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Subject: State Aid SA.57399 (2020/N)
Temporary aid to support the publication and distribution of printed general newspapers - Sweden

Excellency,

1. Procedure

(1) By electronic notification of 10 June 2020, registered by the Commission on the same day, Sweden notified the above-mentioned measure (‘the notified measure’), under Article 107(3)(c) of the Treaty of the Functioning of the European Union (TFEU).

(2) The Swedish authorities have confirmed that the granting of the aid is conditional upon the decision of the Commission on the notified measure, pursuant to Article 108(3) TFEU.

(3) Sweden exceptionally agrees to waive its rights deriving from Article 342 TFEU, in conjunction with Article 3 of Regulation 1/1958,¹ and to have this Decision adopted and notified in English.

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

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2. DETAILED DESCRIPTION OF THE NOTIFIED MEASURE

Objective of the notified measure

(4) The notified measure is a temporary measure which complements and supports the overall objectives of the existing Press Aid and Media Aid schemes\(^2\) with a view to ensure the preservation and promotion of diversity and pluralism of general written news media in Sweden. It intends to give additional support to printed general newspapers experiencing significant decreases in advertising revenue following the general economic downturn due to the COVID-19 outbreak. The notified measure enters into force after Commission approval and ends on 31 December 2020.

General context

(5) The COVID-19 outbreak that started in March 2020 in Sweden has had a significant negative impact on the Swedish economy through reduced demand, reduced travelling, and disruptions in transport and supply chains, and has resulted in significant revenue losses in many sectors.

(6) The COVID-19 outbreak entailed inter alia a government ban on public gatherings larger than 50 people, and recommendations not to travel, to isolate elderly and risk groups, and to maintain social distance, all of which changed the behaviour of the majority of the population and led to significantly reduced demand for numerous services, products and activities.

(7) According to forecasts, economic activity in Sweden is expected to significantly decline in 2020. The Swedish economy is expected to shrink in 2020 with real GDP expected to fall by 7 percent in 2020 and unemployment reaching 10.2\%.\(^3\)

(8) In a survey carried out by the Confederation of Swedish Enterprises (Svenskt Näringsliv), published on 22 April 2020, 63% of companies state that sales or orders have decreased by up to more than 50%, and 53% of companies experience financing or liquidity issues due to the situation that the COVID-19 outbreak has led to. While no sector was untouched, the hotel and restaurant industry (93% downturn), passenger traffic (80% downturn) and retail sector (61% downturn) were hit the hardest.\(^4\)

(9) The Swedish authorities have explained that the significant economic downturn following the COVID-19 outbreak has severely affected media companies, which have incurred significant reductions in advertising revenue. According to the Swedish authorities, printed general newspapers have incurred the greatest reductions in advertising revenue.

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\(^3\) The national Institute of Economic Research, 29 April (Konjunkturinstitutet).

\(^4\) The Confederation of Swedish Enterprises, 22 April (Svenskt Näringsliv).
The effects of the COVID-19 outbreak on the media sector

(10) The COVID-19 outbreak led to an increased demand for news and media content, while the sector incurred a sudden and substantial reduction of advertising revenues. The Swedish authorities have underlined that the media sector in Sweden is highly dependent on advertising revenue. For printed general subscribed newspapers, the advertising revenue normally accounts for around 50% of revenues. Another large category of printed general newspapers depends exclusively on advertising.

(11) According to the Swedish authorities, the advertising market in Sweden is directly linked to the economic cycle. Many economic sectors in Sweden particularly affected by government measures and recommendations in the context of the COVID-19 outbreak normally buy advertising in newspapers.

(12) According to a survey carried out by the Swedish Press Association at the end of March 2020, advertising revenues in the newspaper sector had fallen by 20-40% during the last two weeks of March 2020. The IRM (Institute for Advertising and Media Statistics), on 30 April, predicted a reduction of advertising revenues in printed newspapers of around 40% for Q2 2020 compared to advertising revenues for Q2 2019. In the same report digital news media were predicted to encounter a fall of 30%. On 29 May, the IRM predicted that advertising revenues for printed newspapers will fall by 30% for the full year 2020 while the predicted fall for digital news media is around 26%. The IRM has calculated the reduction in advertising revenue for Q1 2020, which for printed newspapers amounts to 19% and 14% for digital news media. This reduction was confirmed by the Mediebyråbarometern (monthly reports from advertising purchasing made by Swedish advertising agencies).

