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Subject: State Aid SA.58676 (2020/N) – Romania - COVID-19 support for Romanian regional airports

Excellency,

1. PROCEDURE

- (1) On 17 September 2020, Romania pre-notified to the Commission an aid scheme compensating operators of Romanian regional airports for damages linked to the COVID-19 outbreak (“the scheme” or “the measure”)¹.
- (2) By electronic notification of 19 November 2020, Romania notified the scheme on the basis of Article 107(2)(b) of the Treaty on the Functioning of the European Union (“TFEU”).
- (3) Romania exceptionally agrees to waive its rights deriving from Article 342 TFEU, in conjunction with Article 3 of Regulation 1/1958² and accepts to have this Decision adopted and notified in English.

¹ The Romanian authorities submitted additional information on 4, 9, 13 and 17 November 2020.

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

Mr. Bogdan Aurescu
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2. DESCRIPTION OF THE SCHEME

2.1. The COVID-19 outbreak in Romania and the containment measures taken by the Romanian authorities

- (4) The COVID-19 outbreak has resulted in travel restrictions and the closing down of the vast majority of air passenger transport services.
- (5) Following the first COVID-19 cases in Italy, on 21 February 2020, the Romanian government announced a 14-day quarantine for citizens returning from the affected Italian regions. In the subsequent days the Romanian authorities adopted a number of other measures such as quarantine requirements for travellers from certain countries or regions thereof (e.g. Italy, China, South Korea, Iran) and obligations related to infection prevention.
- (6) In the first half of March 2020, several countries, including Romania, imposed travel restrictions and closed borders to certain parts of the world in order to contain the spread of the COVID-19 virus. In addition, the rapid spread of COVID-19 led to the cancellation of events and fairs³ and to the implementation of travel restrictions by a number of international corporations, banks and firms.
- (7) Further to the evolution of the COVID-19 outbreak and the declaration on 11 March 2020 of the pandemic by the World Health Organization (the “WHO”), on 16 March 2020, the Commission recommended⁴ Member States to apply a coordinated restriction on non-essential travel from third countries into the Union, for an initial period of 30 days, subsequently extending it twice until 15 June 2020. That recommendation, as well as the one issued by the Commission on 11 June 2020⁵ to prolong the initial recommendation until 30 June 2020, applied to all Schengen Member States (as well as Bulgaria, Croatia, Cyprus and Romania) and the four Schengen Associated States (Iceland, Liechtenstein, Norway, and Switzerland).⁶
- (8) On 16 March 2020, Romania declared a state of emergency for an initial period of 30 days and subsequently extended it on 16 April 2020 for an additional month in an effort to contain the new coronavirus pandemic. As of that date, in order to prevent and limit the spread of the COVID-19 virus on the territory of Romania, the Romanian authorities adopted various measures related to the free movement of people, travel and gatherings, schools, carrying out of the commercial activities, including the gradual suspension of most of the commercial flights to / from Romania. On 14 May 2020, the Romanian government declared an alert status on

³ For instance, the ITB Berlin 2020, which was scheduled for the period between 4 and 8 March 2020, was cancelled on 28 February 2020. With more than 10 000 exhibitors from over 180 countries, the ITB Berlin is extremely important for the world’s tourism industry. The cancellation was due to the impossibility of implementing restrictions imposed by the responsible health authority. See https://www.itb-berlin.com/Press/PressReleases/News_73794.html

⁴ Communication from the Commission COM(2020) 115 final of 16 March 2020 – COVID-19: Temporary Restriction on Non-Essential Travel to the EU.

⁵ Communication from the Commission COM(2020) 399 final of 11 June 2020 on the third assessment of the application of the temporary restriction on non-essential travel to the EU.

⁶ Source: https://ec.europa.eu/info/live-work-travel-eu/health/coronavirus-response/travel-and-transportation-during-coronavirus-pandemic_en

the Romanian territory for a period of 30 days until 16 June 2020, replacing the state of emergency. It later extended the alert status until 16 October 2020.

