

COVID-19

PUBLIC FINANCE SUPPORT (STATE AID) GRANTED TO THE AUTOMOTIVE SECTOR

Member State	State aid Measure	EC decision
FRANCE	<p>On 26 May 2020, the French government announced an €8 billion package to rescue the automotive industry and boost electric vehicles. The plan includes the following measures:</p> <ul style="list-style-type: none"> • A car scrappage scheme: The scheme includes €1 billion to increase the current State bonus for consumers buying electric cars up to €7,000 (currently at €6,000). Business customers are entitled to a €5,000 subsidy and an additional bonus of €2,000 for the purchase of plug-in hybrids. Eligible vehicles shall no cost more than €50,000 and be able to travel on battery power at least 50 kilometers. The electric bonus will be available from 1 June to 31 December 2020. • Trade-in premium: Consumers who buy new or used latest-generation petrol or diesel vehicles and full-electric models will be entitled to a €3,000 and €5,000 bonus, respectively. Subsidies will be available from 1 June and will apply to the first 200,000 applicants.. • A €5 billion loan for the French carmaker Renault: Press reports the State loan is contingent on the car manufacturer keeping two key plants in France. <p>Press reports also that the French government will establish an investment fund worth up to €600 million for electric mobility together with Renault and PSA Group, each contributing €100 million.</p>	No decision
	<p>Commission approved a €5 billion French loan guarantee to Renault under Article 107(3)(b) TFEU.</p> <p>The individual notification was submitted because the guarantee approved offers a greater loan coverage (90%) than under the French general guarantee scheme approved by the Commission on 21 March 2020 (70% loan coverage).</p>	Approved 29 April 2020
	<p>Commission cleared an individual guarantee from the French Government for a €71 million loan to Novares, the automotive global supplier of plastic components for the automotive industry, under Article 107(3)(b) TFEU.</p> <p>The French State will guarantee 90% of the loan granted to the Novares group by several commercial banks.</p>	Approved 27 May 2020
	<p>General measures approved by the French government are also available for undertakings active in the automotive industry, including:</p> <ul style="list-style-type: none"> - State guarantees to provide access to liquidity through BPI - Two state guarantees schemes for small and medium-sized enterprises (SMEs) with export activities - Postponement of certain social charges and taxes; in some critical situations, tax breaks can be awarded 	See overview of State Aid available for COVID-19
GERMANY	<p>Germany has not yet set up a special aid programme for the automotive industry. Hence, the (general, cross-sectoral) support measures under the German protection shield as well as support measures on a federal state level (e.g., Bavaria) apply. Such</p>	See overview of State Aid

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AUTOMOTIVE (AS OF 1 JUNE 2020)

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	measures include, inter alia, grants for short-time work allowances, loans, guarantee schemes, and an economic stabilization fund (WSF).	available for COVID-19
	Press reports certain German car manufacturers and car parts maker are taking advantage of the German government's short-time work scheme (<i>Kurzarbeitsgeld</i>).	No decision required
	Certain automotive supplier (like Leoni) take benefit in form of loans, up to 90% of which would be jointly guaranteed by the federal government and the federal states under the German guarantee programs (<i>Bundesregelung Bürgschaften 2020</i>) and programs on the federal state level.	See overview of State Aid available for COVID-19
	<p>On 14 May 2020, the German Minister of Economy met representatives of the working group on economic recovery measures to discuss how the automotive industry, which has been particularly affected by the COVID-19 crisis, can be revitalised. Other participants in the working group are the German Association of the Automotive Industry (VDA), IG Metall, Federal Ministry of Finance, Federal Ministry of Transport and Digital Infrastructure, Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, Federal Ministry of Labour and Social Affairs, and Federal Chancellery.</p> <p>The working group is to exchange views on measures to stimulate the economy, with a focus on contributing to modernization in the direction of innovative vehicle technologies. The working group will draw up a concept paper that will form the basis of the discussions at the next top-level meeting (<i>Autogipfel</i>) to be chaired by Chancellor Angela Merkel in early June.</p> <p>The VDA and other stakeholders have called for a scrappage scheme to encourage the sales for all type of low-emission cars. Such scheme is under heavy dispute in Germany and further developments are not yet clear.</p>	Pending concept discussion, decision not yet required
HUNGARY	<p>No financial aid measures so far have been made available in Hungary targeting the automotive industry and its supply chain. However, many general schemes approved by the Commission are available to car makers and supply companies. General measures available include:</p> <ul style="list-style-type: none"> • The Széchenyi Card Program provides aid in the form of grants to cover part of the financial costs firms incur to take loans. The aid (for grants taken until 31 December 2020) is open for micro and SMEs companies active in Hungary across all sectors but four (paragraph 17 of the case SA.57285). • Grants are available for mid- and large-sized enterprises established or with a place of business in Hungary that fulfil conditions set forth in paragraph 12 of the case SA.56926. The revised total budget is approximately €140 million and is open to all sectors of the economy but some (including the steel sector). • Loan guarantee schemes administered by the Garantiqa Hitelgarancia Zrt and the Hungarian Development Bank are available for micro, SMEs, and large enterprises facing liquidity shortages in all sectors of the economy (except for four limited sectors - SA.57121). The total budget estimated is at €1.4 billion and €140 million, respectively. • Grants, guarantee, and subsidized interest measures administered by the Hungarian Export-Import Bank (Eximbank) are available to SMEs and large companies facing economic difficulties and liquidity shortages due to the COVID-19 outbreak (except for credit and other financial 	<p>Approved 20 May 2020</p> <p>Approved 8 April 2020</p> <p>Approved 28 April 2020</p> <p>Approved</p>

