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SENSITIVE*: *COMP Operations*

Subject: State Aid SA.57817 (2020/N) – Romania – COVID-19 - Oradea airport support scheme to airlines

Excellency,

1. PROCEDURE

- (1) On 25 June 2020, Romania pre-notified to the Commission an aid scheme that provides for aid to airlines operating at Oradea airport (the “measure”) under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (“the Temporary Framework¹”). During the pre-notification phase, two telephone conferences between the Romanian authorities and the Commission services took place. On 16 July 2020 and 17 July 2020, Romania submitted supplementary information on the measure following the Commission request for information.
- (2) By electronic notification of 17 July 2020, Romania notified the measure under the Temporary Framework.
- (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

* Handling instructions for SENSITIVE information are given at <https://europa.eu/db43PX>

¹ 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 3rd Amendment to the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, not yet published.

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Article 3 of Regulation 1/1958,² and to have this Decision adopted and notified 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. The measures were put in place gradually 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 the lockdown measures. Uncertainty on the markets caused by the COVID-19 crisis (and the restrictive measures) is expected to hurt investment decisions, while net exports are projected to contribute positively to growth. Unemployment is set to increase while inflation is forecast to ease due to the drop in oil prices. Real GDP³ is projected to contract by 6 % in 2020 and rebound by 4% in 2021⁴. In 2021, real GDP is projected to rebound, though not to pre-crisis levels. 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 the state of emergency in the country and the majority of business and social activities including travelling were prohibited. On 29 March, 4 and 16 April, by respective military ordinances, Romania reinforced the ban on international travel already in place by imposing additional flight suspensions to all flights by all air carriers. The flight restrictions did not apply to flights performed by State aircraft, cargo and mail flights, humanitarian or 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 mid of July, at which moment the restrictive measures would not be suspended but rather relaxed with concrete details for each sector. Regarding aviation, flights were resumed from 23 June 2020 at all airports in Romania and from the countries subject to the exception of the quarantine/isolation, according to the Romanian green list, updated weekly⁵. Due to the suspension of flights, temporarily closed borders and travel restrictions there has been a serious negative effect on the connectivity of the country with European countries and the rest of the world. Specifically, the lockdown of the country for the period from

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

³ 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.

⁴ 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

⁵ <http://www.cnsct.ro/index.php/liste-zone-afectate-covid-19>

mid-March 2020 to mid-June 2020 has substantially affected the activity among others of Oradea Airport⁶ and consequently the airlines operating in that airport.

2.1.1. Oradea Airport

- (7) Oradea Airport is an important factor in the regional connectivity, as its presence supports many jobs connected to aviation services. Businesses in production, commerce and tourism are heavily relying on connectivity, especially for the economic recovery and viability of the region. Airlines in particular face significant liquidity shortages and working capital problems, since they still have to cover on-going expenditures. Some may have difficulty surviving the disruption. In addition, economic operators providing services related to travel and tourism are already facing losses that are likely to be non-recoverable.
- (8) Airports in Romania were allowed to resume operations on 23 June 2020 but the lifting of the restrictive measures on flights is gradual and passenger traffic is still limited. The primary requirement for the resumption of flights remains the epidemiological situation with complementary measures, such as the requirements for health safety.
- (9) Romania notes that due its geographical position, the Oradea region experiences an unprecedented decline in revenues and cash flow in aviation and its dependent tourism branch.
- (10) Oradea is located near the Hungarian border and is easily accessible for transport and travel in Central Europe.. From Oradea, tourists can explore the nearby Apuseni mountains with their numerous caves⁷, and a number of protected natural areas of the region. Pilgrim tourism (wooden churches of Maramureş), as well as thermal springs, constitute also a significant reason for people travelling in the area.
- (11) According to the National Statistics Institute, the city attracted 223 000 tourists in 2018, exceeding the number of local residents. Oradea's hotel industry estimates that more than 45 % of its revenues depends on Oradea's air connectivity. In addition, more than 50 % of the Oradea hotel market is covered by business travel to Oradea, almost entirely dependent on air transport. As a result of the COVID-19 outbreak, accomodation income at city and regional levels is estimated to be 50% - 70% lower by year end. The COVID-19 outbreak is causing disturbances to the local market, with already visible negative effects on the economy as a result of measures taken to manage the medical crisis, tourism being one of the heavily affected areas as a result of the outbreak. Many events regularly attracting tens of thousands of tourists have been cancelled or postponed, and the prospect of their redeployment is uncertain. The tourism and transportation industries, especially air travel, are among the most affected 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 one to see the slowest return to normal. The recession of the Oradea tourism industry will also lead to a drop in

⁶ In this decision, the term “Oradea Airport” or “the airport” is used when referring to the airport infrastructure and the term “R.A. Oradea Airport” is used when referring to the manager of the airport infrastructure.

