



EUROPEAN COMMISSION

Brussels, 29.5.2017

C (2017) 3504 final

<p>In the published version of this decision, some information has been omitted, pursuant to articles 30 and 31 of Council Regulation (EU) 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 Union, concerning non-disclosure of information covered by professional secrecy. The omissions are shown thus [...]</p>	<p>PUBLIC VERSION</p> <p>This document is made available for information purposes only.</p>
---	--

**Subject: State Aid SA.45863 (2016/N) – Sweden
Scandinavian Mountains Airport**

Madam,

1. PROCEDURE

- (1) On 5 July 2016, the Swedish authorities notified to the Commission planned investment aid to establish a commercial airport (the "Scandinavian Mountains Airport" or the "Airport") in Sälen (the "Project") pursuant to Article 108(3) of the Treaty on the Functioning of the European Union (TFEU).¹
- (2) On 26 August 2016 the Commission requested further information from the Swedish authorities. On 23 September 2016, 11 October 2016 and 17 October 2016 the Swedish authorities provided further information. On 21 November 2016 the Commission requested further information from the Swedish authorities. On 19 December 2016 Sweden provided further information to the Commission. On 19 January 2017 further information was requested by the Commission and on 2

¹ OJ C 326, 26.10.2012, p. 47
Utrikesminister Margot WALLSTRÖM
Utrikesdepartementet
Arvfurstens palats
Gustav Adolfs torg 1
SE - 103 23 Stockholm

February 2017 further information was provided by Sweden. On 7 March 2017 further information was requested by the Commission and on 23 March 2017 further information was provided by Sweden.

- (3) By letter dated 16 January 2017, Sweden waived its right under Article 342 of the TFEU in conjunction with Article 3 of Regulation (EEC) No 1/1958² to have this decision adopted in the Swedish language and agreed that this decision be exceptionally adopted in the English language.

2. DESCRIPTION OF THE MEASURE

2.1. The beneficiary

- (4) The beneficiary is Scandinavian Mountains Airport AB (the "Scandinavian Mountains Airport"), which is 95.2% owned by Scandinavian Mountains AB (the "Parent Company"). The other owners are Skistar Invest AB (2.3%) and Året Runt i Sälenfjällen AB, Visit Idre AB, Destination Femund Engerdal and Destination Trysil (each of which owns 0.6%). Skistar Invest AB is an owner and operator of a ski resorts. The latter four companies are all private tourism related companies operating within the region.
- (5) The shareholders of the Parent Company, none of whom are public entities, are as follows³:

Table 1: Ownership of Scandinavian Mountains AB

Shareholder	Shareholding	Sector of core activities
SkiStar Invest	41%	Owner/Operator of ski resorts
Trysilfjell Utmarkslag	10%	Local landowner
HEA Property Partner AB	9%	Property developer
Lima Utvecklings AB	8%	Local landowners

- (6) The Parent Company also owns 100% of the shares of Scandinavian Mountains Shopping AB. Scandinavian Mountains Shopping AB is the owner and an operator of a retail centre to be connected to the Airport. The parent company has no other activities other than the running of Scandinavian Mountains Airport and Scandinavian Mountains Shopping AB.
- (7) The aim of the Project is to provide maximum accessibility to some of the largest ski areas in Sweden (Sälenfjällen) and Norway.
- (8) Swedish authorities submit that three specific alternative locations were considered, but were eventually discarded. The proposed location in Sälen is an existing airfield which functioned solely for general aviation purposes. The location of the Airport is

² Regulation No 1 determining the languages to be used by the European Economic Community, OJ 017, 6.10.1958, p.385.

³ The remaining shares are held by several private investors, none of whom own more than 4%.

approximately halfway between Kläppen in Sweden and Trysil in Norway, with 10 to 40 minute transfer times envisaged to the major resorts.