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	<p>institutions). The €903 million total budget is distributed as follows: €3 million for grants, €300 million for guarantees on loans, and €600 million for subsidised interest rates on loans.</p> <ul style="list-style-type: none"> • Direct grants, loans, and equity are open to all undertakings active in Hungary with access to European structural funds from the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund (CF), the European Agricultural Fund for Rural Development (EAFRD), and the European Maritime and Fisheries Fund (EMFF). The aid (with a budget estimated at €1 billion) is available to all sectors and firm sizes. 	Approved
ITALY	<p>Fiat Chrysler Automobiles reported that it is in discussions with the Italian government to obtain a guarantee from Servizi Assicurativi del Commercio Estero (SACE, Italy's Export Credit Agency) in support of a credit facility designed to help the automotive chain in Italy, comprising approximately 10,000 small and medium-sized businesses.</p> <p>If finalized, the automaker would obtain 80% state guarantees on a €6.3 billion three-year loan facility through Intesa Sanpaolo, Italy's largest banking group.</p> <p>The Italian Minister of Economy confirmed that the Italian government has asked for additional commitments to the already stringent commitments set for such loans. All the planned investments must be confirmed and the company would be required to use the funds for operations in Italy.</p> <p>Article 44 of the Decree n. 34 of 2020 provides for an increase of €100 million for 2020 and €200 million for 2021 of the fund for the purchase of low CO2 emission vehicles — representing the refinancing of a previous measure already in force.</p> <p>No financial support aid measures have been made available in Italy specifically targeting car manufacturers and ancillary companies in the automotive sector. However, firms across the industry can still benefit from the measures approved by the Italian government, including:</p> <ul style="list-style-type: none"> - Unemployment benefit funds for firms with suspended or reduced activity - Suspension of tax and Social Security contributions - State guarantees to support liquidity of companies 	<p>No decision</p> <p>No decision</p> <p>See overview of State Aid available for COVID-19</p>
ROMANIA	<p>On a video conference hold on 1 April 2020 between representatives of the Romanian government (including Prime Minister Ludovic Orban and Minister of Economy Virgil Popescu) with representatives of the Romanian car industry, the Association of Automobile Manufacturers in Romania (ACAROM) proposed the following measures (grouped by categories):</p> <p>Labour measures</p> <ul style="list-style-type: none"> - Full coverage by the Romanian state of the cost of technical unemployment for a period of three to six months for companies in the automotive sector, suppliers of spare parts, and car accessories - Mechanisms to compensate employees' income during the period of gradual or partial resumption of activity <p>Financial and fiscal measures</p> <ul style="list-style-type: none"> - Emergency payment of all due debts of the state to companies 	No decision