⁷ <http://romaniatourism.com/oradea.html#attractions>

the local economy due to the COVID-19 outbreak. Revitalising it in general, and in Oradea 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) Along with the COVID-19 crisis and the accompanying measures all States imposed, the tourist traffic fell to zero, disrupting all preparation and planning from the local authorities and individuals, who counted on a pay-off of such expenses. Airlines were grounded for over 3 months and face insufficient liquidity. Those restrictions resulted in a decrease in income from passenger transport and tourism, both being vital for the economy in the Oradea region and Romania. The total number of passengers handled at Oradea Airport between January and April 2019 was 23 379, which dropped to, the same period of 2020, only 10 141. According to the records, there was a gradual decrease of 65% in the number of passengers in March 2020, compared to March 2019 (from 6 353 to 2 275) and in April 2020 the number of passengers decreased by 100% compared to the same month of 2019, given the travel restrictions.
- (13) Considering the exceptional situation that generated serious disturbances of the economy, the notified aid measure is aimed at supporting the seriously affected air companies that operated flights at Oradea Airport. Given that airports are an essential infrastructure to maintain regional connectivity, the granting of State aid to airlines that will resume or start the operation of regular domestic and international flights from / to Oradea Airport will help reduce the negative effects felt by the community. Recovery of airline traffic is essential for the full economic recovery and structural viability of the region and the whole economy of Romania⁸.
- (14) The objective of the measure is to support the activity of air operators operating flights from Oradea 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.
- (15) Taking all those factors into account, the Municipality of Oradea proposed a series of pro-active measures meant to increase the market demand so that the industry returns to normal. The Romanian authorities consider that subsidising the air travel accessibility of the destination, along with a promotional campaign, are two of the measures that create the best prerequisites for the revival of demand so that directly affected actors can cover their financial gaps by restarting activity. The measure is expressly based on Article 107(3)(b) TFEU, in light of sections 2 and 3.1 of the Temporary Framework.

⁸ As stated by Romania, Oradea is one of the top 5 tourist destinations in Romania, it has the largest and most visited thermal bath in Romania, Băile Felix. Oradea is among the top 10 economic engines in Romania and it has the highest investment GDP/inhabitant in Romania and according to a public survey is the most efficient city in Romania and the first in terms of attracting EU funding.

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 per company to airlines that resume or start flights from Oradea Airport.⁹¹⁰

2.3. National legal basis

- (17) The legal basis for the measure is the Resolution concerning the approval of the State aid scheme for supporting the activity of air operators in the context of the economic crisis generated by the COVID-19 pandemic of Oradea Local Council.

2.4. Administration of the measure

- (18) The *Oradea Municipality* will be responsible for granting the aid. *R.A. Oradea Airport* will be the authority responsible for administering the measure¹¹.
- (19) The call for applications for aid under the measure will set out in detail the conditions to receive the aid, the procedure to follow and documents to submit to apply for the aid, the commitments to be taken by the aid beneficiaries and the controls and reports to be done by *R.A. Oradea Airport*.

2.5. Budget and duration of the measure

- (20) The Romanian authorities confirm that no more than EUR 1 million (RON 4 842 900¹²) in aid will be granted under the measure. The aid will be financed from the local budget of the Oradea Municipality. The Oradea Municipality 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 aid will not be granted later than on 31 December 2020. The selection period for the beneficiaries is 45 days starting from the date of entry into force of the provisions of the Decision of Oradea Local Council, and the period in which the grant can be paid is between the date of entry into force of the provisions of the granting decision and the date of 31 March 2021.

2.6. Beneficiaries

- (22) The beneficiaries of the measure are airlines that resume or start operating flights at the Oradea Airport. Romania estimates that three (3) airlines will benefit from the measure.

⁹ The measure is directed at airlines that operated at Oradea Airport before the COVID-19 crisis but also the airlines that would like to start new operations there.

¹⁰ 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.

¹¹ The aid will be granted by Municipality of Oradea to beneficiaries directly, not through *R.A. Oradea Airport*. The airport will deal only with the verification of eligibility criteria and selection.