(13) According to the Swedish authorities, printed newspapers were in a particularly weak financial situation already before the crisis, compared to other media. In 2018, the average profit for Swedish printed newspapers was the lowest ever. Newspapers have competed for advertising revenues with a variety of new digital media and with global platform companies. In addition, as subscriptions to printed editions diminish due to new consumer behaviour, the distribution cost per copy increases. The printed newspapers have worked intensively to develop their digital offers, restructure their businesses and become more efficient. As a result, the number of journalists has been reduced, not least locally, which could have negative effects on quality news reporting, since printed newspapers employ a large proportion of qualified professional journalists in Sweden.

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5 Confirmed by inter alia studies carried out by media research institute Nordicom, and trade magazine Dagens Media (March 2020).

6 IRM Marknadsindikation Q2 (30 April 2020).


8 IRM Q-rapport Q1 2020 (14 May 2020).

9 Mediebyråbarometern for April 2020 (7 May 2020).
The Swedish government considers it essential to ensure a continued publication and distribution of printed newspapers by helping newspapers adapt to the new economic situation. The Swedish government concluded from its dialogue with the media sector\(^\text{10}\) that the printed press incurred particularly large revenue reductions and has the most need for aid to uphold its qualitative offer, including a printed edition. Printed newspapers provide a large part of society with reliable information, analysis, debate and scrutiny during the crisis. The measure will support printed newspaper publication and distribution, which remain essential and important for a group especially hard hit by the crisis, the elderly, and in particular concerns local newspapers and remote parts of the country which have been affected by the crisis in a more severe way. The Swedish authorities believe that there is a stable correlation between the size (number of copies) of the distributed edition of a printed newspaper and the loss of advertising revenues due to the sudden economic downturn. A larger newspaper that loses the same proportion of advertising partners as a smaller actor, will incur a higher revenue loss.

The Press Aid Act and the Media Aid Act

The Swedish Press Aid Act has been in place since the 1970s, but has undergone a number of subsequent adaptations with a view to modernising and keeping it up to date with market changes. It is justified by the significance that written news media have for the Swedish democratic system. Its aim is to contribute to a strong, independent and diverse media sector at local and regional level in Sweden, in order to provide the general public with reliable information, scrutiny of the democratic system and debate.

The current scheme for aid to the press in Sweden was initially authorised by the Commission on 20 July 2010\(^\text{11}\) after the Swedish authorities accepted a number of appropriate measures bringing their existing press aid scheme in compliance with the internal market. It was prolonged twice by Commission decisions.

By decision of 27 November 2015\(^\text{12}\), the Commission approved an extension of the duration of the existing press aid scheme until 31 December 2019. The decision also approved a number of technical amendments to the scheme, which did not affect the overall budget of the scheme.

The Swedish authorities concluded from the result of the study undertaken by the Commission of Inquiry that radical changes of the media landscape and the economic pressure on the written press underline the need for a continued but time-limited press aid system. The study also suggested that there is a need for regulatory stability in the coming years to support local newspapers during a transition period. In 2015-2016, the Swedish authorities conducted an additional

\(^{10}\) A consultation was conducted by the Ministry of Culture end of March. This included a consultative meeting on 25 March between the Minister of Culture and representatives of all major media groups and associations in Sweden to discuss the emerging crisis of the media sector.


\(^{12}\) http://ec.europa.eu/competition/elojade/ssef/case_details.cfm?proc_code=3_SA_42308
extensive overview, including a broad consultation, of its media situation, intended to constitute the basis for a modernised scheme for aid to the media.13

(19) The Media Inquiry of 2015-2016 proposed to replace the existing Press Aid Act with a media support scheme, and on 22 October 2018, the Commission approved a prolongation of the existing press aid scheme of another four years until 31 December 2023, and a new complementary Media Aid scheme for five years from 1 January 2019, resulting in the same end-date for both schemes. In its decision14 the Commission also approved a number of modifications to the existing Press Aid Scheme (see recital 12 of decision SA.49405) and the introduction of a new Media Aid Act entering into force on 1 January 2019 (see recitals (13)-(20) of decision SA.49405).

(20) Aid under the Media Aid Act is allocated depending on the availability of funds within the total budget for media support in Sweden, and depend on allocations made under the Press Aid Act. The Media Aid aims to strengthen democracy through support of a diversity of news media in all parts of the country. The Media Aid Act targets general news media with editorial content focused on regular and broad news coverage of diverse subjects and scrutiny of the democratic process.

