EUROPEAN COMMISSION

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PUBLIC VERSION
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Subject: State aid SA.49203 (2017/N) – Romania
Bacau International Airport – entrustment of a service of general economic interest

Sir,

1. PROCEDURE

(1) By letter dated 27 September 2017, Romania notified to the Commission a public service compensation linked to the entrustment to Regia Autonoma "George Enescu" Bacau International Airport (hereinafter "Bacau International Airport") of a service of general economic interest (hereinafter "SGEI"). The measure was registered under the State aid case number SA.49203.

(2) The Commission requested further information on the measure by letter dated 27 November 2017.

(3) By letter dated 12 March 2018, Romania provided the additional information requested by the Commission.

2. DESCRIPTION OF THE MEASURES

"George Enescu" Bacau International Airport

(4) "George Enescu" Bacau International Airport ("Bacau airport") is the fifth largest airport in Romania in terms of the passenger traffic. It recorded around 400 000 passengers in 2016. The passenger traffic in Bacau airport in the last six years is presented in the table below.

Teodor-Viorel Meleșcanu
Minister of Foreign Affairs
Aleea Alexandru nr. 31, Sector 1
Bucuresti, cod 011822
Table 1: Traffic at Bacau airport

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</thead>
<tbody>
<tr>
<td>No. of passengers</td>
<td>327 366</td>
<td>392 385</td>
<td>304 910</td>
<td>314 029</td>
<td>364 727</td>
<td>414 987</td>
</tr>
</tbody>
</table>

(5) Currently, only the low cost carrier Blue Air is operating at Bacau Airport with regular flights to Bergamo, Bologna, Brussels, Dublin, Liverpool, London, Madrid, Rome and Turin. In addition, Blue Air operates a seasonal route to Catania, and seasonal charter flights to Antalya.

(6) Bacau airport is operated by an entity called Bacau International Airport and is entirely owned by Bacau County Council.

(7) Bacau airport is located in Bacau County in Romania, located in the North-East Region of Romania. Bacau County is situated on the periphery of the European Union, within a distance of 150 km from the border with the Republic of Moldova and 194 km from Ukraine.

Graph 1: Map indicating the location of Bacau airport

Source: Romanian authorities

(8) The North-East Region is the largest region in terms of area and population among the eight Regions of Romania. In 2016 Bacau was the second most populated county of the Region with a population of 747 689. Despite that, the county had experienced a decline in its population compared to the other North-East Regional counties due to external migration and negative population growth. The table below presents the population numbers of the North-East Region and its counties between 2011 to 2016.
Table 2: The population of the North-East Region and the counties in the Region

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>North-East Region</td>
<td>3 883 093</td>
<td>3 879 911</td>
<td>3 885 934</td>
<td>3 899 889</td>
<td>3 924 858</td>
<td>3 929 282</td>
</tr>
<tr>
<td>Bacau</td>
<td>754 964</td>
<td>753 218</td>
<td>751 354</td>
<td>749 179</td>
<td>749 763</td>
<td>747 689</td>
</tr>
<tr>
<td>Botosani</td>
<td>468 103</td>
<td>465 899</td>
<td>463 994</td>
<td>461 749</td>
<td>459 430</td>
<td>456 404</td>
</tr>
<tr>
<td>Iasi</td>
<td>865 229</td>
<td>868 171</td>
<td>877 726</td>
<td>892 215</td>
<td>910 984</td>
<td>921 056</td>
</tr>
<tr>
<td>Neamț</td>
<td>588 809</td>
<td>586 824</td>
<td>584 895</td>
<td>582 445</td>
<td>580 834</td>
<td>578 007</td>
</tr>
<tr>
<td>Suceava</td>
<td>737 737</td>
<td>738 868</td>
<td>739 991</td>
<td>741 314</td>
<td>743 744</td>
<td>744 854</td>
</tr>
<tr>
<td>Vaslui</td>
<td>468 251</td>
<td>466 931</td>
<td>467 974</td>
<td>472 987</td>
<td>480 103</td>
<td>481 272</td>
</tr>
</tbody>
</table>

Source: Eurostat statistical data processing, Romanian National Statistics Institute

(9) The North-East Region is among the last Regions of Romania in terms of economic development. It has the second lowest level in terms of GDP/capita compared to the national average, the lowest net average monthly wage, the second highest unemployment rate and among the lowest foreign direct investment shares (see Table 3 below).

Table 3: Selected economic indicators for the Romanian Regions (2016)

<table>
<thead>
<tr>
<th>Region</th>
<th>GDP/capita (national average = 100%)</th>
<th>Net average monthly salary (EUR)</th>
<th>Unemployment rate (%)</th>
<th>FDI share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>North-East</td>
<td>62.2</td>
<td>382</td>
<td>6.5</td>
<td>5.9</td>
</tr>
<tr>
<td>South-East</td>
<td>81.1</td>
<td>391</td>
<td>6.7</td>
<td>3</td>
</tr>
<tr>
<td>South Muntenia</td>
<td>84.0</td>
<td>418</td>
<td>6.3</td>
<td>6.9</td>
</tr>
<tr>
<td>South – West Oltenia</td>
<td>81.5</td>
<td>389</td>
<td>8.3</td>
<td>2.3</td>
</tr>
<tr>
<td>West</td>
<td>114.0</td>
<td>438</td>
<td>2.6</td>
<td>8</td>
</tr>
<tr>
<td>North – West</td>
<td>83.6</td>
<td>397</td>
<td>3.2</td>
<td>4.9</td>
</tr>
<tr>
<td>Center</td>
<td>97.8</td>
<td>406</td>
<td>4.4</td>
<td>9.1</td>
</tr>
<tr>
<td>Bucharest – Ilfov</td>
<td>233.0</td>
<td>650</td>
<td>1.5</td>
<td>59.9</td>
</tr>
</tbody>
</table>

Source: Romanian National Statistics Institute, Romanian National Commission for Forecasting

(10) Romania submitted that, according to the Annual Report on Economic Competitiveness from the World Economic Forum 2017, Romania takes the 120th place in the world from the point of view of road infrastructure. The North-East Region of Romania, although crossed by 6 European roads, has a peripheral position over the European transport corridors. The connection with important economic centres in the vicinity and with other regions is difficult because there is no highway and no high speed train network in the Region.
The greatest part of the road infrastructure consists of one way traffic roads. This increases the time needed for road transport. In addition, because of road congestion, there are many road accidents, Romania being one of the European countries with the highest risk factor in this respect.

