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**Subject: State Aid SA.59156 (2020/N) – Romania – COVID-19 - Incentive scheme for airlines operating at Sibiu airport**

Excellency,

## **1. PROCEDURE**

- (1) On 22 October 2020, Romania pre-notified to the Commission an aid scheme that provides for aid to airlines operating at Sibiu airport (the “measure”) under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak<sup>1</sup> (“the Temporary Framework”). On 11 November 2020, Romania submitted supplementary information on the measure following the Commission’s request for information.
- (2) By electronic notification of 11 November 2020, Romania notified the measure under the Temporary Framework.

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<sup>1</sup> Communication from the Commission - Temporary framework for State aid measures to support the economy in the current COVID-19 outbreak, 19 March 2020, OJ C 91I, 20.3.2020, p. 1, as amended by Communication from the Commission C(2020) 2215 final of 3 April 2020 on the Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 112I, 4.4.2020, p. 1, by Communication from the Commission C(2020) 3156 final of 8 May 2020 on the Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 164, 13.5.2020, p. 35 and by Communication from the Commission C(2020) 4509 final of 29 June 2020 on the Third Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 218, 2.7.2020, p. 3 and by Communication from the Commission C(2020) 7127 final of 13 October 2020 on the Fourth Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak and amendment to the Annex to the Communication from the Commission to the Member States on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to short-term export-credit insurance, OJ C 340 I, 13.10.2020, p. 1.

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Romania

- (3) Romania exceptionally agrees to waive its rights deriving from Article 342 of the Treaty on the Functioning of the European Union (“TFEU”), in conjunction with Article 3 of Regulation 1/1958,<sup>2</sup> and to have this Decision notified and adopted in English.

## **2. DESCRIPTION OF THE MEASURE**

### **2.1. Objective and justification of the measure**

- (4) As a result of the COVID-19 outbreak, Romania implemented certain restrictive measures in order to limit the spread of the virus which it gradually put in place as of March 2020. Romania considers that the COVID-19 outbreak affects the real economy. Private consumption, the main driver of growth in recent years, is expected to be severely affected by those measures. Uncertainty on the markets caused by the COVID-19 crisis (and the restrictive measures) is expected to hurt investment decisions, and unemployment is set to increase. Real GDP<sup>3</sup> is projected to contract by 6% in 2020 and rebound by 4% in 2021<sup>4</sup>. The budget deficit is projected to increase significantly as the fiscal measures required to fight the COVID-19 crisis come on top of past fiscal slippages.
- (5) On 16 March 2020, Romania declared a state of emergency in the country and prohibited the majority of business and social activities, including travel. On 29 March and 4 and 16 April, by military ordinances, Romania reinforced the ban on international travel already in place, by imposing additional flight suspensions on all flights by all air carriers. The flight restrictions did not apply to flights performed by State aircraft, cargo and mail flights, humanitarian flights or flights providing emergency medical services, technical services, and non-commercial technical landings.
- (6) On 18 May 2020 the government agreed on the introduction of a state of alert until the middle of July, as of when the restrictive measures, although not suspended, would be relaxed with concrete details for each sector. Regarding aviation, flights were resumed from 23 June 2020 at all airports in Romania to and from those countries exempt from quarantine/isolation requirements under Romania’s green list<sup>5</sup>. Due to the suspension of flights, temporary border closures and travel restrictions, there has been a serious negative effect on the connectivity of the country with other European countries and the rest of the world. Specifically, the lockdown for the period from mid-March 2020 to mid-June 2020

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

<sup>3</sup> Real gross domestic product (real GDP) is a macroeconomic measure of the value of economic output adjusted for price changes (i.e. inflation or deflation). Essentially, it measures a country's total economic output, adjusted for price changes. Governments use both nominal and real GDP as metrics for analyzing economic growth and purchasing power over time.