- (9) As regards air traffic restrictions (“the containment measures”), starting on 9 March 2020 the Romanian authorities gradually ordered the suspension of commercial flight operations across all airports in Romania, with some restrictions still in place at the time of the pre-notification. Table 1 provides an overview of such restrictions, which altogether cover virtually all air traffic in Romania.⁷

Table 1: Overview of cessation of flights to/from various countries adopted by Romania

Country group	Country	Date of entry into force	Date of removal	Share of total air traffic in Romania (data from 2019)
EU+UK	Italy	9 March 2020	23 June 2020	20.03%
	United Kingdom	5 April 2020	7 July 2020	18.57%
	Germany	25 March 2020	15 June 2020	15.70%
	Spain	18 March 2020	7 July 2020	9.86%
	France	25 March 2020	23 June 2020	6.26%
	Belgium	5 April 2020	7 July 2020	3.90%
	Austria	5 April 2020	15 June 2020	3.86%
	Netherlands	5 April 2020	7 July 2020	3.64%
Schengen area	Switzerland	5 April 2020	15 June 2020	1.57%
Non-EU	Turkey	5 April 2020	27 July 2020	5.89%
Domestic flights	Romania	25 March 2020	18 May 2020	6.40%
Total				95.68%

2.2. The economic impact of the containment measures on Romanian regional airports

- (10) According to Romania, due to the containment measures described in recital (9) as well as restrictions in other countries, the airlines operating at Romanian regional airports with an annual passenger traffic between 200 000 and 3 000 000 have gradually reduced their scheduled flights during March 2020, culminating in the total cessation of their operations on 25 March 2020. Until 17 June 2020, no scheduled international commercial flights took place at such airports, i.e. passenger traffic was close to zero. Limited operations, such as sporadic repatriation flights, charter flights organised for seasonal workers and cargo activities, played a marginal role at these airports. Air traffic started to resume noticeably only as of July 2020.

⁷ The flight restrictions did not apply to flights performed by State aircraft, freight and mail, humanitarian or emergency medical services, as well as non-commercial technical landings and charters transporting workers subject to the prior approval of the competent authorities of the countries of destination

- (11) Table 2 shows the progressive downwards evolution of passenger traffic at the eligible regional airports during March-June 2020 (compared to the same months in 2019).

Table 2: Number of passengers at Romanian regional airports in March-June 2019 and March-June 2020

		Number of passengers				
Month	Year	Bacău airport	Cluj airport	Craiova airport	Iasi airport	Sibiu airport
March	2019	[...]	[...]	[...]	[...]	[...]
	2020	[...]	[...]	[...]	[...]	[...]
	% difference 2019-2020	- 56 %	- 57%	- 63%	- 58%	- 52%
April	2019	[...]	[...]	[...]	[...]	[...]
	2020	[...]	[...]	[...]	[...]	[...]
	% difference 2019-2020	- 99%	- 94%	- 99%	- 93%	- 95%
May	2019	[...]	[...]	[...]	[...]	[...]
	2020	[...]	[...]	[...]	[...]	[...]
	% difference 2019-2020	- 99%	- 97%	- 100%	- 95%	- 93%
June	2019	[...]	[...]	[...]	[...]	[...]
	2020	[...]	[...]	[...]	[...]	[...]
	% difference 2019-2020	- 96%	- 93%	- 94%	- 93%	- 91%

- (12) Romania submitted that, because of the significant decline in airlines' activities and the resulting revenue loss, the economic and financial situation of the various regional airports has severely deteriorated. The airport operators face a serious lack of liquidity, which jeopardises their ability to meet their financial obligations and in turn the continued operation of the relevant airports.

2.3. Objective of the scheme

- (13) The scheme aims at compensating regional airport operators in Romania for the damage suffered as a direct effect of the containment measures adopted by the Romanian authorities (see recitals (8) to (12)). As set out in more detail in recital (24), the damage is calculated as the EBITDA shortfall in the period 16 March -30 June 2020, compared to the same period in 2019, due to the loss of revenues resulting from the containment measures.