The nearest airports to the city of Bacau are:

- Iasi Airport: 133 km, 2h10 by car, traffic 1 146 218 passengers/year in 2017.
- Suceava Airport: around 156 km, 2h30 by car, traffic 262 165 passengers in 2017 (up from 57 226 passengers in 2016).
- Bucharest, 290 km, 3h45 by car, 12 804 191 passengers/year in 2017

Entrustment of a service of General Economic Interest

Bacau International Airport is entrusted with an SGEI on the basis of the Bacau County Council Decision N° 197 from 20 December 2013 (as modified by the Bacau County Council n° 50 from 28 March 2014).

As part of the notification, the Romanian government submitted the draft of a new act of entrustment of an SGEI to Bacau International Airport for a period of ten years. The SGEI compensation will be financed from national budget and the European Fund for Regional Development. The new entrustment act is planned to be adopted following the adoption of this Commission decision. The new entrustment act is based on the Government Emergency Ordinance No 61/2011 regulating certain measures concerning the financing of airports of special local importance, as subsequently modified and on the Commission Communication on a European Union framework for State aid in the form of public service compensation (hereinafter "the 2011 SGEI Framework")\(^1\).

The new entrustment act specifies that Bacau airport serves the counties of Bacau, Vrancea, Neamt, Vaslui, Covasna and Harghita.

According to the new act of entrustment, Bacau International Airport is entrusted with the following activities:

- the construction, modernisation, operation, maintenance and repair of the airport infrastructure, including runways, taxiways, apron, terminals and control tower;
- the acquisition and modernisation of equipment and installations directly supporting the airport infrastructure: firefighting, security and safety, lighting and beaconing installations and equipment;
- the organisation and operation of passenger flows in airport terminals;
- ensuring the necessary premises for the public authorities performing specific control activities at the airport (border police, customs office, Romanian Intelligence Service - passenger and luggage security control, air transport Police);

\(^1\) OJ C8 of 11.01.2012, p. 15.
• ensuring the free operation as well as the provision of specific equipment (lighting and beaconing installations and equipment) for state aircraft flights, military aircraft, for aircrafts performing flights for emergency and humanitarian situations and for other situations as foreseen by applicable laws;
• the provision of airport services auxiliary to air transport;
• the provision of firefighting, emergency and safety services.

(17) Activities that are not directly linked to the basic activities of the airport and which include the construction, financing, use and rental of land and buildings or parts thereof for offices and storage rooms, shops, restaurants, as well as for economic operators located within the airport, cannot be part of the activities related to the SGEI.

Compensation

(18) The new entrustment act provides for a financial compensation by the Bacau County Council to Bacau International Airport to cover the costs of the SGEI. The estimated value of compensation for the fulfilment of the obligation of SGEI for the period of ten years is EUR 56,760,807. The amount of the compensation is determined taking into account the estimated costs and revenues of Bacau International Airport for the period of the entrustment of the SGEI (i.e. 10 years)\(^2\), the value of the investments, especially those in the infrastructure, as well as the public remit activities necessary for fulfilment of the SGEI.

(19) The new entrustment act lays down the following compensation mechanism.

• The amount of the compensation may not exceed what is necessary to cover the net costs for fulfilling the SGEI obligations, to which are added or deducted any efficiency incentives / penalties (see recital (25) below).
• The costs to be taken into account when determining the level of compensation cover all the costs incurred for the provision of the SGEI. Investment costs, which are necessary for the fulfilment of the SGEI, especially those with the infrastructure and the investment costs related to the public remit activities will be taken into account in the calculation of the compensation.
• The compensation should take into account all revenues from the activities covered by the SGEI, as well as any profit from the other activities carried out by the airport operator, outside the SGEI.
• The compensation does not include any profit.

(20) During the period of SGEI entrustment, Bacau International Airport, through its internal accounting, must present the costs and revenues of the SGEI, apart from other activities.

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\(^2\) Based on a study entitled "the Necessity and opportunity of the infrastructure rehabilitation project of "George Enescu" International Airport – Bacau included in the notification"
Annually, during the preparation of the county budget, Bacau International Airport will request ex-ante the value of the compensation estimated to be necessary for the SGEI provision based on justifications. On that basis, the local public authority (the County Council) will approve, in the framework of its budget, the allocation of the required compensation.

The compensation will be granted on the basis of supporting documents submitted by the airport operator, providing evidence of the costs committed for the SGEI tasks for which they have been approved. The compensation is made available to Bacau International Airport in a special account opened with the State Treasury after verification by the tutelary public authority and by the State Treasury of the supporting documents to be submitted by the airport operator regarding the committed expenses. At the end of the year, if the total amount of estimated compensation (as approved in the county budget) is not committed by the airport operator, the difference will remain with the county council.

Within the SGEI tasks, Bacau International Airport must make investments to rehabilitate the airport so that it functions under normal conditions especially in terms of safety and security. These investments are divided in two phases:

- Phase 1 – investments related to the passenger terminal, intermodal terminal connecting the airport to the road transport, electric plant, heating station, car garage for airport intervention vehicles, fire prevention water tank and pumping station, control tower and an administrative building.
- Phase 2 - extending and upgrading of the airport aeronautical pavements, sewage and drainage, RESA\(^3\) arrangements (safety areas at the two ends - take-off – landing - of the runway) and a new light beaconing system.

The Romanian authorities explained that the investments mentioned in recital (23) above are needed so that the airport can operate under normal conditions in particular in terms of safety and security. The current infrastructure built in the 1970s is outdated and is undersized for the current traffic. Romania argues that this situation leads to unconformities, which need to be urgently addressed. Failing that, the airport risks the suspension of its operating certificate by the national aviation authority and even being closed. These non-conformities include in particular the following.

- The runway and taxiway show a severe state of degradation.
- The airside infrastructure build in 1954 is obsolete and outdated. The runway has an extremely low carrying capacity. The reference airplanes currently using Bacau airport are Boeing 737 and Airbus A320. They have maximum take-off weights of up to 80 tons and an Aircraft Classification Number (ACN) value of between 45 and 60, much higher than the value of the runway (20) or the value of the taxiways (21).
- The light beacon is physically worn and technically outdated (designed and build in the 1980s; no spare parts have been manufactured since 1993).
- The passenger terminal dates from 1971. The ground floor area of 800 square meters includes the public area, the check in area, the security control, the

\(^3\) Runway End Safety Area.
border police and the customs. The public area of 210 square meters regularly hosts up to 250-300 people. The external flights waiting room designed to accommodate 50 passengers now accommodates 170 passengers. Because of the lack of space, the airport offers an E level category for services as per the IATA standards (unstable flows, unacceptable delays and inadequate level of comfort). The standard requirements for the border control and security control areas are not complied also due to a lack of space.