- (9) The Swedish authorities informed the Commission that the nearest commercial airport is at Mora-Siljan. This is 128 km from the proposed location and 103 minutes travelling time away in ideal conditions. Mora-Siljan is a small airport currently catering to 7434 passengers in 2016⁴.
- (10) The new airport will offer transfer times of between 10 and 40 minutes to the major ski resorts, by contrast Mora-Siljan Airport is some distance from the majority of resorts which the Scandinavian Mountains Airport will serve (Table 1):

Table 2: Distance of existing airport to resorts

Resort	Sälen	Idre	Älvdalen	Engerdal	Trysil
Distance/time from Mora-Siljan Airport	113 km / 103 minutes	167 km / 134 minutes	46 km / 41 minutes	216 km / 179 minutes	169 km / 142 minutes

- (11) The area near the Scandinavian Mountains Airport is already strongly established as a tourist destination. There are 100 000 accommodation beds in the area. The area currently provides some seven million guest nights and 3.3 million ski days. Tourism is responsible for 30% of the revenues in Sälen, Idre, Trysil and Engerdal and directly employs 4 400 people.
- (12) The forecast passenger traffic is as follows (Table 2)⁵:

Table 3: Project Passenger numbers

Year	Project passenger numbers
2018	2000
2019	63 000
2020	102 000
2021	143 000
2022	180 000
2023	221 000
2024	245 000
2025	272 000
2026	297 000

⁴ (Swedish Transport Agency), <https://www.transportstyrelsen.se/sv/luftfart/Statistik/Flygplatsstatistik-/2016/> ; statistics for Swedish airports "Passagerare", on 15 May 2017.

⁵ According to the business plan submitted in the notification of 5 July 2016 and supported in the "Cross-Checks of Scandinavian Mountain's Airport's traffic forecasts" of 6 January 2017.

2027	317 000
2028	349 000
2029	380 000
2030	420 000
2031	450 000
2032	480 000
2033	510 000
2034	540 000

- (13) The Swedish authorities submitted that the traffic forecast has been prepared on a bottom up basis following meetings between Scandinavian Mountains Airport and various tour and airline operators and other airports. The forecast has also been critically assessed by independent experts. The verification of the forecast carried out a check based on traffic levels and growth achieved by similar ski-destination airports and a check based on stylised estimates of the likely demand for flights to the Scandinavian Mountains Airport. The Swedish authorities submitted that the independent analysis showed that the traffic forecasts were conservative taking into account the time needed for airlines to establish operations and the existing number of visitors to the region.
- (14) Swedish authorities submitted that the forecast passenger traffic is based on visitor growth but there is also considerable scope for modal shift, from road transport to air transport, especially from existing visitors from Sweden and Denmark.

2.2. Overview of the measures

- (15) The Swedish authorities notified planned investment aid with the aim of further developing tourism within the region and increasing regional growth.

2.2.1 Investment aid

- (16) The aid measures consist of a direct grant of 250 million SEK and 30 million SEK in works to be carried out by the authorities.
- (17) The investments are as follows:

Table 4: investments

Measure	Cost in Swedish Krona (SEK)
a) Runway development	[...] ⁶
b) Taxiway	[...]
c) Apron	[...]

⁶ Contains confidential information.

d) Airfield Lighting	[....]
e) Instrument Landing System	[....]
f) Vehicles	[....]
g) Terminal	[....]
h) Hangar	[....]
i) Garage (with heating)	[....]
j) Garage (without heating)	[....]
k) Power Supply, emergency power	[....]
l) Mains electricity connection	[....]
m) Water and sewerage connections	[....]
n) Regulatory requirements	[....]
o) Fuel depot and land purchase	[....]
Total investment	697 500 000
Total aid amount	280 000 000 to be allocated between items (a), (b), (c), (d) and (e)
Maximum allowable aid intensity (75 % of investment costs)	523 125 000
Overall aid intensity	40%

- (18) Sweden confirmed the investments set out in Table 3 above relate to airport infrastructure and do not include investment costs for non-aeronautical activities or investment costs in relation to equipment for ground handling services, ordinary maintenance costs and costs for tasks falling within the public policy remit. The investment aid will relate only to the runway development, taxiway, apron, airfield lighting and instrument landing system and related costs. The aspects of infrastructure to be undertaken immediately at the outset of the Project, public financing will be completed by September 2018.
- (19) A general upgrade to improve road transport in the region is planned by the Swedish Transport authorities. The upgrade includes also upgrading of the road 1053. This road is free to use and open to all. Due to the extension of the existing runway, the

planned improvement of the road 1053 requires an additional six km extension, two new bridges, a roundabout and some land acquisition. The runway extension's related cost was estimated in the amount of 30 million SEK.