¹² Based on the exchange rate EUR/RON of the Central Bank of Romania valid on 16 July 2020.

- (23) Air operators that operated at Oradea Airport, which undertake to resume their regular flights at Oradea Airport and the air operators that want start their operations at Oradea Airport, may benefit from State aid if they fulfil all of the following criteria:
- 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 Agency¹³;
 - b) The candidate airline must have compulsory accident insurance covering passengers, cargo, mail, and civil liability in accordance with the conditions of EC Regulation 785/2004¹⁴;
 - c) The candidate airline should not be on the European 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 similar 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”)¹⁵ on 31 December 2019;
 - h) The candidate airline must submit a written business plan by which it undertakes to resume or start the operation of the regular flights from Oradea Airport. The business plan must contain the way in which the company estimates

¹³ 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. 1–6).

¹⁴ 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. 1–122).

¹⁵ 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.

that the aid received will compensate the need for liquidity so that its activity is resumed or started in good conditions at Oradea Airport.

2.7. The scope of the measure

- (24) The measure is open to airlines that resume or start the operation of flights at Oradea Airport.

2.8. Basic elements of the measure

- (25) Airlines that face a sudden liquidity shortage or even the unavailability of liquidity, can benefit from a direct grant that cannot exceed in RON the equivalent of EUR 800 000 per company. The validity period of the measure includes (i) the selection period of forty-five (45) days from the date of entry into force of this decision and (ii) the payment period of the grant from the date of entry into force of this decision and 31 March 2021.
- (26) Only airlines meeting the eligibility criteria described in recital (23) can apply for the aid.
- (27) The measure will be granted to beneficiaries fulfilling the eligibility criteria and in accordance with the score calculation (as explained in recital (28) below). There is no other prerequisite. The verification of data will be done by *R.A. Oradea airport*.
- (28) The grants will be provided to interested airlines fulfilling the eligibility criteria (recital (23) in a transparent manner following the score calculation¹⁶. There will be an open call for applications regarding 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. The beneficiary must submit an application for the aid and demonstrate, through the documentation submitted, that it undertakes to start or resume the operation of regular routes and to take all necessary measures to ensure their viability by promoting them in order to remedy the difficulties as soon as possible. In particular:
- Airlines will have to submit to *R. A. Oradea Airport*, service proposals, business plans, specifying the proposed routes to be started or resumed and operating frequencies, the aircraft to be used and its capacity, expected levels of traffic, period of operation, route operation and how the aid influences the resumption of air traffic.
 - *R. A. Oradea Airport* will verify that the eligibility conditions set out in this measure are met.

¹⁶ Romania explained that considering the overall losses and cost for air transport and in order to be relevant in terms of the amounts for each beneficiary, they estimate that the scheme may be awarded to a maximum of three beneficiaries. Based on Romanian authorities, given the overall small amount of the aid (EUR 1 million) in comparison with the high losses of the industry and in order to respond to the challenges of the medical crisis and to the objective of the Temporary Framework, a higher number of beneficiaries would make the aid not relevant. The way in which the amounts / beneficiary is distributed will be proportional, according to the obtained scores. For example, in the situation of the existence of 5 beneficiaries with the following scores: 85,70, 65, 60, and 55, the first 3 scores will receive the amounts proportional to the score obtained, respectively 39%, 32%, and 29% of the total budget of the scheme.

- For the selection of the beneficiaries, in order to allocate the State aid, the following will be used as evaluation factors: number of destinations proposed to be operated, number of flights / week (flights / week x operating frequencies), number of passengers estimated to be generated within a period of 1 year from the receipt of state aid. The score for each evaluation factor will be as follows:

Evaluation Factor	Max points
1. Number of destinations proposed to be operated	40
2. Number of flights / week (destinations / week x operating frequencies)	30
3. Estimated number of passengers to be generated within 1 year of receiving State aid	30

Calculation method

- (29) The score for each applicant will be calculated as follows:
- a. For each of the evaluation factors the best offer will receive the maximum score. For example: For the largest number of routes proposed to be resumed, the maximum score allocated to the evaluation factor will be awarded, respectively 30 points.
 - b. For other offers below the maximum, the score will be calculated proportionally as follows:

$$P(\text{score}) = (\text{offer} \times \text{maximum score}) / \text{best offer.}$$

- (30) After verifying the eligibility and the selection criteria by *R. A. Oradea Airport*, the Municipality of Oradea will pay the State aid after signing the financing contracts with the beneficiary. The aid will be paid by the Municipality of Oradea in two installments: the first upon signing the contract, and the second until 31 March 2021.
- (31) Applications for aid will be submitted electronically and processed by *R.A. Oradea Airport*, which will perform compliance checks to ensure the correct implementation of the measure. Records with the necessary supporting documents will be kept for a period of ten years from the date of award of the aid.
- (32) If a beneficiary does not comply with the granting conditions provided by the scheme and with the business plan proposed, the Municipality of Oradea will proceed to the cessation / recovery, as the case may be, of the State aid in accordance with the provisions of the Government Emergency Ordinance no. 77/2014 on national procedures in the field of State aid.