**Efficiency incentives**

(25) The new entrustment act foresees an efficiency incentives mechanisms as follows: in the case Bacau International Airport exceeds the estimated gross operating profit for the relevant year (as specified for each year in the annex to the entrustment act, which includes forecasted operating costs, revenues and profits for the ten-year period of the SGEI entrustment⁴), it is allowed to receive an efficiency incentive, which will increase the amount of the annual compensation. Similarly, in case the actual operating profit does not exceed the forecasted operating profit, the airport will pay a penalty which will be deducted from the amount of the compensation. The amount of the incentive or the penalty is based on a formula taking into account the actual and forecasted operating profit.⁵

**Controlling**

(26) The new entrustment act foresees a mechanism for controlling the amount of the compensation.

(27) Bacau County Council carries out biannual checks to ensure that Bacau International Airport has fulfilled the SGEI tasks, in accordance with the supporting documents as explained in recital (22) above.

(28) Within 30 days from the closing of the economic and financial situation (annually, biannually), Bacau International Airport will present to Bacau County Council a report containing:

- the amount of compensation received;
- the total outturn revenues, falling within the scope of the SGEI by category of revenues;
- the total outturn expenditure falling within the scope of the SGEI, by category of expenditure;
- the number of passengers;
- the expenditure with investments undertaken from own sources falling within the scope of the SGEI;
- the profit from other activities;
- the expenditure falling within the scope of public policy remit activities.

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⁴ Based on the "Study on the necessity and opportunity of the infrastructure rehabilitation of “George Enescu” International Airport of Bacau", provided by the Romanian authorities

⁵ Incentive/penalty = [(Achieved operating profit – Forecasted operating profit) / Forecasted operating profit] x Achieved operating profit
Based on Bacau International Airport’s reporting, Bacau County Council carries out checks to ensure that the airport has not received compensation exceeding what is necessary to cover the net costs actually incurred for fulfilling the SGEI obligations, to which are added or deducted any efficiency incentives/penalties and that the amounts granted were used in accordance with the approved purpose.

During the period of SGEI entrustment, the airport tariffs are approved by Bacau County Council and applied in a transparent and non-discriminatory manner to all airport infrastructure users.

The new entrustment act specifies that any change in the tariff policy made during the period of entrusting the SGEI should take into account the test of the prudent market economy investor.

Transparency, reporting and monitoring

Bacau County Council will monitor and report annually to the Competition Council the amounts allocated for the fulfilment of the SGEI.

The measure will be published by Bacau County Council in the general State Aid Register of Romania (RegAS) within five working days from the date of entry into force of the entrustment act. The entrustment act, the payments for the compensation, will be uploaded to the RegAS within seven working days from the date of signing the act, i.e. from the date of establishing the payments.

The entrustment act will be made public, on the following website: www.csjbacau.ro.

Bacau County Council has the obligation to monitor the ongoing aid granted and to order the necessary measures in case of violation of the conditions imposed by the entrustment act or by any applicable national or European legislation.

3. ASSESSMENT OF THE MEASURE

3.1. Presence of aid within the meaning of article 107(1) TFEU

According to Article 107(1) TFEU⁶ "any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the internal market".

The criteria laid down in Article 107(1) TFEU are cumulative. Therefore, in order to determine whether the notified measure constitutes State aid within the meaning of Article 107(1) TFEU, all the above mentioned conditions need to be fulfilled cumulatively. Namely, the financial support must:

- be imputable to a Member State and involve State resources,
- favour certain undertakings or the production of certain goods,

– distort or threaten to distort competition,
– affect trade between Member States.

3.1.1 State resources and imputability to the State

(38) The compensation is to be paid by Bacau Country Council, which is a local public authority. Therefore, the measure is financed by public funds constituting State resources and is imputable to the State.

3.1.2 Economic activity and notion of undertaking

(39) According to settled case law, the Commission must first establish whether the recipient of the compensation, namely Bacau International Airport is an undertaking within the meaning of Article 107(1) of the TFEU. The concept of an undertaking covers any entity engaged in an economic activity, regardless of its legal status and the way in which it is financed. Any activity consisting in offering goods and services on a given market is an economic activity.

(40) In its "Leipzig-Halle airport" judgment the Court of Justice confirmed that the operation of an airport for commercial purpose constitute an economic activity. Once an airport operator engages in economic activities, regardless of its legal status or the way in which it is financed, it constitutes an undertaking within the meaning of Article 107(1) of the TFEU, and the Treaty rules on State aid therefore apply.

(41) In this regard, the Commission notes that Bacau airport is operated on a commercial basis as any air carrier that wants to use the airport can do it against payment of applicable airport fees. It follows that the entity operating the airport constitutes an undertaking for the purposes of Article 107(1) of the TFEU.

(42) The Commission notes that the SGEI activities to be provided by the airport operator (see recital (16) above) include certain public remit (non-economic) activities. Romania could not show conclusively that the public financing of such non-economic activities at Bacau airport does not lead to any discrimination between airport operators in Romania as set out in point 37 of the Aviation Guidelines. Therefore the Commission cannot exclude that an economic advantage would be granted to Bacau International airport. However, in any event, Romania included those public remit activities in the amount of the SGEI compensation as such activities are necessarily linked to the carrying out of the SGEI activities (see recitals (18) and (19) above). The public financing of such activities is therefore subject to Article 107(1) of the TFEU.

7 Case C-35/96 Commission v Italy, ECLI:EU:C:1998:303; C-41/90 Höfner and Elser, ECLI:EU:C:1991:161, paragraph 21; Case C-244/94 Fédération Française des Sociétés d'Assurances v Ministère de l'Agriculture et de la Pêche, ECLI:EU:C:1995:392; Case C-55/96 Job Centre, ECLI:EU:C:1997:603
8 Case 118/85 Commission v Italy, ECLI:EU:C:1987:283, paragraph 7; Case 35/96 Commission v Italy, ECLI:EU:C:1998:303, paragraph 36
10 Cases C-159/91 and C-160/91 Poucet v AGV and Pistre v Cancave, ECLI:EU:C:1993:63
activities is therefore part of the notified state aid for which the compatibility is assessed under section 3.3 below.