<sup>4</sup> European Economic Forecast - Summer 2020 (Interim), Institutional Paper 132 - July 2020, European Commission Directorate-General for Economic and Financial Affairs available online under [https://ec.europa.eu/info/sites/info/files/economy-finance/ip132\\_en.pdf](https://ec.europa.eu/info/sites/info/files/economy-finance/ip132_en.pdf)

<sup>5</sup> <http://www.cnsctb.ro/index.php/liste-zone-afectate-covid-19>. That list is updated on a weekly basis.

has substantially affected the activity of Sibiu Airport<sup>6</sup>, and consequently the airlines operating in that airport.

#### *2.1.1. Sibiu Airport*

- (7) Sibiu Airport is an important infrastructure for the regional connectivity of Transylvania, while its presence supports numerous jobs connected to the aviation services sector. Businesses in production, commerce and tourism rely heavily on air connectivity, especially for the economic recovery and viability of the region. Airlines in particular face significant liquidity shortages and working capital difficulties, as they continue to cover on-going expenses. Some may have difficulty surviving the COVID-19 outbreak. In addition, economic operators providing services related to travel and tourism are already facing what are likely to be non-recoverable losses.
- (8) Airports in Romania were allowed to resume operations on 23 June 2020 but the lifting of the restrictive measures on flights has been gradual and passenger traffic is still limited. The primary factor that influences the authorities' decisions on the resumption of flights remains the epidemiological situation.
- (9) Romania notes that, due to the geographical position of the Transylvanian region, that region has had an unprecedented decline in revenues and cash flow, both in aviation itself and its dependent activities such as tourism.
- (10) Sibiu is located in the middle of Romania, with easy access to tourist areas of Transylvania. According to the National Statistics Institute, Sibiu County attracted 259 000 foreign tourists in 2019, primarily from Germany, Spain, Israel, the United Kingdom, France, Austria and the United States of America, well exceeding the number of local residents in Sibiu City.
- (11) Sibiu's hotel industry estimates that more than 50% of its revenues depend on Sibiu's air connectivity. The COVID-19 outbreak is causing disturbances to the local market, with already visible negative effects on the economy. Tourism is one of the worst-affected sectors as a result of the COVID-19 outbreak. It is estimated that by the end of 2020, accommodation income at city and regional levels will be 50%-70% lower than in 2019. Many events regularly attracting large numbers of tourists have been cancelled. The tourism and transportation industries, especially air travel, are among the hardest-hit industries at global level in the context of the COVID-19 pandemic. The tourism industry was the first to be affected and, according to forecasts, it will be the slowest to return to normality. The recession of the Sibiu tourism industry will have long-lasting effects on the Romanian economy. Revitalising it in general, and in Sibiu in particular, is tied to the gradual lifting of operational and travel restrictions. The latter are also linked to the destination's accessibility for potential tourists and visitors.
- (12) The total number of passengers handled at Sibiu Airport between January and July 2019 was 408 486. The number dropped, for the same period of 2020, to

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<sup>6</sup> In this decision, the term "Sibiu Airport" or "the airport" is used when referring to the airport infrastructure and the term "Sibiu International Airport R.A." is used when referring to the manager of the airport infrastructure.

only 150 263 passengers, a decrease of over 63% of the total number of passengers. Between March and July 2020, the period in which the majority of commercial flights from/to Sibiu Airport were suspended, total passenger numbers decreased by 85% compared to the same period of 2019.

- (13) Considering the exceptional situation that generated serious disturbances of the economy, the aid measure is aimed at supporting the seriously affected air companies that operated or will operate flights at Sibiu Airport. Given that airports are an essential infrastructure in maintaining regional connectivity, the granting of State aid to airlines that resumed or start operations of regular flights from/to Sibiu Airport will help reduce the negative effects generated by the COVID-19 pandemic. Recovery of airline traffic is critical for the full economic recovery and structural viability of the region and the entire Romanian economy<sup>7</sup>.
- (14) The objective of the measure is to support the activity of air operators operating flights from Sibiu Airport in the context of the economic crisis generated by the COVID-19 outbreak by providing support to them in a comprehensive manner. The measure forms part of an overall package of measures and aims at remedying the liquidity shortage faced by undertakings and ensuring that the disruptions caused by the COVID-19 outbreak do not undermine their viability<sup>8</sup>. Furthermore, the measure has been designed to meet the requirements of a specific category of aid (“Limited amounts of aid”) described in section 3.1 of the Temporary Framework.
- (15) Taking all those factors into account, Sibiu’s County Council considers that the proposed measure is necessary to increase market demand so that the industry returns to its norm. By subsidizing air travel accessibility to destinations operated from/to Sibiu International Airport, the Romanian authorities consider that the ensuing revival of demand will directly benefit affected actors who can gradually cover their financial losses in reaching the capacity levels they had prior to the COVID-19 outbreak. The measure is expressly based on Article 107(3)(b) TFEU, in light of sections 2 and 3.1 of the Temporary Framework.