2.4. National legal basis

- (14) The legal basis for the scheme is: (a) the "Government emergency ordinance on certain measures to support the operation of certain regional airports, in the context

of the economic crisis generated by the COVID-19 pandemic”, together with (b) the “Order of the Minister of public works, development and administration on the approval of the state aid scheme for providing financial support for the activity of regional airports with a traffic between 200.000 – 3.000.000 passengers / year, subordinated to some counties, to compensate for the losses registered between March and June 2020, as a result of the COVID-19 pandemic and caused directly by this pandemic”.

2.5. Form, budget and duration of the scheme

- (15) The aid takes the form of direct grants. The funds will be allocated from the Romanian State budget to the local budgets of the counties in which the beneficiaries are situated.
- (16) The overall estimated budget of the scheme is RON 21 324 000 (ca. EUR 4.4 million).
- (17) The scheme provides compensation to the beneficiaries for damage suffered as a direct result of the containment measures during the period between 16 March 2020 and 30 June 2020. The aid will be granted at the latest by 31 December 2020.
- (18) The Romanian authorities confirm that the scheme will not enter into force nor will any aid be paid out before the Commission’s approval.

2.6. Administration of the scheme

- (19) The aid is granted by the counties in which the beneficiary airports are located. The scheme is administered by the Romanian Ministry of Public Works, Development and Administration.

2.7. Beneficiaries the scheme

- (20) The potential beneficiaries of the scheme are operators of airports in Romania with a traffic between 200 000 and 3 000 000 passengers per year. Based on that eligibility criterion, the following airports have been identified as beneficiaries under the scheme: Cluj Airport, Iasi Airport, Sibiu Airport, Craiova Airport and Bacău Airport.
- (21) In order to benefit from the aid, the airports must demonstrate that they suffered COVID-19 related damages estimated in line with the methodology set out in section 2.8 and must not have already received aid covering the same eligible costs.
- (22) Furthermore, the following cumulative conditions must be met:
 - (a) no decisions have been issued against the potential beneficiaries to recover State aid or if such decisions have been issued they have been executed, according to the legal provisions in force;
 - (b) the potential beneficiaries did not request any other types of State aid for the same eligible costs.

2.8. Eligible costs and modalities for compensation

- (23) The scheme compensates the beneficiaries for up to 100% of the damage incurred during the period 16 March 2020 to 30 June 2020 as a direct consequence of the containment measures described in recitals (8) to (12).
- (24) The net losses (actual damages) correspond to the loss of aeronautical and non-aeronautical revenues, minus avoided costs and plus the additional costs incurred in relation to COVID-19⁸, during the compensation period (16 March 2020 – 30 June 2020). In practice, the damage is calculated, for each eligible airport, as the difference between the EBITDA (Earnings before Interest, Taxes, Depreciation, and Amortisation) obtained in the period 16 March-30 June 2020 and the EBITDA in the same period in 2019. Table 3 provides an estimation of the damage for each airport, resulting in a total estimated damage of ca. RON 24 million (approx. EUR 5 million).

Table 3: Estimated damages per airport (RON)

Airport	Estimated damage
Cluj	9 409 000
Iasi	6 466 000
Sibiu	3 385 000
Craiova	2400 000
Bacău	2 770 000
Total estimated damage	24 430 000

- (25) The Romanian authorities explained that the damage estimation set out in Table 3 is based on data provided by the airports detailing their costs and revenues in the relevant months of 2019 and 2020. The authorities performed a first verification of the data submitted, including by crosschecking 2019 figures with the respective certified profit and loss statement. Furthermore, the relevant granting authority (see recital (19)) will carry out more in-depth checks based on independent audit reports of the beneficiaries' financial statements by 28 February 2021. Aid received in excess of the actual damage calculated in line with the methodology set out in recital (24) will have to be repaid including interest.