- (20) The lifetime of the Project is set at 17 years until 2034, which is the depreciation period of the assets. The rest of the financing of the investments will be a mixture of equity injections by participants in the Project and commercial borrowing. A maximum 40% of the investment costs will be aid, as set out in recital (16) above, from the Swedish authorities. The private participants conditioned their participation in the Project on the investment aid of the Swedish authorities.
- (21) The Swedish authorities calculated the capital cost funding gap of the Project within the meaning of point 99 of the Commission guidelines on State aid to airport and airlines⁷ (hereinafter "the Aviation Guidelines").
- (22) The Swedish Authorities stated that the capital cost funding gap exceeds the aid amount by [...] SEK.

Table 5: [...]⁸

Positive cash flow	[...]
Negative cash flow (including investment costs)	[...]
Capital cost funding gap	[...]
Public support	[...]
Capital cost funding gap (with investment aid)	[...]

2.2.2 Operating funding arrangements

- (23) There will be no operating aid from public sources. However the first year in which there will be an operating profit is year 13. The investors in the Project are confident on the positive impacts of increased air passenger traffic to their businesses such that they have agreed to provide private operating funding to the airport. Additionally the Parent Company forecasts that the retail centre will be profitable and the Parent Company has guaranteed the losses of the Airport will be met.
- (24) The private operating funding is comprised of two parts. 20 million SEK per annum of operating funding will come from 7 local accommodation providers and businesses, including airport shareholders. These are: Skistar AB, Hotellutvikling Trysil, Mountains resort Trysil, Kläppen ski resort AB and Topeja AB. 2 million SEK per annum will come from a consortium of 290 local businesses who support the Project. The private operating funding will be reduced over the period. It is envisaged to total 22 million SEK per annum until 2029 when it will reduce to 15

⁷ OJ C 99, 04.04.2014, p.3.

⁸ Calculated in accordance with the "Guide to Cost-Benefit Analysis of Investment Projects, Economic Appraisal Tool for Cohesion Policy 2014-202", December 2014, http://ec.europa.eu/regional_policy/sources/docgener/studies/pdf/cba_guide.pdf.

million SEK and to 10 million SEK in 2034 (it will continue at this level until 2037, beyond the lifetime of the Project).

- (25) In addition the Parent Company has guaranteed until 2033/4 to make a payment to Scandinavian Mountains Airport each year to ensure the company will show a positive cash flow after the contribution. As mentioned at recital (5) above, the parent company owns the retail centre, Scandinavian Mountains Shopping AB.
- (26) The retail centre will be a 28 000 square metre development built next to the airport terminal. It will have a separate short term car park. The airport will be accessed through the retail centre and then be accessible through it but airport passengers will not be able to access it once checked in. Air passengers are currently projected to equate to less than [...] of sales at the retail centre. The majority of the customers are projected to be cross-border shoppers from Norway with a significant shopping spend from shoppers in or visiting the region.
- (27) [...] The total construction costs are currently set at [...] million SEK. Anchor tenant(s) have already been agreed in principle and the centre is forecast to generate [...] million SEK per annum before costs and tax and [...] million SEK per annum in revenue after costs and tax. The retail centre will be legally distinct from the Airport.

3. ASSESSMENT OF THE MEASURE

3.1. Existence of aid

- (28) By virtue of Article 107(1) TFEU *"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."*
- (29) The criteria laid down in Article 107(1) TFEU are cumulative. Therefore, for a measure to constitute State aid within the meaning of Article 107(1) TFEU all of the following conditions need to be fulfilled. The financial support must:
- be granted by the State or through State resources,
 - favour certain undertakings or the production of certain goods,
 - distort or threaten to distort competition, and
 - affect trade between Member States.
- (30) In the following sections the Commission assesses whether the measures described in recitals (16) to (19) above meet those cumulative criteria and thus constitute aid in the meaning of Article 107(1) TFEU.

