched in October (for events planned to be held in 2021). Both calls will be decided until no later than 31 December 2020.

2.5. Beneficiaries

- (17) The beneficiaries of the measure are undertakings active in the event sector in the Flemish Region, regardless of their NACE code or their size. However, financial institutions are excluded as eligible beneficiaries.

- (18) Aid may not be granted under the measure to medium⁶ and large enterprises that were already in difficulty within the meaning of the General Block Exemption Regulation (“GBER”)⁷ on 31 December 2019. Aid may be granted to micro and small enterprises that were in difficulty within the meaning of the GBER on 31 December 2019, if those enterprises, at the moment of granting the aid, are not subject to a collective insolvency procedure under national law and they have not received rescue aid⁸ or restructuring aid.⁹

2.6. Sectoral and regional scope of the measure

- (19) The measure is open to undertakings active in the event sector.
- (20) The measure applies to the territory of the Flemish Region.

2.7. Basic elements of the measure

- (21) The measure provides aid in the form of repayable advances, which will provide the beneficiaries with the needed working capital and insurance to organize an event, to make investments and to place orders.
- (22) The repayable advances will be of a minimum amount of EUR 25 000 and a maximum amount of EUR 800 000 (gross, that is, before any deduction of tax or other charges), calculated as a maximum of 60% of the total costs of the event, as budgeted in the business plan. The costs of catering, food and drinks are not eligible. The total aid amount cannot be higher than the amount estimated in the business plan for the non-recoverable costs and inevitable invoices.
- (23) If the event takes place, the beneficiary will have to repay the aid within 3 months after the event, as well as a fee of 2% in order to benefit from the measure.
- (24) If the event is cancelled due to reasons clearly linked to the COVID-19 outbreak or by decisions of the competent authorities, the repayable advance will not have to be repaid. In such case of cancellation, the beneficiary will have to prove which costs are non-recoverable and will have to prove that it has paid all service providers and suppliers. If a series of events were scheduled, but only some of them could take place and others were cancelled, only the aid for the events that did take place will have to be repaid.

⁶ As defined in Annex I to Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 187, 26.6.2014, p. 1.

⁷ As defined in Article 2(18) of Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 187, 26.6.2014, p. 1.

⁸ Alternatively, if they have received rescue aid, they have reimbursed the loan or terminated the guarantee at the moment of granting of the aid under the notified measure.

⁹ Alternatively, if they have received restructuring aid, they are no longer subject to a restructuring plan at the moment of granting of the aid under the notified measure.

2.8. Cumulation

- (25) The Belgian authorities confirm that aid granted under the measure may be cumulated with aid under de minimis Regulations¹⁰ and/or the GBER provided the provisions and cumulation rules of those Regulations are respected.
- (26) The Belgian authorities confirm that aid granted under the measure may be cumulated with aid granted under other measures approved by the Commission under other sections of the Temporary Framework provided the provisions in those specific sections are respected.
- (27) The Belgian authorities confirm that if the beneficiary receives aid on several occasions or in several forms under the measure or aid under other measures approved by the Commission under section 3.1 of the Temporary Framework, the overall maximum cap per undertaking, as set out in points 22(a) of that framework, will be respected.

2.9. Monitoring and reporting

- (28) The Belgian authorities confirm that they will respect all the monitoring and reporting obligations laid down in section 4 of the Temporary Framework (including the obligation to publish relevant information on each individual aid above EUR 100 000 granted under the measure on the Commission's IT tool within 12 months from the moment of granting).¹¹ In particular, the Belgian authorities commit to enter all relevant data in the State Aid Transparency Award Module.¹²

3. ASSESSMENT

3.1. Lawfulness of the measure

- (29) By notifying the measure before putting it into effect, the Belgian authorities have respected their obligations under Article 108(3) TFEU.

3.2. Existence of State aid

- (30) For a measure to be categorised as aid within the meaning of Article 107(1) TFEU, all the conditions set out in that provision must be fulfilled. First, the measure must be imputable to the State and financed through State resources. Second, it must confer an advantage on its recipients. Third, that advantage must be selective in nature. Fourth, the measure must distort or threaten to distort competition and affect trade between Member States.

¹⁰ Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid (OJ L 352, 24.12.2013, p. 1), and Commission Regulation (EU) No 360/2012 of 25 April 2012 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid granted to undertakings providing services of general economic interest (OJ L 114, 26.4.2012, p. 8).

¹¹ Referring to information required in Annex III to Commission Regulation (EU) No 651/2014. For repayable advances, the nominal value of the underlying instrument shall be inserted per beneficiary.

¹² See <https://webgate.ec.europa.eu/competition/transparency/>.

