



The Brewers of Europe

President

Ms Margrethe Vestager
Executive Vice-President of the European
Commission
Commissioner for Competition
Rue de la Loi / Wetstraat 200
1049 Brussels

Nicosia, 14 May 2020

Dear Commissioner,

Since the outbreak of the COVID 19 pandemic in Europe, the European Commission has been extremely efficient in ensuring that State Aid rules do not stand in the way of Member States' governments efforts to reduce the enormous damage to national economies, and the economy of the European Union generally, caused by the pandemic and the lockdown measures that those governments have been forced to impose on undertakings to limit the rate of infection to controllable levels. As the Commission has acknowledged, aid that is introduced to maintain the viability of undertakings that were not in difficulties prior to the outbreak, but whose economic survival is now at risk as a consequence of the pandemic and the consequential lockdown measures will, provided it is appropriate in relation to the objective, fall within the exception to state aid rules set out in Article 107 (3) (b) TFEU.

The brewing sector of Europe welcomes the Temporary Framework, and subsequent amendments, already introduced by the European Commission, but believes that more flexibility in the approach should benefit the EU economy and avoid potential distortions of competition that arise from the structure of companies rather than the underlying economics of the commercial operations that are undertaken. This consideration affects the hospitality industry in particular, since bars, pubs, cafes and restaurants are acutely threatened by the current situation, both because "social distancing" may be physically or economically impossible, and it seems likely that consequent restrictions will apply for a long period. Given these factors, we believe that the hospitality industry requires special consideration.

The Brewers of Europe
Rue Caroly 23 – 25
1050 Bruxelles
Belgium

Phone : +32 2 551 18 10
Fax : + 32 2 660 94 02

www.brewersofeurope.org
info@brewersofeurope.org

The brewing sector in Europe is inextricably associated with hospitality and many brewers have invested in bars, pubs, cafes and restaurants so that these outlets are included within the group structure. It is in this context that the financial limit of €800,000 per undertaking in paragraph 22 (a) of the Temporary Framework leaves too many companies in a situation where the aid that may be available in relation to each outlet is inadequate to maintain their viability over the period while restrictions remain in place. In other words, the aid that might be available would be insufficient to achieve the objective of granting the aid. This distorts competition, or, at least, leads to inequality of treatment, between the outlets affected and others whose ownership structure allowed “full” aid to be granted.

In these circumstances we believe that the limit of the aid should be increased for the hospitality sector to allow companies sufficient financing to weather the storm of the pandemic. In addition, introducing a provision that allowed all individual outlets, whether in a large group or not, to be supported by sufficient aid, should be considered. If this cannot be achieved, the consequence will be that many bars, pubs, cafes and restaurants that lie at the heart of many local communities, will close and never be re-established, as is often the case when such businesses cease trading. An important part of European culture may be lost.

I know that you must be facing a host of problems at these difficult and unprecedented times, but the adjustments we seek are, I believe, absolutely consonant with Art. 107 (3) (b) TFEU, which makes it clear that the state aid rules do not, and must not be allowed to, stand in the way of state aid required whose objective is to remedy the serious disturbance caused by the pandemic and the consequential remedial measures to the economies of Member States.

Yours sincerely,



Pavlos Photiades

The Brewers of Europe
Rue Caroly 23 – 25
1050 Bruxelles
Belgium

Phone : +32 2 551 18 10
Fax : + 32 2 660 94 02

www.brewersofeurope.org
info@brewersofeurope.org