3.1.1 Notion of undertaking and economic activity

- (31) According to settled case law, the Commission must first establish whether Scandinavian Mountains Airport is an undertaking within the meaning of Article 107(1) 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.⁹

⁹ Judgment of the Court of Justice of 18 June 1998, *Commission v Italy*, case C-35/96, ECLI:EU:C:1998:303, para 36; Judgment of the Court of Justice of 23 April 1991, *Höfner and Elser*, C-41/90, ECLI:EU:C:1991:161, para 21; Judgment of the Court of Justice of 16 November 1995, *Fédération Française des Sociétés d'Assurances v Ministère de l'Agriculture et de la Pêche*, case C-244/94, ECLI:EU:C:1995:392, para 14; Judgment of the Court of 11 December 1997, *Job Centre*, case C-55/96, ECLI:EU:C:1997:603, para 21.

Any activity consisting in offering goods and services on a given market is an economic activity.¹⁰

3.1.1.1 Undertaking

- (32) It is settled case law that the operation of an airport, including the provision of airport services to airlines and to the various service providers within airports, is an economic activity.¹¹ The Court of Justice confirmed that the operation of an airport for commercial purposes and the construction of airport infrastructure constitute an economic activity.¹² 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) TFEU, and the Treaty rules on State aid therefore apply.¹³
- (33) The Commission notes that the airport infrastructure is owned and operated by Scandinavian Mountains Airport, the beneficiary of the notified measure. Scandinavian Mountains Airport will charge airlines fees for the use of the airport infrastructure, and thus exploits the Airport commercially. It follows that the entity owning and operating the Airport constitutes an undertaking for the purposes of Article 107(1) TFEU.

3.1.1.2 Economic activity

- (34) While the Scandinavian Mountains Airport must be considered to constitute an undertaking for the purposes of Article 107(1) TFEU, it must be recalled that not all the activities of an airport owner and operator are necessarily of an economic nature.¹⁴
- (35) As explained in point 35 of the Aviation Guidelines, activities that normally fall under State responsibility in the exercise of its official powers as a public authority are not of an economic nature and do not fall within the scope of the rules on State aid.
- (36) However, as stated in point 37 of the Aviation Guidelines, public financing of non-economic activities necessarily linked to the carrying out of an economic activity must not lead to undue discrimination between airlines and airport managers. Indeed, it is established case law that there is an advantage when public authorities relieve undertakings of the costs inherent to their economic activities.¹⁵ Therefore, if in a given legal system it is normal that airlines or airport managers bear the costs of certain services, whereas some airlines or airport managers providing the same services on behalf of the same public authorities do not have to bear those costs, the

¹⁰ Judgement of the Court of Justice of 16 June 1987, *Commission v Italy*, case 118/85, ECLI:EU:C:1987:283, para 7; Judgment of the Court of 18 June 1998, *Commission v Italy*, case 35/96, ECLI:EU:C:1998:303, para 36.

¹¹ Judgment of the Court of Justice of 12 December 2000, *Aéroports de Paris v Commission*, case T-128/98, ECLI:EU:T:2000:290; confirmed by the Court of Justice in the Judgment of the Court of 24 October 2002, *Aéroports de Paris v Commission*, case C-82/01 P, ECLI:EU:C:2002:617.

¹² Judgment of the Court of 19 December 2012, *Mitteldeutsche Flughafen and Flughafen Leipzig-Halle v Commission*, case C-288/11, ECLI:EU:C:2012:821; see also Judgment of the Court of 24 October 2002, *Aéroports de Paris v Commission*, case C-82/01 P, ECLI:EU:C:2002:617; and Judgment of the Court of 17 December 2008, *Ryanair v Commission*, case T-196/04, ECLI:EU:T:2008:585.