2.9. Commitments, cumulation and reporting

- (26) The Romanian authorities confirmed that the following safeguards will be put in place to avoid overcompensation:
- (a) Any payment exceeding the damage suffered as a direct consequence of the COVID-19 outbreak will be recovered including interest.
 - (b) Any payment made to beneficiaries under the scheme will be net of any amount recovered by insurance, litigation, arbitration or other source for the

⁸ Notably, costs related to the purchase of sanitation equipment and items ensuring the physical distancing of passengers.

same damage. If the aid is paid out before the insurance, the authorities will recover the insurance amount from the beneficiary.

- (c) The benefit of the aid is excluded for any applicant that is responsible for the damage suffered and/or did not conduct its activities with due diligence or in compliance with applicable legislation or did not take any measure to mitigate its damages⁹.
- (d) Aid under the scheme cannot be cumulated with other aid for the same eligible costs.
- (e) The Romanian authorities will provide a report no later than one year after the date of the present decision, specifying the amount of compensation.

3. ASSESSMENT

3.1. Lawfulness of the measure

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

3.2. Existence of State aid

- (28) 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.
- (29) The measure is imputable to the State since it is based on a legal act of the Romanian government implemented by an order of the Minister of public works, development and administration of Romania, as set out in recital (14). In addition, the compensation for damage will be allocated by local counties. Resources of local authorities are, for the purposes of the application of Article 107 TFEU, State resources.¹⁰ The measure is financed through State resources, since it is funded from the resources of the local counties, as set out in recital (15).
- (30) The measure confers an advantage on the beneficiaries in the form of direct grants under Article 107(2)(b) TFEU. The advantage corresponds to the amount of compensation paid under the measure to each of the beneficiaries. The measure thus relieves the beneficiaries of costs that they would have to bear under normal market conditions.

⁹ According to Romania, the regional airports that may potentially benefit from the scheme took several measures to reorganise their activities, including by having recourse to technical unemployment for part of their staff and implementing cost savings while at the same keeping the airports operational.

¹⁰ Judgment of 12 May 2011, *Nord-Pas-de-Calais*, Joined Cases T-267/08 and T-279/08, EU:T:2011:209, paragraph 108.

- (31) The advantage granted by the damage compensation described in section 2.8 of the present decision is selective as it is awarded only to certain eligible airport operators as specified in recital (20).
- (32) The measures under the scheme are liable to distort competition, since they strengthen the competitive position of the beneficiaries. They also affect trade between Member States, since the beneficiaries are active in the airport sector, in which intra-Union trade exists.
- (33) In view of the above, the Commission concludes that the measure constitutes aid within the meaning of Article 107(1) TFEU

3.3. Compatibility of aid under Article 107(2)(b) TFEU

- (34) Since the damage compensation described in detail in section 2.8 of the present decision involves aid within the meaning of Article 107(1) TFEU, it is necessary to consider whether that measure is compatible with the internal market and in particular with Article 107(2)(b) TFEU.

3.3.1. The notion of exceptional occurrences with the meaning of Article 107(2)(b) TFEU

- (35) Article 107(2)(b) TFEU provides that aid to make good damage caused by natural disasters or exceptional occurrences shall be compatible with the internal market. Neither the TFEU nor other Union legislation contains a precise definition of the notion of exceptional occurrence. As they constitute exceptions to the general prohibition of State aid within the internal market laid down in Article 107(1) TFEU, the Commission, in line with the consolidated Union case-law¹¹ has consistently held that the notions of ‘natural disaster’ and ‘exceptional occurrence’ referred to in Article 107(2)(b) TFEU must be interpreted restrictively.
- (36) The characterisation of an event as being an exceptional occurrence is made by the Commission on a case-by-case basis, having regard to its previous practice in the field¹². In that regard, the following indicators relating to the event concerned must be cumulatively met: (i) unforeseeable or difficult to foresee¹³; (ii) significant scale/economic impact¹⁴ and (iii) extraordinary¹⁵.