(21) One part15 of the Media Aid Act, relevant for this decision, is dedicated to support and incentives for local journalistic initiatives targeting areas with low or no current coverage. The level of aid is determined on the basis of the scope of journalistic activities in the area. The maximum aid level is SEK 1 million (approximately EUR 96 000) per geographical area. The sum can be allocated to one single, or several beneficiaries. One applicant may be granted aid for projects in different geographical areas. The aid can only be used for costs directly associated with journalistic work in the defined area. Should the beneficiary also receive operational aid under the Press Aid Scheme, the aid intensity rules of the latter will be applied to all of the aid (maximum 40% of publishing costs for medium or high frequency media and 75% for low frequency media). The intention is to support media actors regardless of their size, including start-ups, which expand their journalistic activities into new geographical target areas.

(22) Aid under the Media Aid Act cannot be granted to media published by the State, a municipality, a regional authority or to public service broadcasters. Any use of aid granted under the Media Aid Act and the results of projects for which aid has been received, shall be reported back to the Media Aid Council after finalisation of the project. As from year 2021, the total annual budget for the Press Aid Act and the Media Aid Act will be SEK 812 million (approximately EUR 77 million).

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13 https://www.regeringen.se/rattsliga-dokument/komittedirektiv/2015/03/dir.-201526/
https://www.regeringen.se/sokresultat/?query=medieutredningen


15 The other part concerns new innovation aid aimed at support for development and innovation in order to promote electronic publishing and distribution as well as viable business models for high-quality general digital news media.
(23) The current Press Aid scheme and the Media Aid scheme have the same overriding purpose, i.e. to support the democratic processes at national, regional and local level by supporting a diverse and independent media sector with qualitative editorial content including news and current-affairs. The Press Aid scheme is a general support for written media and the main part of the scheme aims to support the production of small and medium size written media in view of the difficulty they tend to face in gaining sufficient advertisement revenues, which has been identified as a systematic market failure in small language media markets like Sweden. In relation to the Press Aid scheme, the Media Aid scheme is broader, as it targets all media and allocates support for two separate, specifically identified, market failures: first, the absence of sufficient journalistic coverage in particular small local areas, and second, support for projects to initiate innovation and development in relation to digitisation.

(24) The Media Aid scheme thus has a wider group of eligible beneficiaries, including, but not limited to, media companies eligible under the Press Aid scheme, and it will be possible for certain media companies to receive support both from the Press Aid Act and the Media Aid Act. However, both Acts contain clear safeguards to ensure that support from different parts of the schemes is not granted for the same costs. Such safeguards include provisions on separation of costs, as well as provisions on how to combine aid intensity rules as regards the operational aid of the press support scheme and the new media support for journalistic initiatives in local areas with low or no current journalistic coverage.

The notified measure

(25) The notified measure will complement the existing Press Aid and Media Aid schemes and specifically support printed general newspapers incurring significant decreases in advertising revenue following the general economic downturn due to the COVID-19 outbreak with a view to ensuring the overall objective of the Press Aid and Media Aid schemes also during a period of significant reductions in advertising revenue. The notified measure supports the overriding objective of the existing Press Aid Scheme and Media Aid Scheme to ensure the preservation and promotion of diversity and pluralism of general written news media in Sweden, but has a more narrow focus in that it supports the part of the media sector that the Swedish authorities have identified as the hardest hit, and which is of particular importance for bringing news to vulnerable groups such as the elderly, i.e. the printed newspapers.

Legal basis

(26) The legal basis for the notified measure is a Regulation on State aid for publishing of printed general newspapers due to the spread of the disease COVID-19.16

Duration

(27) Aid can be granted from Commission approval until 31 December 2020.

16 Förordning om statligt stöd för utgivning av tryckta allmänna nyhetstidningar med anledning av spridningen av sjukdomen covid-19.
Budget

(28) The budget of the notified measure is SEK 150 million (approximately EUR 14.3 million).

Form of aid and financing mechanism

(29) The aid takes the form of direct grants financed by the national budget.

Granting authority

(30) The aid will be granted and managed by the Swedish Media Subsidies Council, which is an independent body within the media regulatory authority (The Swedish Press and Broadcasting Authority). The Council is responsible for the allocation of support through the existing Swedish Press and Media Aid Schemes.

Beneficiaries

(31) In line with the existing Swedish Media Aid Scheme, beneficiaries will be undertakings with one or more newspaper titles. However, the aid will be calculated and based on each newspaper title belonging to the undertaking in question.

(32) The notified measure will be open to all printed general newspapers which fulfil the eligibility criteria for general news media under the existing Media Aid scheme, with minor modifications as indicated in recital (34), but within that group only printed news media will be eligible for aid. In line with the existing Media Aid Scheme, printed general newspapers will be defined by their primary task to provide news coverage. They should have editorial content consisting of regular and versatile news coverage on a wide range of topics and perspectives. Aid may not be granted to companies in financial difficulty.

