



EUROPEAN COMMISSION

Brussels, 11.12.2006

C (2006) 6700

PUBLIC VERSION

WORKING LANGUAGE

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**Subject: State aid No N 664/06 –Slovak Republic
Aid to Petit Press a.s. in favour of newspaper “Új Szó”**

Sir,

I Procedure:

1. By letter of 9 October 2006, registered the same day, the Slovak authorities notified to the Commission a project to grant a subsidy to the company Petit Press a.s. in order to promote a daily newspaper “Új Szó”.

II Detailed description of the measure/aid

2. Petit Press a.s. is the editor of the newspaper “Új Szó”. The newspaper is targeted towards the Hungarian minority, in particular in the south of Slovakia and is edited in Hungarian language.
3. Új Szó reports about political, socio-economic and cultural topics. (in particular with regard to the Hungarian minority in southern Slovakia)
4. Új Szó is a daily newspaper with an average edition of approximately 35 000 prints. The aid amounts to SKK 2 400 000 (approx. €64 000). It accounts for 36.7% of the overall costs in 2006 (amounting to SKK 6 534 000).

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5. The Slovak authorities indicated that the measure cannot be considered as being *de minimis*. During the last 3 years Petit Press already received aid, which including the proposed grants in 2006 would exceed *de minimis* threshold.¹ Slovak authorities also notified to the Commission another state subsidy planned in 2006 to Petit Press a.s. for a different periodical, which is subject to separate decision (N 663/06).
6. The Slovak authorities are of the view that the aid should not have an effect on trade between Member States because the newspaper is only distributed on a local level. The measure was notified only for ensuring legal certainty.
7. Moreover, they argue that the measure has a cultural objective i.e. favouring the diffusion of a newspaper in a minority language thus indicating it could therefore be derogated under Article 87(3)(d) EC.

III Assessment of the measure/aid

8. The measure is a subsidy directly granted by the Slovak Ministry of Culture out of its own resources. Therefore, it is granted through State resources. The total cost of the newspaper amounts to SKK 6 534 000 in 2006. The subsidy covers 36.7% (SKK 2 400 000; approx. € 64 000) of this cost. There is no doubt that the measure gives an advantage to Petit Press in the sense that it covers a cost that in normal market circumstances would have been borne by Petit Press itself. The measure may allow Petit Press to increase the sales of Új Szó and accordingly its profits from the sales. In this sense the aid is capable of affecting competition.
9. However, the newspaper has only a local character; it is not even sold in the whole of Slovakia, let alone other Member States. It is unlikely in these circumstances that a possible increase in sales of Új Szó would affect cross border trade in newspapers or prevent in any appreciable way competitors from getting established in the market. Given further the very limited amount of aid, some doubts can be raised, whether the measure constitutes State aid in the meaning of Article 87(1) of the EC Treaty. However, also bearing in mind that Új Szó is published in Hungarian, one cannot exclude that there is a potential affectation of trade between Member States.
10. Insofar as the measure constitutes aid, the Commission has to verify whether any of the derogations provided for in article 87 (3) EC could apply and thus the measure may be considered to be compatible. Slovakia stated that the aid has a cultural objective i.e. favouring the diffusion of a newspaper in a minority language thus indicating it could therefore be derogated under Article 87(3)(d) EC.
11. Article 87(3)(d) states that an *“aid to promote culture and heritage conservation may be considered to be compatible with the common market where such aid does not affect trading conditions and competition in the Community to an extent that is contrary to the common interest”*.
12. In accordance with the Commission practise², the cultural derogation provided for in Article 87(3)(d) must be interpreted restrictively, and should be limited to measures for

¹ The total *de minimis* aid granted to any one enterprise shall not exceed EUR 100000 over any period of three years.

² NN 88/98 *Financing of a 24-hour advertising-free news channel with licence fee by BBC*, OJ C 78 of 18.03.2000, page 6.

specific projects which are related to the national notion of culture. Furthermore, it is considered that the notion of culture must be applied to the content and nature of the publication, not the medium or its distribution per se.

13. In the present case, the Commission observes that the aid measure aims at promoting the Hungarian language, accordingly the Hungarian minority and therefore cultural diversity.
14. Új Szó is partly designed to support the information on cultural topics (in particular with regard to the Hungarian minority in southern Slovakia). It is therefore noted that the measure has some elements exemptible under Article 87 (3)(d) EC, inasmuch as they may contribute to the awareness of cultural issues and cultural diversity. The aid amount is very small and trading conditions and competition in the Community are not affected to an extent that is contrary to the common interest.
15. Insofar the newspaper reports about political and socio-economic issues, no other specific compatibility clause seems to be applicable to the notified aid apart from the always possible general application of Article 87(3)(c) EC. The latter provides that, “*aid to facilitate the development of certain economic activities or of certain economic areas, where such aid does not adversely affect trading conditions to an extent contrary to the common interest, may be considered to be compatible with the common market*”.
16. Since the aid is exclusively aimed at printed publications in Hungarian language earmarked for the Hungarian minority in Slovakia, it is unlikely that other publications in Slovak or Hungarian would be real substitutes, since they do not focus on “Minority issues”, and in turn that subscribers and/or advertisers would switch between them due to the subsidy. The aid is proportional to the stated objective, a newspaper for the Hungarian language minority. It would thus seem that the distortion of intra-EU trade and competition is likely to be very limited. Moreover, the evaluation concerning the potentially limited trade and competition distortion of the measure under review, and in particular, its proportionality to the stated objective, is also underpinned by the comparatively limited amount of aid.
17. Furthermore, the promotion of cultural diversity is considered a common interest goal. Indeed Article 151 (1) EC, provides that “*the Community shall contribute to the flowering of the cultures of the Member States, while respecting their national and regional diversity and at the same time bringing the common cultural heritage to the fore*”. Further, the publication of the minority language newspaper is in line with Council Resolution of 14.2.2002 concerning the promotion of language diversity and language learning in the framework of the implementation of the objectives of the European Year of Languages 2001; and finally the publication is also in line with Article 22 of the Charter of Fundamental Rights of the European Union, which reaffirmed the principle that the EU respects cultural, religious and linguistic diversity in Member States.
18. Moreover, according to Article 151 (4) EC Treaty, the Community shall take cultural aspects into account in its action under other provisions of this Treaty, in particular in order to respect and to promote the diversity of its cultures.

19. For these reasons, the Commission considers that in this case, the distortion of competition created by the aid would not adversely affect intra-Community trade and competition to an extent contrary to the common interest.
20. In this respect, the Commission considers that the aid under review would satisfy the conditions in order to be deemed compatible with the common market pursuant to Article 87 (3) (c) and (d) of the EC Treaty.

IV Decision

The Commission has accordingly decided:

that to the extent that this measure constitutes State aid, the aid is compatible with the EC Treaty under Article 87(3)(c) and (d).

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Your request should be sent by encrypted e-mail to stateaidgreffe@ec.europa.eu or, alternatively, by registered letter or fax to:

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Yours faithfully,
For the Commission

Neelie KROES
Member of the Commission