## **2.2. The nature and form of aid**

- (16) The proposed measure consists of an aid scheme that provides for direct grants that cannot exceed in RON the equivalent of EUR 800 000<sup>9</sup> per company to airlines that resume or start flights to/from Sibiu Airport<sup>10</sup>.

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<sup>7</sup> As stated by Romania, Sibiu was in the last 5 years the third most popular tourist destination in Romania for foreign tourists and ranks sixth in terms of GDP/capita among Romanian cities.

<sup>8</sup> The Commission has approved a RON 4 billion (approximately EUR 800 million) Romanian scheme to support companies affected by the coronavirus outbreak. (SA.57408 COVID-19: Framework scheme for State aid in the form of subsidised loans and guarantees on loans). The Commission also approved a RON 4.5 billion (approximately EUR 1 billion) scheme to support SMEs affected by the coronavirus outbreak (SA.58166 COVID-19: Support for SMEs and certain related large enterprises to overcome the economic crisis caused by the COVID-19 pandemic).

<sup>9</sup> The EUR/RON exchange rate for calculating the maximum ceiling of EUR 800 000 is the exchange rate of the Central Bank of Romania valid at the date of granting of the aid.

<sup>10</sup> The measure is directed at airlines that operated at Sibiu Airport before the COVID-19 crisis but also at airlines that would like to start new operations there.

### **2.3. National legal basis**

- (17) The legal basis for the measure is the draft decision of Sibiu's County Council concerning the approval of the State aid scheme in support of air operators in the context of the economic crisis generated by the COVID-19 pandemic.

### **2.4. Administration of the measure**

- (18) The *Sibiu County Council* will be responsible for granting the aid. *Sibiu International Airport R.A.* will be the authority responsible for administering the measure<sup>11</sup>.
- (19) The call for applications for aid under the measure will set out the detailed conditions for receiving the aid, the procedure to follow and the documents to submit in applying for the aid, the commitments to be taken by the aid beneficiaries and the controls and reports to be done by *Sibiu International Airport R.A.*

### **2.5. Budget and duration of the measure**

- (20) The Romanian authorities confirm that no more than EUR 1 660 000 (RON 8 100 000<sup>12</sup>) in aid will be granted under the measure. The aid will be financed from the local budget of the County of Sibiu. Sibiu County will grant the aid directly to beneficiaries. The aid per undertaking cannot exceed EUR 800 000 (equivalent in RON).
- (21) The scheme will enter into force upon its approval by the Commission and the subsequent publication of Sibiu County Council's granting decision, and will be valid until 30 June 2021. The selection period for the beneficiaries and the granting of the aid starts on the day of entry into force of the provisions of the Sibiu County Council decision and may extend up to 30 June 2021, while the period in which the grant can be disbursed may extend up to 30 June 2022.

### **2.6. Beneficiaries**

- (22) The beneficiaries of the measure are airlines that resume or start operating flights at Sibiu Airport. Romania estimates that at least five (5) airlines will benefit from the measure. Due to the economic crisis generated by the COVID-19 pandemic, airlines in particular face serious liquidity problems with direct impact on their working capital and hence their capacity to operate routes or to start operating new routes.
- (23) Air operators that operated at Sibiu Airport, which undertake to resume their regular flights at Sibiu Airport, and air operators that want start operations at Sibiu Airport, may benefit from State aid if they fulfil all of the following criteria:

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<sup>11</sup> The aid will be granted by Sibiu County Council directly to beneficiaries, not through *Sibiu International Airport R.A.* The airport will deal only with the verification of eligibility criteria and selection.