2.9. Cumulation

- (33) 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* aid¹⁷ and/or from aid under the 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.
- (34) In order to verify the compliance with the Temporary Framework cumulation rules, undertakings applying for State aid under thr scheme will have to submit a declaration on their own responsibility for other State aid received, referred to in recital (23) letter e). Furthermore, the Municipality of Oradea will verify the declaration of each potential beneficiary in the General Register of State aid granted in Romania (RegAS). Romania confirmed that it will monitor the aid schemes at all Romanian airports, as well as general schemes available to all types of enterprises, to enforce the cumulation rules.
- (35) 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

- (36) The Romanian authorities confirm that they will respect the monitoring and reporting obligations laid down in section 4 of the Temporary Framework.
- (37) *R. A. Oradea Airport*, as the administrator of the State aid scheme, must transmit to the Competition Council all the data and information necessary for the monitoring of State aid at national level¹⁸, 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 fulfillment of Romania's obligations as a Member State.
- (38) *R. A. Oradea Airport*, as the administrator of the State aid scheme, must upload in the RegAS platform this scheme, financing agreements, payments made and possible recoveries¹⁹.

¹⁷ 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).

¹⁸ This data and information shall be in the format and within the term provided by the Regulation concerning the state aid scheme registry approved by the by the Order of the President of the Competition Council no. 437/2016.

¹⁹ 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.

3. ASSESSMENT

3.1. Existence of State aid

- (39) 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.
- (40) The measure is financed from the local budget of the Oradea Municipality (recital (20)). Resources of local authorities are, for the application of Article 107 TFEU, State resources.²⁰ The measure granted by the Oradea Municipality (recital (18)) is imputable to the State, i.e. granted by the State itself or by any intermediary body acting by virtue of powers conferred on it. Therefore the Commission considers that the measure is financed from State resources and is imputable to the State.
- (41) 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 have to bear under normal market conditions.
- (42) The advantage granted by the measure is selective, since it is awarded only to certain undertakings active in Romania, in particular the airlines that resume or start to operate at Oradea Airport, fulfilling the conditions set out in recital (23).
- (43) 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.
- (44) 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

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

3.3. Compatibility

- (46) 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.

²⁰ Judgment of 12 May 2011, *Nord-Pas-de-Calais*, Joined Cases T-267/08 and T-279/08, EU:T:2011:209, paragraph 108.

- (47) 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”*.
- (48) 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”*.
- (49) The objective of the measure is to support the activity of air operators resuming or starting operation of flights from Oradea Airport in the context of the economic crisis generated by the COVID-19 outbreak by providing support to them in a comprehensive and non-discriminatory manner. The granting of State aid to airlines that will resume or start the operation of regular domestic and international flights from and to Oradea 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.
- (50) 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 viability²¹. 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.
- (51) 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 (20), (25) (23) and (34));
 - ii. The measure is granted on the basis of a scheme with an estimated budget of EUR 1 million (equivalent in RON); hence the condition set out in point 22(b) of the Temporary Framework is met (recital (20));

²¹ 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. Moreover, the Romanian authorities adopted or initiated the pre-notification/notification procedures for the measures such as: technical unemployment compensations for the period of suspension of the employment contract, postponement of the payment of bank rate, allowance for parents staying at home with children during the state of emergency, guarantee of tourism vouchers (informal discussions with the Commission), support grants for small-enterprises etc.

- 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 31 December 2020; 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 products²², hence the condition set out in point 22(e) of the Temporary Framework is not applicable.
- (52) 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.
- (53) 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 the Commission decision approving the measure have been met.
- (54) 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* aid²³ received from other local, regional or national aid²⁴ to cover the same eligible costs.

²² 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.

²³ 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).

²⁴ 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.

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

CERTIFIED COPY
For the Secretary-General,

Jordi AYET PUIGARNAU
Director of the Registry
EUROPEAN COMMISSION