¹¹ Judgment of the Court of Justice of 11 November 2004, *Spain v Commission*, C-73/03, EU:C:2004:711, paragraph 37 and judgment of the Court of Justice of 23 February 2006, *Atzeni and others*, in Joined Cases C-346/03 and C-529/03, EU:C:2006:130 paragraph 79.

¹² Exceptional occurrences that have been accepted in the past by the Commission include war, internal disturbances and strikes, and, with certain reservations and depending on their extent, major industrial accidents which result in widespread economic loss, see Guidelines for State aid in the agricultural and forestry sectors and in rural areas 2014 to 2020, paragraph 330 (OJ C 204, 1.07.2014, p. 53).

¹³ Commission Decision of 1 August 2011 on case SA.32163, Remediation of damage to airlines and airports caused by seismic activity in Iceland and the volcanic ash in April 2010, Slovenia, paragraph 31, OJ C 135, 9.5.2012, p. 1.

¹⁴ Elements taken into account by the Commission to consider that the occurrence reached a significant scale: negative consequences cannot be contained (Commission Decision of 4 October 2000 on case NN 62/2000, Régime temporaire d'aides aux entreprises victimes des intempéries et de la marée noire, France, OJ C 380, 30.12.2000, p. 9), or because of the number of dead or injured people (Commission Decision of 11 April 2012 on case SA.33487, Agricultural and fisheries aid to compensate for damage

3.3.2. *COVID-19 as an exceptional occurrence*

- (37) Following the first reports of cases of acute respiratory syndrome (COVID-19) in the Wuhan municipality in China at the end of December 2019, the Chinese authorities identified a novel coronavirus (SARS-CoV-2) as the main causative agent, which had not been previously identified in humans. The outbreak rapidly evolved, affecting not only other parts of China but also spread to the majority of countries worldwide, including all Member States. Outbreaks of novel virus infections among people are always a public health concern and can have a significant economic impact. Specific sectors and areas are particularly affected by the outbreak, be it because of national outbreak control measures, travel restrictions or supply chain disruptions.
- (38) The WHO declaration of a pandemic¹⁶, associated with the public health risk deriving from the absence of therapeutics or vaccines for the novel COVID-19, determine the exceptional nature of the circumstances. The rapidness of the spread of the virus can cause enormous consequences both in terms of fatal outcomes in risk groups and in terms of economic and societal disruption¹⁷. The necessity to adopt and encourage observance of measures aimed at interrupting transmission chains stems from that acknowledgement. According to WHO reports and observations of the current situation, such measures can result in far-reaching disruption of various economic sectors. That disruption is thus clearly outside the normal functioning of the market. In order to avoid an exponential increase in the number of cases, accompanied by social hardship and severe economic consequences, containment measures needed to be adopted.
- (39) From March 2020, Member States adopted various measures that aim to limit the spread of the coronavirus, e.g. travel restrictions for non-essential travel, closure of borders, closure of non-essential shops, obligation for companies to organise working from home for every position where to do so was possible and various social distancing measures.

due to exceptional occurrence (red mud "Aluminium accident"), Hungary, paragraph 35, available at https://ec.europa.eu/competition/elojade/isef/case_details.cfm?proc_code=3_SA_33487; Commission Decision of 2 May 2002 on case N241/2002, Régime en faveur des entreprises victimes de la catastrophe industrielle de Toulouse, France, paragraph 19), the immense ecological and economic damage (Commission Decision of 11 April 2012 on case SA.33487, paragraph 36), the amount of material damage, despite the local character of the industrial accident (Commission Decision of 2 May 2002 on case N 241/2002, paragraph 19, OJ C 170, 16.7.2002, p. 16).

- ¹⁵ In its Decision of 19 May 2004 on case C-59/2001 concerning the aid scheme that Italy plans to implement for poultry farms — AIMA programme for the poultry industry, OJ L 32, 6.2.2007, p. 14 the Commission considered that the (alleged) fall in sales of poultry meat in a Member State not directly affected by the dioxin contamination did not in itself constitute an exceptional occurrence. Even though it was an unforeseeable event, it formed part of the normal commercial risks to which an undertaking is exposed.
- ¹⁶ WHO Director-General's opening remarks at the media briefing on COVID-19 on 11 March 2020, <https://www.who.int/dg/speeches/detail/who-director-general-s-opening-remarks-at-the-media-briefing-on-covid-19---11-march-2020>.
- ¹⁷ ECDC's Rapid Risk Assessment, Outbreak of novel Coronavirus disease 2019 (COVID-19): increase transmission globally – fifth update, 2 March 2020.