<sup>12</sup> Based on the exchange rate EUR/RON of the Central Bank of Romania valid on 22 October 2020.

- a) The candidate airline must have an air operating license issued in accordance with Regulation (EU) 2018/1139 of the European Parliament and of the Council of 4 July 2018 on common rules in the field of civil aviation and establishing the European Union Aviation Safety Agency<sup>13</sup>;
- b) The candidate airline must have compulsory accident insurance covering passengers, cargo, mail, and civil liability in accordance with the conditions of Regulation 785/2004<sup>14</sup>;
- c) The candidate airline should not be on the Commission's blacklist of airlines that fail to meet safety standards, published at: <http://ec.europa.eu/transport/air-ban/>;
- d) The candidate airline must have a European Air Operators Certificate (AOC) or other equivalent document issued by a competent authority in their country of origin;
- e) The candidate airline must not have received any other aid in Romania under section 3.1 of the Temporary Framework, or if it has received it, the sum of the aid received under this measure and the aid received in addition to that received under this measure in Romania, must not exceed EUR 800 000;
- f) No decisions to recover State aid have been issued against the candidate airline or, if such decisions have been issued, they have been enforced in accordance with the legal provisions in force;
- g) The candidate airline was not already in difficulty, as defined within the meaning of the General Block Exemption Regulation (the “GBER”)<sup>15</sup> on 31 December 2019;
- h) Where the candidate airline operated regular flights to/from Sibiu Airport in 2019, the candidate airline will allocate to/from Sibiu Airport at least 50% of the capacity it allocated in 2019, and maintain it for a period of 12 consecutive months between the dates of signing the financial aid grant contract and 30 June 2022. Where the candidate airline has not operated regular flights in year 2019 to/from Sibiu Airport, the candidate airline will allocate a capacity of at least 50

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<sup>13</sup> Regulation (EC) No 785/2004 of the European Parliament and of the Council of 21 April 2004 on insurance requirements for air transport operators and aircraft operators, (OJ L 138, 30.4.2004, p. 1).

<sup>14</sup> Regulation (EU) 2018/1139 of the European Parliament and of the Council of 4 July 2018 on common rules in the field of civil aviation and establishing a European Union Aviation Safety Agency, and amending Regulations (EC) No 2111/2005, (EC) No 1008/2008, (EU) No 996/2010, (EU) No 376/2014 and Directives 2014/30/EU and 2014/53/EU of the European Parliament and of the Council, and repealing Regulations (EC) No 552/2004 and (EC) No 216/2008 of the European Parliament and of the Council and Council Regulation (EEC) No 3922/91 (OJ L 212, 22.8.2018, p. 1).

<sup>15</sup> As defined in Article 2(18) of Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 187, 26.6.2014, p. 1.

000 seats for a period of 12 consecutive months between the date of signing the financial aid grant contract and 30 June 2022.

## **2.7. The scope of the measure**

- (24) The measure is open to airlines, fulfilling the conditions laid down in Section 2.6 above, that resume or start the operation of flights at Sibiu Airport.

## **2.8. Basic elements of the measure**

- (25) Airlines whose activity has been disrupted by the COVID-19 pandemic and which face a sudden liquidity shortage or the unavailability of liquidity can benefit from a direct grant that cannot exceed the RON equivalent of EUR 800 000 per company.
- (26) An open call for applications will accompany the proposed measure, in which the terms and conditions that need to be met by the interested airlines will be stated in a clear and non-discriminatory manner.
- (27) Only airlines meeting the conditions described under Section 2.6 of the present decision, can apply for the aid. The measure will be granted to beneficiaries fulfilling those conditions and *Sibiu International Airport R.A.* will be responsible for their verification. In particular:
- After the eligibility verification by *Sibiu International Airport R.A.*, the documents attesting the fulfilment of the eligibility conditions will be submitted to Sibiu County Council.
  - No later than 30 June 2021, Sibiu County Council will conclude financial aid grant contracts with the beneficiaries until the complete exhaustion of the budget according to the first come, first served principle.
  - Successful candidates will receive EUR 1.3 per seat allocated to and from Sibiu Airport following the signing of the financial aid grant contract. The aid will be disbursed by Sibiu's County Council in three parts, over a twelve month period, as follows: 25% of the total value of the financial aid grant contract the first month, 35% on the sixth month and 40% of the value of the financial aid grant contract on the tenth month.
  - *Sibiu International Airport R.A.*, will perform monthly compliance checks on the capacity allocated by successful airlines concerning flights to/from Sibiu Airport, and will prepare a report comparing the number of seats assumed by the airline in the financial aid grant contract and the number of seats actually allocated by the airline to/from Sibiu Airport. The report together with the supporting documentation will be submitted to Sibiu County Council and will be kept for a period of 10 years from the date of the granting of the aid.
  - Where a beneficiary of aid does not comply with the granting conditions provided for by the scheme and stipulated within the financial aid grant contract, the Sibiu County Council will proceed with the cessation/termination and recovery of the State aid according to the provisions of the Government

