



**MINISTRY OF INDUSTRY, BUSINESS
AND FINANCIAL AFFAIRS**

NOTE

14 March 2022

tuobac

Danish response to the Commission's draft Temporary Crisis Framework for State Aid measures to support the economy following Russia's military aggression against Ukraine

The Danish government appreciates the opportunity to comment on the European Commission's draft Temporary Crisis Framework for State Aid measures to support the economy following Russia's military aggression against Ukraine (hereafter "TCF").

1. General comments

The Danish government welcomes a common European approach regarding the assessment of the economic effects following the invasion of Ukraine by Russia and the following economic sanctions adopted in this context. The Danish government agrees that a coordinated economic response of Member States and EU institutions is crucial to mitigate the negative repercussions on the EU economy.

In this coordinated response, it is crucial for the Danish government to support the undertakings that are *most affected* by the situation in Ukraine. This priority is in line with point 30 of the Commission's draft TCF, where it is stated that state aid measures notified and assessed under the TCF are intended to support undertakings active in the EU that are affected by the Russian military aggression and consequences of the economic sanctions taken.

Furthermore, it is of great importance to the Danish government that the temporary state aid measures in the draft TCF are limited to the undertakings that are *most affected* by the situation in Ukraine.

2. Specific comments related to the safeguards in Section 2.1 and 2.2

The Danish government accepts the possibility to ensure liquidity support in form of guarantees (section 2.1) and subsidised loans (section 2.2) as public guarantees on loans and subsidised interest rates both for a limited period and limited loan amount can be an appropriate, necessary and targeted solution during the current circumstances.

While Section 2.3 of the TCF distinguishes between “businesses” and “energy-intensive businesses” this is not the case with Section 2.1 and 2.2. This entails that the scope of Section 2.1 and 2.2 seem to be broader than Section 2.3. The Danish government politely urges the Commission to review the wording and scope of Section 2.1 and 2.2 again in the light of the above.

3. Specific comments related to Section 2.3

The Commission proposes that the overall aid per undertaking in this section should (as a starting point) not exceed 30% of the eligible costs up to a maximum of EUR 2 million at any given point in cases where the beneficiary is *not* an “energy intensive business”. The Danish government also agrees that in certain situations related to “energy-intensive businesses” further aid may be necessary to ensure the continuation of economic activity within point 40, (a)-(d), in the TCF. In these cases, where the beneficiary is an “energy-intensive business” the overall aid may not exceed EUR 25 million per undertaking at any given point in time.

It is important for the Danish government that Section 2.3 is limited to the undertakings that are *most affected* by the situation in Ukraine. Undertakings who want to adapt to new markets will therefore only be able to receive liquidity support under Section 2.1 or 2.2.

4. Possible aid to farmers going beyond the liquidity measures under Section 2.1 and 2.2

Because of the uncertainties of the current circumstances, the relevant agriculture authorities in Denmark are not able to assess/estimate whether the measures envisaged by the Commission in the draft TCF will be sufficient or whether they could result in a reduction in prices for ordinary consumers. The Danish government has as far as possible tried to answer the Commission’s questions related to farmers in the EU-Survey.

5. Questions to the Commission

The wording of Section 2.3 is limited to “aid for additional costs due to exceptionally severe increase in gas and electricity”. Is it then – with the scope in mind – a typing error that the Commission refers to sanctions etc. in point 39(e)?

Point 39(f) states the following:

"Eligible costs under this measure are the increase in monthly gas and electricity costs after the invasion of Ukraine by Russia in comparison with a reference period between 1 November 2021 and 31 January 2022. Therefore, and for the purposes of this point, aid can be granted in relation to the gas and electricity consumption of the undertaking from 1 March 2022 until 31 December 2022, at the latest ('eligible period'). The eligible cost includes the monthly unit cost³⁶ of the undertaking e.g. in EUR/MWh of gas and electricity in the eligible period to the extent it exceeds [140%] of the average unit cost of gas and electricity for the undertaking in the reference period."

In the underlined part of this point, the Commission refers to "eligible cost" and not "increase in eligible cost". Can the Commission please confirm that "[140%] of the average unit cost [...]" involves a total increase of 40% (and not 140%)?

In the Danish government's opinion, it will be useful if the Commission could elaborate and clarify the calculation method in point 39(f).