- (31) The measure is imputable to the State, since it is administered by the Flemish governmental agency VLAIO (see recital (12)) and it is based on the Decree of the Flemish Government (see recital (11)). It is financed through State resources, since it is financed by public funds, namely repayable advances granted by VLAIO.
- (32) The measure confers an advantage on its beneficiaries in the form of repayable advances (see recital (9)). The measure thus relieves those beneficiaries of costs which they would have had to bear under normal market conditions.
- (33) The advantage granted by the measure is selective, since it is awarded only to certain undertakings, in particular, undertakings active in the event sector in the Flemish Region, excluding credit and financial institutions (see recital (17)). In addition, medium and large enterprises that were already in difficulty within the meaning of the GBER on 31 December 2019 are not eligible (see recital (18)).
- (34) The measure is liable to distort competition, since it strengthens the competitive position of its beneficiaries. It also affects trade between Member States, since those beneficiaries are active in a sector in which intra-Union trade exists.
- (35) In view of the above, the Commission concludes that the measure constitutes aid within the meaning of Article 107(1) TFEU.

3.3. Compatibility

- (36) Since the measure involves aid within the meaning of Article 107(1) TFEU, it is necessary to consider whether that measure is compatible with the internal market.
- (37) Pursuant to Article 107(3)(b) TFEU the Commission may declare compatible with the internal market aid “*to remedy a serious disturbance in the economy of a Member State*”.
- (38) By adopting the Temporary Framework on 19 March 2020, the Commission acknowledged (in section 2) that “*the COVID-19 outbreak affects all Member States and that the containment measures taken by Member States impact undertakings*”. The Commission concluded that “*State aid is justified and can be declared compatible with the internal market on the basis of Article 107(3)(b) TFEU, for a limited period, to remedy the liquidity shortage faced by undertakings and ensure that the disruptions caused by the COVID-19 outbreak do not undermine their viability, especially of SMEs*”.
- (39) The measure aims at facilitating the access of undertakings to external finance at a time when the normal functioning of credit markets is severely disturbed by the COVID-19 outbreak and that outbreak is affecting the wider economy and leading to severe disturbances of the real economy of Member States. Such external finance is meant to help undertakings active in the Flemish event sector to restart their activities.
- (40) The measure is one of a series of measures conceived at national level by the Belgian authorities to remedy a serious disturbance in their economy, in particular, in the Flemish region. The importance of the measure to ensure the availability of liquidity for undertakings affected by the economic consequences

of the COVID-19 outbreak is widely accepted by economic commentators. As submitted by Belgium, the event sector remains one of the hardest-hit sectors, with drastic drops in turnover and employment rates (see recital (4)), and the measure is designed in order to remedy such economic disturbance.

- (41) Furthermore, the measure has been designed to meet the requirements of a specific category of aid (“*Limited amounts of aid*”) described in section 3.1 of the Temporary Framework.
- (42) The Commission accordingly considers that the measure is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State and meets all the conditions of the Temporary Framework. In particular:
- The aid takes the form of repayable advances (see recital (9));
 - The overall nominal value of the repayable advances shall not exceed EUR 800 000 per undertaking; all figures used must be gross, that is, before any deduction of tax or other charges (see recital (22)). The measure therefore complies with point 22(a) of the Temporary Framework;
 - Aid is granted under the measure on the basis of a scheme with an estimated budget (see recital (15)). The measure therefore complies with point 22(b) of the Temporary Framework;
 - Aid may not be granted under the measure to medium and large enterprises that were already in difficulty on 31 December 2019 (see recital (18)). The measure therefore complies with point 22(c) of the Temporary Framework. Aid may be granted to micro and small enterprises that were in difficulty on 31 December 2019, if those enterprises, at the moment of granting the aid, are not subject to collective insolvency procedure under national law and they have not received rescue aid or restructuring aid (see recital (18) and footnotes 8 and 9). The measure therefore complies with point 22(c)bis of the Temporary Framework;
 - Aid will be granted under the measure no later than 31 December 2020 (see recital (16)). The measure therefore complies with point 22(d) of the Temporary Framework.
- (43) The Belgian authorities confirm that the monitoring and reporting rules laid down in section 4 of the Temporary Framework will be respected (recital (28)). The Belgian authorities further confirm that the aid under the measure may only be cumulated with other aid, provided the specific provisions in the sections of the Temporary Framework are respected and the cumulation rules of the relevant Regulations are respected (see recitals (25) to (27)).
- (44) The Commission therefore considers that the measure is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State pursuant to Article 107(3)(b) TFEU since it meets all the relevant conditions of the Temporary Framework.

4. CONCLUSION

The Commission has accordingly decided not to raise objections to the aid on the grounds that it is compatible with the internal market pursuant to Article 107(3)(b) of the Treaty on the Functioning of the European Union.

The decision is based on non-confidential information and is therefore published in full on the Internet site: <http://ec.europa.eu/competition/elojade/isef/index.cfm>.

Yours faithfully,

For the Commission

Margrethe VESTAGER
Executive Vice-President

CERTIFIED COPY
For the Secretary-General,

Jordi AYET PUIGARNAU
Director of the Registry
EUROPEAN COMMISSION