¹³ Judgement of the Court of 17 February 1993, *Poucet v AGV and Pistre v Cancave*, cases C-159/91 and C-160/91, ECLI:EU:C:1993:63.

¹⁴ Judgement of the Court of 19 January, *SAT Fluggesellschaft v Eurocontrol*, case C-364/92, ECLI:EU:C:1994:7.

¹⁵ See i.e. Judgment of the Court of 3 March 2005, *Wolfgang Heiser v Finanzamt Innsbruck*, case C-172/03, ECLI:EU:C:2005:130, para 36, and case-law cited.

latter may enjoy an advantage, even if those services are considered in themselves as non-economic.

- (37) The notification did not include any claims or specifications that any part of the aided activity should fall within the public remit. Hence, the Commission considers all of the aided activity to be of an economic nature.

3.1.2 Use of State resources and imputability to the State

- (38) The funding for the Project at the Airport will stem from the budget of the Swedish Transport Authority.
- (39) The funding is thus imputable to the State and involves State resources.

3.1.3 Economic advantage

- (40) The above-mentioned public funding reduces the investment costs which the Scandinavian Mountains Airport would normally have to bear. The public funding, therefore, confers an economic advantage on the Scandinavian Mountains Airport.

3.1.4 Selectivity

- (41) 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 Commission notes that the public funding in question will be granted to Scandinavian Mountains 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

- (42) When aid granted by a Member State strengthens the position of an undertaking compared with other undertakings competing in the internal market, the latter must be regarded as affected by that aid. In accordance with settled case law,¹⁶ for a measure to distort competition it is sufficient that the recipient of the aid competes with other undertakings on markets open to competition.
- (43) Competition takes place between airports in the internal market and Scandinavian Mountains Airport is to some extent directly competing with other airports Sweden and in other Member States. Public financing for infrastructure investment will therefore strengthen the Airport's position vis-à-vis other airports. Hence, the notified measure has a potential effect on competition and trade.

3.1.6 Conclusion on the existence of State aid

- (44) For the reasons set out above the Commission concludes that the public funding for the planned infrastructure investments at the Scandinavian Mountains Airport constitutes State aid within the meaning of Article 107(1) TFEU.

3.2. Lawfulness of the aid

- (45) The Commission notes that Sweden has respected the standstill obligation laid down in Article 108(3) TFEU with regards to the investment funding and has not granted the aid prior to the Commission's approval.

¹⁶ Judgment of the Court of 17 September 1980, *Philipp Morris*, case 730/77, ECLI:EU:C:1980:209, para 11; and Judgment of the Court of 30 April 1998, *Het Vlaamse Gewest v Commission*, case T-214/95, ECLI:EU:T:1998:77.

3.3. Compatibility of the aid

3.3.1 Basis for assessing the compatibility of the aid with the internal market

- (46) Article 107(3)(c) TFEU stipulates 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 internal market.
- (47) With the notified State aid, the Swedish authorities intend to provide financial support for investments in infrastructure at the Scandinavian Mountains Airport.¹⁷
- (48) The Aviation Guidelines provide for principles to assess, among others, the compatibility of investment aid with the internal market.
- (49) Point 79 of the Aviation Guidelines stipulates cumulative common principles that a State aid measure has to respect in order to be found compatible with the internal market:
 - (a) contribution to a well-defined objective of common interest;
 - (b) need for State intervention;
 - (c) appropriateness of the aid measure;
 - (d) incentive effect;
 - (e) proportionality of the aid (aid limited to the minimum);
 - (f) avoidance of undue negative effects on competition and trade between Member States;
 - (g) transparency of aid.

3.3.2 Investment aid

- (50) Investment aid granted to airports will be considered compatible with the internal market pursuant to Article 107(3)(c) TFEU provided that the cumulative conditions mentioned above are fulfilled as set out in points 84 to 108 of the Aviation Guidelines. Transparency criteria in points 162 and 163 of the Aviation Guidelines have been amended by the Transparency Communication. Compatibility with those amended criteria will be assessed below.