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	<ul style="list-style-type: none"> - Postponement of the payment of local taxes, land, building, profit taxes, and value-added tax (VAT) for the end of the year with the possibility to pay amounts due in the first quarter of 2021 - Postponement of the payment of bank loans and related interests for affected companies for a period of nine months (at a minimum) - State guarantees from the Ministry of Public Finance for firms to obtain loans and partial/total coverage of interest costs <p>A complete list of measures is available here.</p> <p>To date, the Romanian government has not approved any measures specifically targeting the automotive supply chain sector.</p>	
SPAIN	<p>The European Investment Bank (EIB) will finance a €200 million loan to Gestamp, a manufacturer of metal components for the automotive sector with factories in Spain, Germany, France, and Sweden. The funding supports the development of new research lines enabling the production of safer, lighter, and more environmentally friendly vehicles.</p> <p>The loan, which is endorsed by the European Commission's Investment Plan for Europe, will help Gestamp run a Research, Development & Investment (RDI) project for a period of more than four years and safeguard highly skilled jobs. The project aims to boost the development of electric vehicles.</p>	N/A
	<p>The main business associations in the automotive industry in Spain have jointly asked the Minister of Industry to create a national aid plan tailored to the car sector with an investment volume of a total of €300 million. Amongst the actions deliberated are the extension of expediente de regulación temporal de empleo mechanisms (ERTE mechanisms) for force majeure, the deferral of tax payments, and the creation of a specific credit line for the industry. The national plan is thought to replace Plan Moves, which is currently limited to alternative energy vehicles.</p> <p>On 12 May 2020, press reported the Spanish government is working to design a plan to boost sales of cars that will not be limited to alternative energy vehicles.</p>	N/A
	<p>The Alliance for the Competitiveness of the Spanish Industry, which also includes the motor sector (represented by the automotive association Asociación Española de Fabricantes de Automóviles y Camiones, or ANFAC), has submitted a package of 10 measures to the Spanish government — including a proposal to launch a short-term national shock plan to support demand and the renewal of the vehicle fleet. The Alliance has also proposed the implementation of powerful measures to support Spain's vehicle-charging infrastructure.</p>	N/A
	<p>No financial support aid measures have been made available in Spain specifically targeting the automotive supply chain sector. Still, firms across the industry can still benefit from the general measures approved, including:</p> <ul style="list-style-type: none"> - Government loan guarantees (ICO guarantee lines) - Export credit insurance coverage line - Tax deferral (up to €30,000) without need for a guarantee <p>Deferral (up to six months) on the payment of Social Security contributions</p>	See overview of State Aid available for COVID-19
SLOVAKIA	<p>According to the Minister of Labor, Volkswagen and Jaguar Land Rover applied for financial support to the Slovak government. However, the press has not confirmed that the support was granted.</p>	N/A

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UK	Jaguar Land Rover (JLR) (owned by Tata Motors) is reportedly in talks with the UK government to secure a loan of more than £1 billion. JLR reportedly does not qualify for the UK's Covid Corporate Financing Facility, which is aimed at large businesses and has strict eligibility requirements, including that a firm must be investment-grade rated as of 1 March 2020. As such, a loan of this amount would likely have to be made by way of individual aid. JLR is already taking advantage of the UK government's Job Retention Scheme.	N/A
	The Society of Motor Manufacturers and Traders (SMMT) in the UK has requested support and urgent measures to be implemented to sustain the sector.	N/A
	The Financial Conduct Authority (FCA) announced a package of measures, including support for motor finance. The FCA approved a three-month payment freeze, a buy-now pay-later (BNPL) program, rent-to-own (RTO), and pawnbroking agreements for motor customers facing temporary payment difficulties. A vast majority of car manufacturers have been offering payment holidays since mid-March 2020. Ford, leading the way with its " Piece of Mind " programme, is not only offering payment holidays for current customers but also offering up to six months of payment holidays for new car buyers (promotion is limited to some vehicles).	N/A
	According to reports, McLaren has been denied a request for a £150 million loan from the UK government.	N/A
	The Society of Motor Manufacturers & Traders' (the SMMT's) COVID-19: Automotive Business Support website includes details about and links to the variety of measures approved by the UK government that can benefit UK automotive business and associated supply chains. The measures included in the list are general measures (not specifically targeted at the automotive and associated supply chains) with the exception of a tax relief for businesses in England whose properties are wholly or mainly being used as/for: car/caravan show rooms, second-hand car lots, petrol stations, and car hire. Some of the general financial support measures available include: <ul style="list-style-type: none"> - Job retention Scheme (until the end of October) - For larger firms: CBILS and the Corporate Financing Facility - For small and mid-sized firms: CBILS and the Bounce Back Loan Scheme, which are alternatives An overview of measures available from the UK government is available here .	See overview of State Aid available for COVID-19
* °	The European Automobile Manufacturers Association (ACEA), representing 16 major Europe-based vehicle manufacturers, reflects the economic and financial measures adopted so far by the European Investment Bank are mainly addressed to SMEs but not directed to larger companies. Hence, ACEA requested to the EIB to extend some of its programs or launch a program akin to the European Clean Transport Facility.	N/A
* °	On 14 May 2020, CEOs of vehicle manufacturers and components suppliers with their respective associations (ACEA and the European Association of Automotive Suppliers, or CLEPA) held a meeting with Frans Timmermans, the Commission's Executive Vice-President for the Green Deal, and Thierry Breton, Commissioner for Internal Market. The ACEA and the CLEPA have jointly requested the Commission to coordinate national fleet schemes to ensure market conditions are harmonized across the EU and to supplement these with EU budget.	N/A

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* °	The four associations representing the full automotive supply chain (ACEA, the European Council for Motor Trades and Repairs, CLEPA, and the European Tyre & Rubber Manufacturers' Association) have released a plan of 25 key actions aimed at supporting the sector and the economy at large.	N/A
* °	In a meeting with the EU Industry and Internal Market Ministers held on 15 May 2020, 12 Member States presented a proposal for a European Recovery Plan to support the automotive industry. Promoters stand the measures included are compatible with the EU's objectives of ecological transition and digital transformation and are targeted to encompass the entire automotive industry and the associated supply chains.	N/A

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