Emergency Ordinance no. 77/2014 on national procedures in the field of State aid<sup>16</sup>.

- The minimum number of monthly seats allocated by any beneficiary will ensure the operation of at least 2 weekly frequencies during the period of operation. The number of monthly seats allocated to/from Sibiu Airport can be adjusted during the period of operation subject to an advance written notice to *Sibiu International Airport R.A.* justifying the proposed changes. The total number of seats stipulated in the financial aid grant contract for the concerned period of operation cannot be adjusted.
- Except for the provisions regarding the cessation/recovery of aid, in the event that there are flight restrictions for reasons that cannot be attributed to the beneficiary airline (e.g. unfavorable weather conditions, flight restrictions imposed by the country of destination), the beneficiary airline will not be obliged to reimburse the amounts received in accordance with the financial aid grant contract for the period in which the airline was unable to operate its flights.
- During a period of impossibility to operate flights for reasons not attributable to the beneficiary airlines, the total seat allocations stipulated in the financial aid grant contract will be recalculated as the difference between the allocation actually assumed in the financial aid grant contract and the monthly allocation provided in the documentation attached to the application for State aid that could not be realised during the impossibility of operating the flights, so as to adjust the amount of financial aid to the beneficiary accordingly<sup>17</sup>.

## 2.9. Cumulation

- (28) The Romanian authorities confirmed that a beneficiary of the measure may also benefit from other measures under the Temporary Framework and/or from *de minimis* aid<sup>18</sup> and/or from aid under the GBER. The aid cannot be cumulated with aid or *de minimis* aid received from other local, regional or national aid to cover the same eligible costs. The Romanian authorities have however confirmed that insofar as a beneficiary may benefit from multiple measures under the Temporary Framework and/or from *de minimis* aid and/or from the GBER, the maximum thresholds on aid amounts per beneficiary, as specified in the Temporary Framework, in the *de minimis* Regulation and in the GBER, will be respected.
- (29) In order to verify the compliance with the Temporary Framework cumulation rules, undertakings applying for State aid under the scheme will have to submit a declaration on their own responsibility for other State aid received, referred to in

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<sup>16</sup> As amended and supplemented by Law no. 21/1996.

<sup>17</sup> As an example: Total seats assumed by the beneficiary airline according to the financial aid contract: 160 000. Destinations operated by the airline to/from Sibiu Airport: 4. Impossibility of operation: May, June, July due to flight restrictions imposed by destination 1. Seats allocated in May, June and July: 25 000 seats of which 5 000 seats at/from Sibiu Airport to/from destination 1. Total seats allocated following the adjustment due to inability to operate: 155 000.

<sup>18</sup> Granted in line with Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid (the “*de minimis* Regulation”) (OJ L 352, 24.12.2013, p. 1).

recital (23) (e). Furthermore, Sibiu County Council will verify the declaration of each potential beneficiary against the General Register of State aid granted in Romania (RegAS)<sup>19</sup>. Romania confirms that aid schemes at all Romanian airports will be monitored, as well as schemes available to enterprises operating in different sectors, to enforce the cumulation rules.

