

## COVID-19: State aid scheme for financing large enterprises is to become operational in Romania

**The European Commission has approved a Romania state aid scheme valued at RON 4 billion (EUR 800 million) for the financing of large enterprises and small and medium-sized enterprises (SMEs) with a 2019 turnover of more than RON 20 million (EUR 4 million).**

The state aid scheme, which is still awaiting formal implementation by the Romanian government, will provide two measures:

- Loan guarantees (with an estimated budget of EUR 400 million) that will allow for the issuance of guarantees for up to RON 6.5 billion. This measure will cover up to 90% of the principal for new loans or up to 50% of the principal for existing loans for an estimated 325 beneficiaries.
- Subsidised interest rates for loans (with an estimated budget of EUR 400 million) provided that the annual interest rate meets certain thresholds for an estimated 100 beneficiaries.

The scheme was created to provide support for investment or working capital loans with a maximum maturity of six years. This support cannot be used for the refinancing or repayment of other loans.

The maximum amount of a loan granted under any of the measures must not exceed:

- twice the annual wage cost with employees (including social contributions and cost with subcontractors) for 2019. For companies incorporated on or after 1 January 2019, the maximum loan must not exceed the estimated annual costs with employees for the first two years in operation; or
- 25% of the beneficiary's total 2019 turnover; or
- based on a statement of the beneficiary regarding its liquidity needs, the amount of the loan may be increased to cover the liquidity needs from the moment of granting for a period of 18 months for SMEs and for the coming 12 months for large enterprises. This is applicable where an undertaking, active in a particular sector or due to the specific nature of its activity, can justify why the limits provided under the thresholds specified in the two points above are not appropriate to forecast their liquidity needs for the next months.

State aid can be granted under this programme from the date of its official implementation (expected shortly) until no later than 31 December 2020. Applications, however, must be submitted before 31 November 2020.

For more information on this state aid scheme, check out our CMS Expert Guide to state aid in the EU during coronavirus crisis or contact either your regular CMS partner or one of our local CMS experts: **Ana Radnev**, **Adina Nanescu** and **Claudia Nagy**.