- (40) In view of the above, the Commission considers that this event qualifies as an exceptional occurrence as it was not foreseeable, as it is clearly distinguishable from ordinary events by its character and by its effects on the affected undertakings and the economy in general and therefore lies outside of the normal functioning of the market¹⁸.
- (41) The Commission therefore concludes that the COVID-19 outbreak can be considered as an exceptional occurrence within the meaning of Article 107(2)(b) TFEU.

3.3.3. Causal link between the notified measure and the COVID-19 outbreak

- (42) The Commission has examined the notified aid scheme pursuant to Article 107(2)(b) TFEU. That assessment has led to the following observations.
- (43) As described in recitals (8) to (9) the Romanian authorities adopted several sequential containment measures in response to the COVID-19 outbreak starting in March 2020.
- (44) With specific regard to air traffic restrictions, starting on 9 March 2020 the Romanian authorities gradually ordered the suspension of commercial flight operations across all airports in Romania, with some restrictions still in place at the time of the notification. The flight ban was progressively lifted:
- On 18 May 2020, the ban was lifted for domestic flights;
 - As of 15 June 2020, the air traffic ban was lifted for flights from Germany, Austria and Switzerland and as of 23 June for flights from Italy and France;
 - As of 7 July, the air traffic ban was lifted for flights from Spain, the United Kingdom, Belgium and the Netherlands and as of 27 July 2020, for flights from Turkey.
- (45) While the flight ban was progressively lifted as of 18 May 2020, the data provided by Romania indicate that, due to the various restrictions and containment measures in place, there was very limited air traffic until and throughout June 2020. Until 17 June, no scheduled international commercial flights took place at Romanian regional airports as described in recital (20). Air traffic data show that in June 2020 only 4% to 9% of passengers were handled compared with June 2019 (see Table 2). This is notably due to the fact that, as in other Member States, travel warnings, travel bans and flight restrictions remained in place for some Member States (such as Spain, France, Italy, Belgium and the Netherlands) and numerous third countries; in the same vein, numerous third countries continued to apply their travel bans and flight restrictions so that air traffic started to resume noticeably only as of July.
- (46) The Commission therefore considers that the causal link between the COVID-19 outbreak and the damage can be established for the period starting on 16 March

¹⁸ See for instance Commission Decision of 12 March 2020 on case SA.56685, Compensation scheme for cancellation of events related to COVID-19, Denmark, OJ C 125, 17.4.2020, p. 1, and Commission Decision of 31 March 2020 on case SA.56765, COVID-19 Moratoire sur le paiement de taxes et redevances aéronautiques en faveur des entreprises de transport public aérien sous licences d'exploitation délivrées par la France, France, OJ C 294, 4.9.2020, p. 1.

2020, when Romania declared a state of emergency and as of that date adopted various measures, i.a. containment measures (recitals (8) to (9), and ending on 30 June 2020, when - following the lifting of the various restrictions previously in place - air traffic started to noticeably resume.

- (47) The Commission observes that the notified measure aims to cover the net losses of the beneficiaries caused by the suspension of flights as a direct effect of the COVID-19 restrictions.
- (48) The Commission thus concludes that the notified measure is directly linked to the COVID-19 outbreak, which qualifies as an exceptional occurrence.