- (30) The Romanian authorities confirm that if the beneficiary receives aid on several occasions or in several forms under the measure or aid under other measures approved by the Commission under section 3.1 of the Temporary Framework, the overall maximum cap per undertaking, as set out in point 22(a) of that framework, will be respected.

## **2.10. Monitoring and reporting**

- (31) The Romanian authorities confirm that they will respect the monitoring and reporting obligations laid down in section 4 of the Temporary Framework.
- (32) *Sibiu International Airport R.A.*, as the administrator of the State aid scheme, must transmit to the Romanian Competition Council all the data and information necessary for the monitoring of State aid at national level<sup>20</sup>, as well as the data and information necessary for the elaboration of the inventory of State aids and of the reports and information necessary for the fulfilment of Romania's obligations as a Member State<sup>21</sup>.

## **3. ASSESSMENT**

### **3.1. Existence of State aid**

- (33) 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.
- (34) The measure is financed from the local budget of Sibiu's County Council (recital (20)). Resources of local authorities are, for the application of Article 107 TFEU, State resources.<sup>22</sup> The measure granted by the Sibiu County Council (recital (18)) is imputable to the State, since it is granted by an intermediary body of the State

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<sup>19</sup> RegAS contains all information about State aid schemes in Romania (updated for aid schemes at all Romanian airports as well as general schemes available to all types of enterprises).

<sup>20</sup> That data and information will be in the format and within the term provided by the Regulation concerning the State aid scheme registry approved by the Order of the President of the Competition Council no. 437/2016.

<sup>21</sup> In accordance with the provisions of the Order of the President of the Competition Council no. 437/2016 for the implementation of the Regulation on the State aid register, it will upload in the RegAS platform the details of the scheme, its financing agreements, the payments made and any possible recoveries.

<sup>22</sup> Judgment of 12 May 2011, *Nord-Pas-de-Calais*, Joined Cases T-267/08 and T-279/08, EU:T:2011:209, paragraph 108.

acting by virtue of powers conferred on it. Therefore the Commission considers that the measure is financed from public resources and is imputable to the State.

- (35) The measure confers an advantage on its beneficiaries in the form of direct grants. The measure thus relieves those beneficiaries of costs that they would otherwise have to bear under normal market conditions.
- (36) The advantage granted by the measure is selective, since it is awarded only to certain undertakings active in Romania, namely airlines that resume or start to operate at Sibiu Airport, fulfilling the conditions set out under Section 2.6 above.
- (37) The measure is liable to distort competition, since it strengthens the competitive position of its beneficiaries. It also affects trade between Member States, since those beneficiaries are active in sectors in which intra-Union trade exists.
- (38) In view of the above, the Commission concludes that the measure constitutes aid within the meaning of Article 107(1) TFEU. The Romanian authorities do not contest that conclusion.

### **3.2. Lawfulness of the measure**

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

### **3.3. Compatibility**

- (40) Since the measure involves aid within the meaning of Article 107(1) TFEU, it is necessary to consider whether that measure is compatible with the internal market.
- (41) Pursuant to Article 107(3)(b) TFEU the Commission may declare compatible with the internal market aid “*to remedy a serious disturbance in the economy of a Member State*”.
- (42) By adopting the Temporary Framework on 19 March 2020, the Commission acknowledged (section 2) that “*the COVID-19 outbreak affects all Member States and that the containment measures taken by Member States impact undertakings*”. The Commission concluded, “*State aid is justified and can be declared compatible with the internal market on the basis of Article 107(3)(b) TFEU, for a limited period, to remedy the liquidity shortage faced by undertakings and ensure that the disruptions caused by the COVID-19 outbreak do not undermine their viability, especially of SMEs*”.
- (43) The objective of the measure is to support the activity of air operators resuming or starting operation of flights from Sibiu Airport in the context of the economic crisis generated by the COVID-19 outbreak. The granting of State aid to airlines that will resume or start the operation of regular domestic and international flights from and to Sibiu Airport will help reduce the negative effects felt by the community. Recovery of air traffic is essential for the full economic recovery and structural viability of the region and the whole economy of Romania.
- (44) The measure forms part of an overall package of measures and aims at remedying the liquidity shortage faced by undertakings and ensuring that the disruptions

caused by the COVID-19 outbreak do not undermine their viability<sup>23</sup>. Furthermore, the measure has been designed to meet the requirements of a specific category of aid (“Limited amounts of aid”) described in section 3.1 of the Temporary Framework.