3.1.3 Selective economic advantage

(43) SGEI compensations granted to an undertaking may not confer an economic advantage on the latter under certain strictly defined conditions. In its Altmark judgment\(^\text{12}\), the Court of Justice held that where a State measure must be regarded as compensation for the services provided by the recipient undertakings in order to discharge public service obligations, so that those undertakings do not enjoy a real financial advantage and the measure thus does not have the effect of putting them in a more favourable competitive position than the undertakings competing with them, such a measure is not caught by Article 107(1) TFEU.

(44) However, the Court also made clear that for such public service compensation to qualify as no aid, the four cumulative criteria ('Altmark criteria') summarised below must be satisfied:

1. The recipient undertaking must actually have public service obligations to discharge and those obligations must be clearly defined. (First Altmark criterion)

2. The parameters on the basis of which the compensation is calculated must be established in advance in an objective and transparent manner. (Second Altmark criterion)

3. The compensation cannot exceed what is necessary to cover all or part of the costs incurred in the discharge of the public service obligations, taking into account the relevant receipts and a reasonable profit. (Third Altmark criterion)

4. Where the undertaking which is to discharge public service obligations, in a specific case, is not chosen pursuant to a public procurement procedure, which would allow for the selection of the tenderer capable of providing those services at the least cost to the community, the level of compensation needed must be determined on the basis of an analysis of the costs which a typical undertaking, well run and adequately provided with means to meet the public service obligations, would have incurred, taking into account the relevant receipts and a reasonable profit from discharging the obligations (hereinafter a "typical undertaking"). (Fourth Altmark criterion)

(45) The Commission has provided interpretative clarifications on the application of those conditions in its Communication on the application of the European Union State aid rules to compensation granted for the provision of services of general economic interest\(^\text{13}\) (hereinafter "the SGEI communication").

\(^{12}\) Case C-280/00 Altmark Trans GmbH and Regierungspräsidium Magdeburg v Nahverkehrsgesellschaft Altmark GmbH, ECLI:EU:C:2003:415. See also paragraphs 42 et seq. of the Communication from the Commission on the application of the European Union State aid rules to compensation granted for the provision of services of general economic interest Official Journal C8 (the “SGEI Communication”), 11.01.2012, p. 4-14

\(^{13}\) OJ C 8 of 11.1.2012, p. 4.
Since the Altmark criteria are cumulative, non-compliance with any one of these conditions would render the measure compatible with Article 107 TFEU.

Therefore, the Commission will begin its analysis by assessing whether the Fourth Altmark criterion is met (i.e. whether the selection of the undertaking providing the SGEI is based on a public procurement procedure or, based on the analysis of the costs of a typical, well-run and adequately equipped undertaking).

a) First sub-criterion: Appropriate public procurement procedure

Bacau International Airport was not selected according to a public procurement procedure for the discharge of the public service obligations entrusted to it. Hence, the Commission concludes that the operator was not selected through a public procurement procedure in line with the Fourth Altmark Criterion.

b) Second sub-criterion: Comparison with a typical, well-run and well-equipped undertaking

Therefore, to assess whether the Fourth Altmark Criterion is fulfilled, it has to be verified whether the assessed compensation was determined on the basis of an analysis of the costs which a typical undertaking, well run and adequately provided with means to meet the public service obligations, would have incurred, taking into account the relevant receipts and a reasonable profit from discharging the obligations.

According to point 75 of the SGEI Communication "If the Member State can show that the cost structure of the undertaking entrusted with the operation of the SGEI corresponds to the average cost structure of efficient and comparable undertakings in the sector under consideration, the amount of compensation that will allow the undertaking to cover its costs, including a reasonable profit, is deemed to comply with the Fourth Altmark criterion".

Romania submitted that the cost structure of Bacau International Airport corresponds to the average cost structure of an efficient and comparable undertaking operating an airport since in the category of airports with traffic of between 200 000 and 500 000 passengers per year in Romania, Bacau International Airport has the highest operating costs efficiency (40% below average). This is based on a comparison of Bacau airport with two other Romanian airports as shown in Table (4).

Table 4: Cost/passenger in selected Romanian airports (2016)

<table>
<thead>
<tr>
<th>Airport</th>
<th>passengers</th>
<th>operating expenses (RON)</th>
<th>cost / pax (RON)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bacau</td>
<td>414 987</td>
<td>9 783 016</td>
<td>23.6</td>
</tr>
<tr>
<td>Sibiu</td>
<td>367 207</td>
<td>18 925 366</td>
<td>51.5</td>
</tr>
<tr>
<td>Craiova</td>
<td>221 935</td>
<td>10 787 582</td>
<td>48.6</td>
</tr>
</tbody>
</table>

Source: Official statistics provided by airports

The arguments put forward by Romania are insufficient to prove that the cost structure of Bacau International Airport corresponds to the average cost structure of an efficient and comparable undertaking operating an airport. This is in
particular because Romania did not provide enough information and justification concerning the cost structure of the airport and the comparison and did not provide any element showing that Sibiu and Craiova airports were operated by typical well-run airport operators and that they were sufficiently comparable to Bacau airport to be used as benchmarks for the purposes of the Fourth Altmark criterion. Furthermore, Romania did not provide evidence that the compensation mechanism laid down in the entrustment act was actually designed on the basis of the costs of those airports.

(53) The Commission therefore, concludes that the Fourth Altmark criterion is not complied with in this case. As the conditions set out in the Altmark judgment are cumulative, failure to comply with any one of the four conditions leads to the conclusion that the financing measures under review grant an economic advantage within the meaning of Article 107(1) TFEU.

3.1.4. Selectivity

(54) Article 107(1) TFEU requires that a measure, in order to be defined as State aid, favours "certain undertakings or the production of certain goods". The public funding in question will be granted to Bacau airport only. Hence, the measure is selective within the meaning of Article 107(1) TFEU.

3.1.5. Distortion of competition and effect on trade

(55) The Commission notes that when aid granted by a Member State strengthens the position of an undertaking compared with other undertakings competing in intra-Union trade, the latter must be regarded as affected by that aid.

(56) In accordance with settled case law,14 for a measure to distort competition, it is sufficient that the recipient of the aid competes with other undertakings on markets open to competition.

(57) Any undue economic advantage granted to an airport operator from public resources can strengthen the beneficiary's position vis-à-vis its competitors on the market of providers of airport services.