3.3.4. Proportionality of the aid measure

- (49) In order to be compatible with Article 107(2)(b) TFEU, the aid must be proportional to the damage caused by the exceptional occurrence. Aid must not result in overcompensation of that damage; it should only make good the damage caused by the exceptional occurrence.
- (50) To effectively ensure proportionality, it is necessary to analyse the assumptions and evidence on which the calculation of damage for the factual scenario is based. In particular, it is necessary to look at how the exceptional occurrence has actually and directly affected the operations of beneficiaries and what actual impact it has had on their costs and revenues.
- (51) Firstly, the Commission notes that the aid is strictly limited to compensation for the damage directly caused by the COVID-19 outbreak during the period from 16 March to 30 June 2020 (“the compensation period”).
- (52) As explained in recital (24), the damage is calculated by comparing the EBITDA of the relevant airport operator during the compensation period with the EBITDA that it would have expected absent the containment measures. The proxy for that counterfactual is the EBITDA during the same months of the previous year (16 March 2019 - 30 June 2019).
- (53) The Commission further notes that, as described in section 2.8, the net losses (actual damage) are calculated by taking into account the loss of revenues, additional costs and avoided costs during the compensation period by comparing the results of the beneficiaries during that period with the results that they would have expected in the absence of the containment measures.
- (54) The Commission notes that the avoided costs correspond to all the costs the beneficiaries would have incurred if its activity had not been affected by the COVID-19 restrictions, and that the beneficiaries have not actually incurred in the compensation period due to its suspended activities.
- (55) On the basis of the actual data submitted by the Romanian authorities as set out in Table 3 the Commission considers that the total notified budget of RON 21 324 000 is lower than the damage the beneficiaries suffered as a direct consequence of the restrictive measures taken to address the COVID-19 outbreak. On the one hand, that exceptional circumstance led to the interruption of operations and to a significant loss of revenue between 16 March and 30 June 2020 compared to the same period in 2019. On the other hand, the interruption of operations

allowed the beneficiaries to avoid significant costs between 16 March and 30 June 2020 compared to the same period in 2019, which are taken into account in the calculations by the Romanian authorities.

- (56) Based on the data submitted by the Romanian authorities (see Table 2), the Commission takes note that the containment measures led to a near standstill of airport operations, causing in turn a significant revenue shortfall between 16 March and 30 June 2020 compared to the same period in 2019 (see section 2.2). On the other hand, the halt of activities allowed airport operators to achieve cost savings between 16 March and 30 June 2020 compared to the same period in 2019, which the Romanian authorities take into account in their calculations. Furthermore, as explained in recital (25), each beneficiary will be required to submit an audit report of its financial statements, allowing the Romanian authorities to verify that the compensation received does not exceed the actual damage suffered.
- (57) For the above reasons the Commission concludes that the notified compensation by Romania to the beneficiaries does not exceed the damage caused to the beneficiaries by the exceptional occurrence as quantified as the difference between the lost revenues and the avoided costs between 16 March and 30 June 2020.
- (58) The Commission therefore concludes that the notified measure provides for compensation that does not exceed what is necessary to make good the damage.
- (59) Moreover, as described in recital (26), the Commission notes that the Romanian authorities have put in place the additional safeguards to ensure that compensation under the scheme does not exceed what is necessary to make good the actual damage suffered and thus meets the abovementioned criteria.
- (60) Therefore, the Commission concludes that the damage compensation is proportionate.

3.3.5. Conclusion on compatibility of aid

- (61) In view of the above, the Commission considers that the notified aid is compatible with the internal market in accordance with Article 107(2)(b) TFEU.

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 Articles 107(2)(b) of the Treaty on the Functioning of the European Union.

If this letter contains confidential information which should not be disclosed to third parties please inform the Commission within fifteen working days of the date of receipt. If the Commission does not receive a reasoned request by that deadline, you will be deemed to agree to the disclosure to third parties and to the publication of the full text of the letter in the authentic language on the Internet site:
<http://ec.europa.eu/competition/elojade/isef/index.cfm>.

Your request should be sent electronically to the following address:

European Commission
Directorate-General for Competition
State Aid Greffe
B-1049 Brussels
Stateaidgreffe@ec.europa.eu

Yours faithfully,

For the Commission

Margrethe VESTAGER
Executive Vice-President