(a) Contribution to a well-defined objective of common interest

- (51) Under point 84 of the Aviation Guidelines, investment aid to airports will be considered to contribute to the achievement of an objective of common interest if it (a) increases the mobility of Union citizens and the connectivity of the regions by establishing access points for intra-Union flights; or (b) combats air traffic congestion at major Union hub airports; or (c) facilitates regional development.
- (52) According to Sweden, the Scandinavian Mountains Airport will contribute significantly to the economic development of the region. In terms of economic development, the role ski-tourism in the economy of the region is to be noted.¹⁸
- (53) Hence, the aid contributes to regional development, in line with point 84(c) of the Aviation Guidelines.

¹⁷ See recital (15) and (16) of the present decision.

¹⁸ See recital (9) of the present decision.

- (54) In line with point 85 of the Aviation Guidelines, the Commission also has to assess whether the primary aim of the Project is the creation of additional capacity which would contribute to the duplication of unprofitable airports or the creation of additional unused capacity in the same catchment area. Any investment should have satisfactory medium-term prospects for use and should not diminish the medium-term prospects for use of an existing infrastructure in the catchment area. In addition, according to point 86 of the Aviation Guidelines, in order to alleviate the Commission's doubts as to the medium-term prospects for use of airport infrastructure at an airport located in the catchment area of an existing airport where the existing airport is not operating at near full capacity, the medium-term prospects for use must be demonstrated based on sound forecasts in an ex ante business plan and must identify the likely effect of the investment on the use of existing infrastructure.
- (55) Sweden has provided both its own and independent forecasting of passenger traffic which show that the proposed infrastructure has satisfactory prospects for medium term use.¹⁹ The condition of positive medium-term prospects for use of the airport infrastructure is therefore met.
- (56) As regards the effect of the State support on the use of existing infrastructure, the Commission takes into consideration any other airports in the catchment area of the aided airport. The catchment area is defined in point 25(12) of the Aviation Guidelines as *'a geographic market boundary that is normally set at around 100 kilometres or around 60 minutes travelling time by car, bus, train or high-speed train; however, the catchment area of a given airport may be different and needs to take into account the specificities of each particular airport. The size and shape of the catchment area varies from airport to airport, and depends on various characteristics of the airport, including its business model, location and the destinations it serves.'* The Commission notes that the closest airport to Scandinavian Mountains Airport is Mora-Siljan airport. This airport is 128 km and 103 minutes travel away.²⁰ The Commission is informed by Sweden that there are no other commercial airports within around 100km of the site of the Scandinavian Mountains Airport. The Commission concludes that Mora-Siljan airport is not in the same catchment area as the Scandinavian Mountains Airport.
- (57) The Commission therefore concludes that the modernisation and operation of the airport infrastructure meets a clearly defined objective of common interest.

(b) Need for State intervention

- (58) Point 87 of the Aviation Guidelines stipulates that State aid should be targeted towards situations where such aid can bring about a material improvement that the market itself cannot deliver. Point 89 of the Aviation Guidelines also establishes the categories of airports that have more difficulties in securing financing for their investments without public funding. As an airport with no existing passenger traffic Scandinavian Mountains Airport falls within point 89(a) of the Aviation Guidelines under which airports with annual passenger traffic up to 200 000 may not be able to cover their capital costs to a large extent.
- (59) In addition, the Swedish authorities have explained that the Scandinavian Mountains Airport cannot achieve private funding for the full costs necessary to develop the airport as the business plan already shows the maximum contributions available from

¹⁹ See recitals (11) and (12) of the present decision.

²⁰ See recitals (8) and (9) of the present decision.

private funds. This explanation confirms points 88 and 89 of the Aviation Guidelines, which outline that smaller airports may have difficulties in ensuring the financing of their investments without public funding.

- (60) The Commission therefore concludes that there is a need for State intervention.