(58) Many operators are in competition for the management of airport infrastructure in Europe, including local and regional airports. In addition, airport operators compete against each other for air carriers to operate from their airports. Aid to the operator of Bacau airport may therefore distort competition in the market for the provision of airport services by reinforcing its economic position, allowing to offer better conditions to airline that it could otherwise, and thereby reducing business opportunities for competing airports in the Union.

(59) Therefore, the public funding under examination distorts or threatens to distort competition and affects trade between the Member States.

3.1.6. Conclusion on the existence of aid

(60) For the reasons set out above, the compensation granted to Bacau International Airport constitutes State aid within the meaning of Article 107(1) TFEU.

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3.2. Legality of the measure

(61) Pursuant to the standstill clause of Article 108(3) TFEU and to Article 3 of Council Regulation No 2015/1589 of 13 July 2015 laying down detailed rules for the application of Article 108 of the Treaty on the Functioning of the European Union15, new aid measures must not be put into effect before the Commission has taken a decision authorising it. Aid measures are considered to be put into effect when the legally binding act providing for the aid is adopted.

(62) The Commission notes that the new act of entrustment on which compensation has to be paid to Bacau airport contains a provision that specifies that the compensation granted for the fulfilment of the obligation of the SGEI will be notified to the European Commission for authorisation. As far as the Commission is aware at this stage, the compensation in question has not yet been put into effect. The standstill obligation is thus respected.

3.3. Compatibility of the aid

(63) Article 106(2) TFEU provides that "Undertakings entrusted with the operation of services of general economic interest or having the character of a revenue-producing monopoly shall be subject to the rules contained in this Treaty, in particular to the rules on competition, in so far as the application of such rules does not obstruct the performance, in law or in fact, of the particular tasks assigned to them. The development of trade must not be affected to such an extent as would be contrary to the interests of the Union."

(64) Pursuant to Article 106(3) it is for the Commission to ensure the application of that provision. As explained in part 4.2 of the Aviation Guidelines, for airports where the average annual traffic exceeds 200 000 passengers State aid can be declared compatible pursuant to Article 106(2) TFEU if the conditions of the SGEI Framework are met. Since the annual passenger traffic of Bacau airport is above 200 000 it must conform to the SGEI Framework.

3.3.1 Genuine service of general economic interest as referred to in Article 106 of TFEU

(65) As a first condition for the compensation of airport management services to be compatible with the State aid rules, the service provider must be entrusted with a genuine and correctly defined service of general economic interest. The implications of this requirement are explained in point 69 of the Aviation Guidelines, to be read in conjunction with section 2.2. of the SGEI Framework and section 3.2. of the SGEI Communication.

(66) According to point 69 of the Aviation Guidelines, an SGEI “should exhibit special characteristics as compared with ordinary economic activities” and “the general interest objective pursued by the public authorities cannot simply be that of the development of certain economic areas or economic activities provided for in Article 107(3)(c) of the Treaty”.

(67) Point 72 of the Aviation Guidelines further defines this requirement by specifying that it is possible for the overall management of an airport to be considered an SGEI only “in well-justified cases”, that is “if part of the area potentially served

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by the airport would, without the airport, be isolated from the rest of the Union to an extent that would prejudice its social and economic development. Such an assessment should take due account of other modes of transport, and in particular of high-speed rail services or maritime links served by ferries. In such cases, public authorities may impose a public service obligation on an airport to ensure that the airport remains open to commercial traffic.”

(68) In point 73 of the Aviation Guidelines, the Commission adds that the scope of public service obligations imposed on airports should not encompass the development of commercial air transport services.

Arguments put forward by Romania

(69) As explained above (recital (23)), the SGEI compensation is needed to allow the airport infrastructure to continue to be operated under normal conditions and provide passengers with satisfactory standards in terms of safety and security conditions. Currently, the airport infrastructure presents a number of non-conformities which, if not addressed, might lead to the closure of the airport.

(70) Romania considers that the existence of Bacau airport is necessary for the Region for socio-economic reasons. The closure of Bacau airport will have negative effects economically and socially both for Bacau County and the Region, which are already on the last places in Romania in economic terms (see recitals (9) above).

(71) Romania argues that the numbers of people affected by closing of Bacau airport would reach 500 000 passengers in the year 2024. In the absence of Bacau airport, a large share of the current passengers will not be able to access Iasi, Suceava or Bucharest airports as their travel time would increase significantly since there are no direct road connections with these airports. A journey to these airports would imply the use of several means of road transport (for example a minibus to the town of Iasi, then a taxi or a local bus to the Iasi airport).

(72) Iasi airport has 1 146 218 passengers/year and serves 15 European destinations (by the flag carriers TAROM and Austrian Airlines and the low cost carriers Blue Air and Wizz Air), one domestic flight to Bucharest by Tarom and several seasonal charter flight to holidays destinations by Tarom; Blue Air, Aegean. Eight of the European destinations served at Bacau airport are also served at Iasi airport.

(73) The fastest road connection between Bacau city and Iasi airports by car lasts 2h10 under the best traffic conditions. Several transport companies offer connection by minibuses, lasting between 2h and 2h55. There are also six trains per day between the cities of Bacau and Iasi with a travelling time between 2h11 and 2h50. In the case of both minibuses and train, the travelling time from the Iasi city to Iasi airport needs to be added. In addition, minibuses and train schedule might not be correlated with the flight schedules, which might imply a night overstay in Iasi.

(74) Suceava airport has 262 165 passengers and operates flights by Wizz Air to five destinations also served by Bacau airport (London, Bergamo, Bologna, Roma and Torino) and one further European destination (Treviso). Tarom operates one domestic flight to Bucharest.
The fastest road connection between Bacau and Suceava airports by car under best traffic conditions lasts 2h30. The travelling time by bus between the cities of Bacau and Suceava is between 2h25 min and 3h16 min, to which the travelling time from the city of Suceava to Suceava airport has to be added. The travelling time by train takes between 1h51 and 2h40 min to which the travelling time to Suceava airport has to be added.