- (45) The measure notified by Romania meets all the conditions provided for in point 22 of the Temporary Framework. In particular:
- i. The aid will be granted in the form of a grant of maximum EUR 800 000 per undertaking. The maximum aid amount per undertaking under the measure will not exceed the ceiling set out in point 22(a) of the Temporary Framework (recitals (16), (20), (23(e)) and (25);
  - ii. The measure is granted on the basis of a scheme with an estimated budget of EUR 1 660 000 (equivalent in RON); hence the condition set out in point 22(b) of the Temporary Framework is met (recital (20));
  - iii. The aid will not be granted to undertakings that were already in difficulty on 31 December 2019 (within the meaning of the GBER), hence the condition set out in point 22(c) of the Temporary Framework is met (recital (23)(g));
  - iv. The aid will be granted no later than 30 June 2021; therefore the condition set out in point 22(d) of the Temporary Framework is met (recital (21));
  - v. The aid does not concern undertakings active in the processing and marketing of agricultural products<sup>24</sup>, hence the condition set out in point 22(e) of the Temporary Framework is not applicable.
- (46) The Commission accordingly considers that the measure is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of Romania and meets all the relevant conditions of the Temporary Framework.
- (47) The Romanian authorities have committed to comply with all the monitoring and reporting provisions laid down in section 4 of the Temporary Framework. The Commission may request additional information regarding the aid granted, to verify whether the conditions laid down in this decision have been met.
- (48) The Romanian authorities have confirmed that they will respect cumulation rules regarding combination with *de minimis* aid and/or other aid. The Romanian authorities have stated that the aid will not be cumulated with aid or *de minimis*

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<sup>23</sup> The Commission has approved a RON 4 billion (approximately EUR 800 million) Romanian scheme to support companies affected by the coronavirus outbreak. (SA.57408 COVID-19: Framework scheme for State aid in the form of subsidised loans and guarantees on loans). Romania also notified to the Commission under the Temporary Framework a RON 16 billion (approximately EUR 3.3 billion) scheme to support SMEs affected by the coronavirus outbreak.

<sup>24</sup> As defined in Article 2(6) and Article 2(7) of Commission Regulation (EC) No 702/2014 of 25 June 2014 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union, OJ L 193, 1.7.2014, p. 1.

aid<sup>25</sup> received from other local, regional or national aid<sup>26</sup> to cover the same eligible costs.

#### 4. CONCLUSION

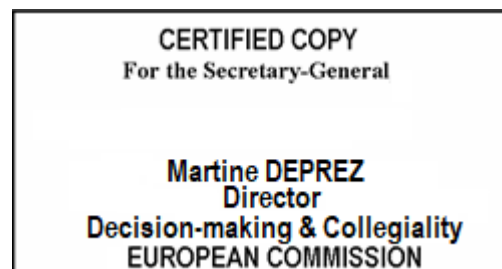
The Commission has accordingly decided not to raise objections to the aid on the grounds that it is compatible with the internal market pursuant to Article 107(3)(b) TFEU.

This decision is based on non-confidential information and is therefore published in full on the Internet site: <http://ec.europa.eu/competition/elojade/isef/index.cfm>.

Yours faithfully,

For the Commission

Margrethe VESTAGER  
Executive Vice-President



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<sup>25</sup> Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid (OJ L 352, 24.12.2013, p. 1) and Commission Regulation (EU) No 717/2014 of 27 June 2014 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid in the fishery and aquaculture sector (OJ L 190, 28.6.2014, p. 45).

<sup>26</sup> Union funding centrally managed by the Commission that is not directly or indirectly under the control of the Member State does not constitute State aid. Where such Union funding is combined with other public funding, only the latter will be considered for determining whether notification thresholds and maximum aid intensities are respected, provided that the total amount of public funding granted in relation to the same eligible costs does not exceed the maximum funding rates laid down in the applicable Union legislation.