(c) Appropriateness of the aid measure

- (61) Pursuant to point 90 of the Aviation Guidelines, Member States must demonstrate that the aid measure is an appropriate policy instrument to achieve the intended objective or resolve the problems intended to be addressed by the aid. An aid measure will not be considered compatible with the internal market if other less distortive policy instruments or aid instruments allow the same objective to be reached.
- (62) The Swedish authorities have demonstrated that a grant covering 40% of the total investment costs is an appropriate manner to finance the present investment. The Swedish government have explored and considered other potential suitable instruments other than direct grant of the investment aid but do not consider them suitable because the investment from private sources would become prohibitively expensive in terms of financing and the development would not then proceed.
- (63) The Commission concludes that the aid measure at stake is an appropriate policy instrument.

(d) Incentive effect

- (64) Point 93 of the Aviation Guidelines requires that works on an individual investment have not have started before an application has been submitted to the granting authority. Point 94 of the Aviation Guidelines requires that it needs to be verified that the Project is not economically attractive in its own right and that the investment would not have been undertaken or would not have been undertaken to the same extent without any State aid.
- (65) The Swedish authorities have made the granting of the aid conditional on the Commission's approval and the works have not yet started and will not proceed until the Commission approval.
- (66) The Swedish authorities have demonstrated that Scandinavian Mountains Airport could not undertake the Project without the grant covering part of the Project cost.
- (67) The Swedish authorities have submitted that private investors made their participation in the Project conditional upon the State's participation.
- (68) The Swedish authorities have showed in the business plan that the capital cost funding gap exceeds the aid amount by approximately 129 207 000 SEK.²¹ The investment is not economically attractive in its own right.
- (69) In conclusion, the aid has an incentive effect for Scandinavian Mountains Airport as it would not undertake the investments without the aid in question.

(e) Proportionality of the aid amount (aid limited to the minimum)

- (70) State aid is deemed to be proportional if its amount is limited to the minimum needed to induce the additional investment or activity in the area concerned. State aid to

²¹ See recital (20) of the present decision.

airports, as any other State aid measure, should be proportional in relation to the aimed legitimate objective in order to be considered as being a compatible aid.²²

- (71) Point 97 of the Aviation Guidelines stipulates that the maximum permissible amount of State aid must be expressed as a percentage of eligible costs (the maximum aid intensity) and that the eligible cost are the costs relating to the investments in airport infrastructure, including planning costs, ground handling infrastructure (such as baggage belt, etc.) and airport equipment.
- (72) As listed in recital (17) above, the investments set out in Table 3 above relate to airport infrastructure within the meaning of point 25(5) of the Guidelines, and are eligible costs within the meaning of point 25(15) of the Guidelines and conforming to point 97 of the Aviation Guidelines.
- (73) The maximum intensity for investment aid also respects points 101, 102 and 103 of the Aviation Guidelines. Point 101 of the Aviation Guidelines specifies that the maximum permissible aid intensity for airports with less than 1 million passengers is 75% of the eligible costs.
- (74) Scandinavian Mountains Airport has fewer than 1 million passengers per year. In accordance with this, aid of up to 75 % of the eligible costs is considered proportionate; the beneficiary itself has to make a 25% contribution.
- (75) The aid intensity proposed by Sweden is 40% of the eligible costs.²³
- (76) Point 99 of the Aviation Guidelines stipulates that in cases where no specific alternative project/activity is known that the beneficiary would have undertaken if it had not received the aid, in order to be proportionate, the amount of the aid should not exceed the capital cost funding gap of the Project. That gap is determined on the basis of an ex ante business plan as the net present value of the difference between the positive and negative cash flows (including investment costs) over the lifetime of the investment. For investment aid the business plan should cover the period of the economic utilisation of the asset.
- (77) In the case at hand, no alternative project/activity is known that would have been undertaken without the aid. In the absence of aid the Airport would not be able to make the necessary investments.
- (78) As explained above in recitals (16) - (22), the aid amount is below the capital cost funding gap of the Project.
- (79) Given the above, as the aid does not exceed the capital cost funding gap and as the aid intensity does not exceed the maximum permissible aid intensity, the investment aid is proportional.

(f) Avoidance of undue negative effects on competition and trade between Member States

- (80) The negative effects of the aid must be sufficiently limited, so that the overall balance of the measure is positive.