Romania submitted that the fact that the destinations served by Bacau airport are also served by Iasi and Suceava airports are due to the limited number of aircraft movements possible at Bacau airport as well as the air traffic demand in the Region. The fact that routes from Bacau airport (e.g. London, since 2007) have been subsequently opened from both Iasi and Suceava airports did not cause a decrease in the traffic registered on these routes at Bacau airport. While Iasi and Suceava airports recorded increases in passenger numbers (in 2017, Iasi airport registered an increase of 30.5% compared to 2016, following an increase of 130.8% compared to 2015 and Suceava Airport of 4.5%), the traffic of Bacau airport has also slightly increased (by 2%). Furthermore, according to Romania, Bacau airport serves also counties such as Braila, Galati, Covasna, Harghita that are not part of the region served by Iasi and Suceava airports (due to the distances).

Bacau airport is used by Romanians originating from Bacau county and the North-East region living and working abroad and relatives and friends travelling to visit them. According to Romania, from the 3 million Romanian citizens working abroad, about 360,000 come from the North-East Region of Romania. People who went abroad return periodically and contribute to raising the material well-being of the area through the amounts spent and investments made, by raising the cultural level and the know-how by sharing the experience accumulated abroad.

Romania submitted that for a large number of adults who left Romania to work abroad, their children and their parents remained in the country in the care of the relatives. The table below presents the number of children with migrant parents in Bacau County in 2016.

<table>
<thead>
<tr>
<th>Number of families with parents working abroad</th>
<th>Number of children in the care of relatives up to the IVth degree without protection measure*</th>
<th>Number of children in the care of relatives of up to the IVth degree with protection measure*</th>
</tr>
</thead>
<tbody>
<tr>
<td>With both parents working abroad</td>
<td>861</td>
<td>1162</td>
</tr>
<tr>
<td>With only one parent working abroad</td>
<td>2900</td>
<td>3683</td>
</tr>
<tr>
<td>With single-parent working abroad</td>
<td>514</td>
<td>624</td>
</tr>
<tr>
<td>Total</td>
<td>4275</td>
<td>5469</td>
</tr>
</tbody>
</table>

Source: Romanian authorities

* protection measure refers to the legal guardianship or alternative care established by law

<table>
<thead>
<tr>
<th>Number of children in the care of relatives of up to the IVth degree</th>
<th>1149</th>
<th>5451</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of children in the care of relatives of up to the IVth degree with protection measure*</td>
<td>13</td>
<td>16</td>
</tr>
</tbody>
</table>
Table 6: Elderly parents with children working abroad (2016)

<table>
<thead>
<tr>
<th>Number of the elderly people with adult children working abroad</th>
<th>Number of elderly people at risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>2166</td>
<td>2008</td>
</tr>
</tbody>
</table>

*Source: Romanian authorities*

Furthermore, Romania also argues that the airport also contributes to the maintenance in the Region of the 2067 companies with foreign capital in Bacau County and part of the 7820 of such companies in the North-East Region.

**Assessment**

In order to assess whether the notified compensation is granted for the operation of a genuine SGEI, it has to be assessed whether Romania will be committing a manifest error in considering that, without Bacau airport, the surrounding region would be isolated from the rest of the Union to an extent which would prejudice its social and economic development.

Potential alternative airports to the Bacau airport, i.e. the closest airports to it in terms of travelling distance and travelling time, involve journey times in excess of 1h50 by train (to Suceava city) and more than two hours by road (to Iasi), to which travelling time from the city to the respective airports of Suceava and Iasi has to be added (recital (73) and (75) above).

Considering the above, the Commission finds that Iasi and Suceava airports do not provide sufficient connectivity with the rest of Europe for at least part of the inhabitants living in the area served by Bacau airport. In addition, inhabitants from certain counties (Galati, Covasna, Harghita) which are served by Bacau airport are far from the geographical areas of Iasi and Suceava airports.

As the closest airports do not represent an acceptable alternative, the Commission considers that it is not necessary to assess whether these two airports would be able to absorb the current traffic existing at Bacau airport.

In regard to other means of transport including rail, the Commission considers that they do not provide a real alternative to air transport. As mentioned in recital (10), there is no high speed rail connection in Romania.

The Commission also notes the peripheral geographical position of the airport, located at the eastern external border of the Union, with a distance of 150 km from the border with the Republic of Moldova and 194 km from Ukraine. Due to its peripheral position over the European transport corridors, the connection of the Region served by the airport with important economic centres in the vicinity and with other regions is difficult because there is no highway and no high speed train network in the Region (see recital (9) above). In addition, the greatest part of the road infrastructure consists of one way traffic roads. This increases the time needed for road transport. In the absence of air connections, the situation of the road infrastructure and the peripheral geographical position will isolate the Region from other EU countries.
Furthermore, the Commission notes the economic situation of the North-East Region where the airport is situated (recital (9)) and finds that the closure of Bacau airport will have negative effects economically both for Bacau County and the Region, which are already on the last places in Romania in economic terms.

In addition, the Commission is of the view that the absence of the airport would have important negative consequences on the mobility of inhabitants of that area and expats working in other Member States. The airport is important for a large number of adults who left the North-East Region of Romania to work abroad (from the 3 million Romanian citizens working abroad, about 360 000 come from this Region). Many of those migrants left their children and their parents in the Region in the care of the relatives. Bacau is one of the Romanian counties where such migration flows are the highest. A potential closure of the airport would negatively influence the well-being of those children since it can potentially alienate them from their parents. The elderly people would also be visited by their children working abroad much less frequently in case of closure of the airport. For the well-being of the migrants themselves, it is very important to be able to reach their region of origin on a frequent basis to be able to keep the connection with their children and parents.

Romanians abroad have significant socio-economic influences on the area. They send important sums of money to their families at home in order to support them financially, given the rather low level of economic development of the area, and to make investments in opening small businesses such as home renovation etc., with positive impact on the companies in the area.

The Commission therefore considers that Romania did not commit a manifest error of appreciation in finding that the region would be isolated from the rest of the Union without Bacau airport to an extent that would prejudice its social and economic development.

The second question to be addressed is whether Romania committed a manifest error of appreciation in considering that the airport could disappear without public support in the form of SGEI compensation, i.e. in considering that the overall management of Bacau airport is not a service which would be provided satisfactorily and at the same conditions, consistent with the public service, by undertakings operating under normal market conditions.

The airport infrastructure is outdated and does not allow the operation of the airport under normal conditions of comfort and safety (see recital (24)). In particular, the aircrafts that fly from and to Bacau airport carry between 140 - 170 passengers. The 850 square meter terminal that was completed in 1971 was designed to accommodate only 50 passengers per hour. The external flights waiting room that now accommodates 170 passengers was designed to accommodate up to 50 passengers. The airport's runways and taxis were designed and built in 1954 with a maximum take-off weight capacity of 15 tons. As a result, the current PCN/ACN ratio is reversed i.e. the Pavement Classification Number (PCN), which must be larger than the Aircraft Classification Number (ACN), is actually between 25-40 units smaller than the ACN. In addition, Bacau airport does not have sufficient space to exercise adequate security control, and border and custom services in order to be in conformity with the average European Union standards. The current structure of the terminal requires 90-100
minutes\textsuperscript{16} of aircraft processing, a schedule that can be disrupted by other external factors such as weather conditions, technical problems, etc.

(92) The Commission therefore notes that significant investments are necessary to upgrade the airport infrastructure so that the airport operates under normal conditions and does not risk to be closed.

(93) In the light of the foregoing, the Commission considers that Romania did not commit a manifest error of appreciation in considering that the airport could disappear without public support in the form of SGEI compensation. The Commission therefore considers that the conditions of point 72 of the Aviation Guidelines are fulfilled.

(94) In light of the above, the Commission considers that the aid is to be granted for a genuine service of general economic interest, in line with the SGEI Framework in conjunction with points 69 and 72 of the Aviation Guidelines.

3.3.2. Need for an entrustment act specifying the public service obligations and the methods for calculating compensation

(95) Pursuant to points 15 and 16 of the SGEI Framework, responsibility for the operation of an SGEI must be entrusted by way of one or several acts, the form of which may be determined by the Member State. The act or series of acts must specify at least: the content and duration of the public service obligations; the undertaking and, where applicable, the territory concerned; the nature of any exclusive or special rights assigned to the undertaking by the authority in question; the parameters for calculating, controlling and reviewing the compensation; and the arrangements for avoiding and recovering any overcompensation.

(96) The Commission notes that the SGEI will be entrusted to Bacau International Airport through the adoption of an entrustment act by Bacau County Council. The act will be issued by the tutelary authority, in compliance with the legal requirements. This act of entrustment specifies clearly the undertaking, the content and the duration of the public service obligation, the compensation method as well as the arrangements for avoiding and recovering any overcompensation.

(97) According to the entrustment act, the compensation will be estimated \textit{ex-ante} based on an estimated amount of investments to be made during the period of SGEI entrustment and the airport operator will need to specify ex ante on which SGEI tasks the compensation will be spent. Profits from other activities falling outside the scope of SGEI will be used to reduce the SGEI compensation. Bacau County Council will undertake checks ex-post to ensure the actual compensation received by the airport operator does not exceed what is necessary to cover the net costs for fulfilling the SGEI obligations, to which are added or deducted any efficiency incentives / penalties. Such checks will also ensure the money will be spending on the purposes as specified ex-ante.

\textsuperscript{16} This compares to a standard 25-minutes turnaround required by Ryanair
In light of the above, the Commission considers that the entrustment act satisfies the requirements of the SGEI Framework.

**3.3.3. Duration of the period of entrustment**

Point 17 of the SGEI Framework requires that the duration of the period of entrustment is "justified by reference to objective criteria such as the need to amortise non-transferable fixed assets", whereby the duration should not exceed the depreciation for the most significant assets required to provide the SGEI.

Romania submitted that the period for SGEI entrustment took into account the period of amortising the assets involved in the SGEI provision. The assets involved are depreciated over 35 years according to the Romanian legislation, which was considered too long for an SGEI entrustment. Some of the assets used for the SGEI provision also amortise in ten years.

The operation of an airport requires a large number of tangible assets that depreciate over a long period, therefore, the ten-year period included in the entrustment act is appropriate.

In light of the above, the Commission considers that the ten-year period of entrustment is acceptable for the assessed case and point 17 of the SGEI Framework is therefore complied with.

**3.3.4. Compliance with Directive 2006/111/EC**

Point 18 of the SGEI Framework requires that the undertaking complies, where applicable, with Directive 2006/111/EC on the transparency of financial relations between Member States and public undertakings.¹⁷

Bacau International airport is owned by Bacau County Council, but it is a separate legal entity with separate accounts. Regular accounting reporting and financial statements are published.

Nevertheless, according to Article 5 of the Directive 2006/111/EC, the Directive does not apply to companies whose total net turnover is less than EUR 40 million over the period of the two financial years which precede the year in which they received compensation for the provision of an SGEI. Romania informed the Commission that Bacau airport has not in any financial year had a turnover exceeding this threshold. Specifically, in the years 2015 and 2016 the company's turnover was EUR 2,368,812 and EUR 2,651,204 respectively.

Therefore, the Commission considers that Directive 2006/111/EC is not applicable in this case.

**3.3.5. Compliance with Union public procurement rules**

Pursuant to point 19 of the SGEI Framework, “aid will be considered compatible with the internal market on the basis of Article 106(2) of the Treaty only where the responsible authority, when entrusting the provision of the service to the

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undertaking in question, has complied or commits to comply with the applicable Union rules in the area of public procurement. This includes any requirements of transparency, equal treatment and non-discrimination resulting directly from the Treaty and, where applicable, secondary Union law.”

(108) The Court of Justice has, in its case-law, established a concept of in-house provision of services, according to which, if an economic operator is controlled by public authorities and commits the major part of its activities towards these controlling authorities, it is considered to be an in-house entity in relation to these authorities. According to the Court, such a relation falls outside the scope of the EU Public Procurement Rules. That concept has been further specified in Article 12 of Directive 2014/24.

(109) In the present case, the Commission notes that the Bacau County Council owns Bacau airport. The County Council nominates the Management Board of Bacau International airport and approves its organisational structure. Airport operation is the sole economic activity undertaken by Bacau International Airport entrusted to it as SGEI by the controlling authority – Bacau County Council. Other commercial activity is strictly related to airport related operations (such as renting of retail space at the airport).

(110) Therefore, the concept of in-house provision of services applies in this case and the entrustment in question is not covered by the EU rules on public procurement.

(111) As a result, the public procurement rules, referred to in the SGEI Framework, are not applicable in this case.

3.3.6. Absence of discrimination

(112) Point 20 of the SGEI Framework requires that where an authority assigns the provision of the same SGEI to several undertakings, the compensation should be calculated on the basis of the same method in respect of each undertaking.

(113) Since the overall management the airport is to be entrusted to one entity, in this case Bacau International Airport, point 20 of the SGEI Framework is not applicable.