²² According to settled case law, the Commission may declare State aid compatible only if it is necessary for achieving a legitimate objective (cf. Judgment of the Court of 17 September 1980, Philipp Morris, case 730/97, ECLI:EU:C:1980:209, para 17; Judgment of the Court of 15 April 2008, Nuova Agricast, case C-390/06, ECLI:EU:C:2008:224, para 68; Judgment of the Court of 14 January 2009, Kronoply, case T-162/06, ECLI:EU:T:2009:2, para 65).

²³ See recital (15) of the present decision.

- (81) Point 106 of the Aviation Guidelines specifies that in particular the duplication of unprofitable airports or the creation of additional unused capacity in the catchment area of existing infrastructure might have distortive effects.
- (82) As explained above in recital (9), the nearest commercial airport is at Mora-Siljan. This is 128 km from the proposed location and 103 minutes travelling time away in ideal conditions. This airport is therefore not located in the same catchment area as Scandinavian Mountains Airport within the meaning of point (27) of the Aviation Guidelines.
- (83) In any case, Mora-Siljan is a small airport currently catering to around 7000 p.p.a. The current size of the airport would not be able to accommodate the passenger projects for Scandinavian Mountains Airport.
- (84) As set forth in recitals (8) and (9), in addition to the existing infrastructure being outside the catchment, the travel time from the nearest airport to most of the area to be served is considerable.
- (85) The measures do not lead to any duplication of unprofitable airports and also create no additional unused capacity in an existing airport's catchment area.
- (86) Point 108 of the Aviation Guidelines specifies that in order to further limit any distortions, the airport, including any investment for which State aid is granted, must be open to all potential users and must not be dedicated to one specific user.
- (87) Sweden confirmed that the infrastructure will be open to all potential users.
- (88) On the basis of the above, the Commission concludes that the investment aid in question has no undue negative effects on competition and trade between Member States.

(g) Cumulation of aid

- (89) Pursuant to point 159 of the Aviation Guidelines, aid authorised under the Aviation Guidelines may not be combined with other State aid, de minimis aid or other forms of Union financing, if such a combination results in higher aid intensity than the one laid down therein.
- (90) The Swedish authorities have confirmed that the present aid granted under the Aviation Guidelines will not be cumulated with any other aid.

(h) Transparency

- (91) Section 8.2 of the Aviation Guidelines as amended by the Transparency Communication specifies transparency requirements which shall ensure that Member States, the Commission, economic operators and the public have easy access to all relevant acts and to pertinent information about the aid awarded thereunder. Specific criteria for the publication of relevant information are set out in point 162 of the Aviation Guidelines. Point 163 of the Aviation Guidelines requires Member States to ensure that detailed records are kept regarding all measures involving the granting of State aid.
- (92) Sweden submitted that it will comply with those conditions. Sweden will publish the aid award in the transparency database award module (TAM) which appears on the national transparency webpage <https://www.tillvaxtanalys.se/statistik/statligt-stod.html>. The Commission complies that this complies with point 162 of the Guidelines. Sweden also informed the Commission that the public has access to all relevant information via the principle of public access to documents which is laid

down in the Swedish constitution. Minutes, decisions, annual accounts, and similar documents of the Swedish Transport Authority are all covered by this principle, and are, without delay, released on request. The person requesting the release of this information does not have to have any particular status or state any reasons for the request.

- (93) Sweden has confirmed that the information on the aid will be kept for at least 10 years and the Commission therefore concludes that point 163 of the Guidelines is complied with.

(i) Conclusion

- (94) In view of the above, the Commission considers that the investment aid to the Scandinavian Mountains Airport is in accordance with the compatibility conditions set out in the Aviation Guidelines.
- (95) Hence, the investment aid measure is compatible with the internal market on the basis of Article 107(3)(c) TFEU.

4. CONCLUSION

The Commission has accordingly decided not to raise objections to the aid on the ground that it is compatible with the internal market pursuant to Article 107(3)(c) of the Treaty on the Functioning of the European Union.

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

Your request should be sent electronically to the following address:

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

Yours faithfully,
For the Commission

Margrethe VESTAGER
Member of the Commission