3.3.7. Amount of compensation

(114) Pursuant to point 21 of the SGEI Framework, "the amount of compensation must not exceed what is necessary to cover the net cost of discharging the public service obligations, including a reasonable profit". According to point 22, "The amount of compensation can be established on the basis of either the expected costs and revenues, or the costs actually incurred, or a combination of the two [...]". Where the compensation is based, in whole or in part, on expected costs and revenues, they must be specified in the entrustment act. They must be based on plausible and observable parameters concerning the economic environment in

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18 For example, case C-107/98, Teckal Srl v Comune di Viano and Azienda Gas-Acqua Consorziale (AGAC) di Reggio Emilia, para. 50.
20 In this context, net cost means net cost as determined in point 25 of the SGEI Framework or costs minus revenues where the net avoided cost methodology cannot be applied.
which the SGEI is being provided and rely, where appropriate, on the expertise of sector regulators or of other entities independent from the undertaking. Member States must indicate the sources on which these expectations are based (point 23 of the SGEI Framework).

(115) The entrustment act stipulates that the compensation will be estimated *ex-ante* based for the entire period of SGEI entrustment (recital (18)) Bacau County Council will undertake checks *ex-post* to ensure the actual compensation received the airport operator does not exceed what is necessary to cover the net costs for fulfilling the SGEI obligations, to which are added or deducted any efficiency/penalties incentives. Such checks will also ensure the money will be spent on the items as specified *ex-ante* (recital (26) to (29)).

(116) Pursuant to point 24 of the SGEI Framework the net cost of discharging the public service obligations should be calculated using the net avoided cost methodology\(^{21}\) where this is possible. However, as laid down in point 27 of the SGEI Framework, the Commission allows to apply alternative methods for calculating the net cost necessary to discharge the public service obligation in cases where the use of the net avoided cost methodology is not feasible or appropriate.

(117) The net avoided cost methodology requires the establishment of the company’s costs and revenues in a hypothetical scenario in which there is no SGEI. In the current context however, the SGEI is the essence of the activity carried out by Bacau International Airport. The services not covered by the act of entrustment depend on the existence of the SGEI. Therefore, the non-SGEI scenario in a net avoided cost methodology would be extremely hypothetical and possibly inaccurate. For that reason, the Commission does not consider the net avoided cost methodology appropriate in the present case.

(118) The net costs incurred in discharging the public service obligation must therefore be established on the basis of the cost allocation methodology as further laid down in points 28 to 32 of the SGEI Framework. According to point 28 of the SGEI Framework, the net costs are “calculated as the difference between the costs and the revenues for a designated provider of fulfilling the public service obligations, as specified and estimated in the entrustment act.”

(119) In the present case, the compensation is calculated based on the costs and revenues associated with the provision of the SGEI and profits from other activities outside the scope of SGEI will be used to lower the amount of the SGEI compensation and therefore the amount of compensation will not exceed the net costs associated with providing the SGEI to which are added or deducted any efficiency incentives/penalties (see recital (18) and (19)). In addition, the Commission notes that Bacau County Council will undertake checks *ex-post* to ensure the actual compensation received the airport operator does not exceed what is necessary to cover the net costs for fulfilling the SGEI obligations, to which are added or deducted any efficiency incentives/penalties (see recital (25)).

(120) Point 39 of the SGEI Framework stipulates that Member States, in devising the method of compensation, must introduce incentives for the efficient provision of

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\(^{21}\) Net avoided cost methodology is summarised in points 25 – 26 of the SGEI Framework.
an SGEI of a high standard, unless the Member State can duly justify that it is not feasible or appropriate to do so.

(121) In this regard, the new entrustment act specifies an incentive/penalty mechanism which would increase/lower the amount of the compensation. Such mechanism is based on a formula and depends on the actual and the forecasted operating profit (see recitals (25) above).

(122) Pursuant to points 47 to 50 of the SGEI Framework, the methodology described in the entrustment act must also provide for a mechanism which ensures that the discharging of the public service obligation is not overcompensated.

(123) Point 49 of the SGEI Framework states that “Member States must ensure that the compensation granted for operating the SGEI meets the requirements set out in this Communication and in particular that undertakings are not receiving compensation in excess of the amount determined in accordance with the requirements set out in this section. They must provide evidence upon request from the Commission. They must carry out regular checks, or ensure that such checks are carried out, at the end of the period of entrustment and, in any event, at intervals of not more than three years. For aid granted by means other than a public procurement procedure with publication, checks should normally be made at least every two years”.

(124) The Commission notes the arrangements described at recitals (27) to (29) and considers that this requirement is met. In particular, the checks undertaken by the granting authority to ensure the compensation does not go beyond what the costs actually incurred for the provision of SGEI and to ensure the amount spent are actually used for the purposes specified ex-ante reduces the possibility of overcompensation. Furthermore, the fact that the compensation is granted only after the airport provides proof of the committed costs meets this requirement.

Conclusion on the amount of compensation

(125) In light of the above, the Commission considers that the method of compensation, specified in the entrustment act, fulfils the requirements of the SGEI Framework.

3.3.8. Transparency

(126) Pursuant to point 60 of the SGEI Framework, the Member State concerned must publish on the Internet or by other appropriate means information on: the results of the public consultation or other appropriate instruments referred to in paragraph 14 of the SGEI Framework, the content and duration of the public service obligations, the undertaking and the territory concerned, the amounts of aid granted to the undertaking on a yearly basis.

(127) The Commission notes the transparency measures described at recital (33), in particular the publication of entrustment act, the compensation payments and information related to the recovery of aid obligations and the effective reimbursement of the respective obligations are published. In addition, as Romania submitted, the development strategy of Bacau County, which includes as priority the infrastructure rehabilitation projects of Bacau airport, has been subject to public debate. The North East Development Strategy 2014-2020 and the General Transport Master Plan of Romania, both referring to the needed
investments at Bacau airport, approved by the Romanian Government, have also been subject to public debate.

(128) The Commission therefore, considers that the transparency requirements of the SGEI Framework are met.

3.3.9. Conclusions on the compatibility of aid

(129) Based on the foregoing considerations, the Commission considers that the notified public service compensation to Bacau International Airport fulfils the conditions laid down in the SGEI Framework and is therefore, compatible with the internal market pursuant to Article 106(2) TFEU.

4. CONCLUSION

The Commission has decided, on the basis of the foregoing assessment, not to raise objections to the aid on the grounds that it is compatible with the internal market pursuant to Article 106(2) 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.

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Yours faithfully
For the Commission

Margrethe VESTAGER
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