(33) The Swedish authorities expect around 150 sold or subscribed Swedish newspapers, as well as two large and a number of small newspapers distributed for free with solely advertising revenues, to be eligible for aid under the notified measure.

Eligible costs and modalities for support

(34) The allocation of aid will be based on the size (number of copies) of the distributed edition. The following eligibility criteria, as set out in the existing Media Aid scheme, need to be met:

- Eligible newspapers must have their own title with independent editorial resources, have editorial content representing at least 40% of the entire content and at least 20% of the content should be exclusive and self-produced.

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17 The notified measure does not contain any provision specifically aimed at people with disabilities, which is included in the Media Aid Act.

18 40% editorial content instead of 50% for aid under the Media Aid scheme. The purpose of the slightly widened scope is to include more newspapers which are considered important in the current situation.
Eligible newspapers must be publicly accessible, have a legally responsible publisher, follow good media ethical practice and be aimed at a Swedish audience.

Eligible newspapers must be published at least 45 times/year, have been published during the 12 months preceding the time period that aid is granted for and have a distributed edition of at least 1500 copies 19.

Aid may not be given to newspapers published by the State, a municipality or a region.

There are special provisions for newspapers targeting minority groups with lower requirements on publishing (10 times/year and with a distributed edition of at least 750 copies).

Aid may not be given to an applicant that has debts for Swedish taxes or fees at the Enforcement Authority or is in liquidation or bankruptcy or subject to a claim of payment due to a decision by the European Commission that has declared an aid unlawful and incompatible with the internal market.

According to the draft regulation on the notified measure, applications and supporting documentation will be verified by the granting authority and all applications received will be examined after the expiry of the application period. Applications must be submitted in writing and contain the information and documents deemed necessary by the Press and Broadcasting Authority. Section 11 of the draft regulation 20 stipulates that other public support and compensation provided due to the same loss of revenues shall be deducted when the loss of advertising revenue is determined.

Aid intensity

In order to avoid overcompensation, the notified measure sets out the aid intensity to maximum 75% of the advertising losses incurred as a result of the COVID-19 crisis, and a maximum aid amount per beneficiary of SEK 10 million (approximately EUR 9.5 million). The aid ceiling has been set to ensure that the largest handful national or regional newspapers cannot receive a disproportionate amount of aid.

The existing distribution aid under the Press Aid scheme accounts for around SEK 0.15 (approximately EUR 0.015) per copy for participating newspapers, while the actual cost for distribution per copy is estimated to between SEK 7 and 15 (approximately between EUR 0.70 and 1.50) per copy. The existing distribution aid thus accounts for between 1 and 2% of the actual cost for distribution of printed newspapers.

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19 These conditions are not set out in the Media Aid scheme.

20 Förordning om statligt stöd för utgivning av tryckta allmänna nyhetstidningar med anledning av spridningen av sjukdomen covid-19.
(38) According to calculations by the Swedish Government and the Press and Broadcasting Authority, the notified measure would amount to around SEK 1 (approximately EUR 0.10) per copy, or between 7 and 14% of the actual cost for distribution per copy, if all eligible printed general newspapers apply for support.

**Cumulation**

(39) Aid under the notified measure is granted for the publication and distribution of printed newspapers regardless of the aid intensities set out in the Press Aid and Media Aid schemes and aims to provide increased support to the beneficiaries with a view to ensuring the overall objective of the Press Aid and Media Aid schemes also during a period of significant reductions in advertising revenue. As set out in recital (36), the aid under the notified measure is limited to 75% of the advertising losses incurred as a result of the COVID-19 crisis, and a maximum aid amount per beneficiary of SEK 10 million (approximately EUR 9.5 million) and the aid for publication and distribution of printed newspapers would temporarily move from 1-2% of the cost of distribution to 7-14%. The Swedish authorities have confirmed that there will be a separation of accounts clearly identifying the losses at stake and the aid granted under the notified measure to compensate such losses, hence ensuring that there is no overcompensation or cross-subsidization. 21 Aid granted under this measure may be cumulated with aid granted under Articles 107(3)(b) TFEU and 107(2)(b) TFEU, but not for the same eligible expenses.

3. **ASSESSMENT OF THE MEASURE**

3.1. **Existence of aid**

(40) Article 107(1) TFEU defines State aid as ‘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, in so far as it affects trade between Member States’.

(41) The qualification of a measure as aid within the meaning of this provision therefore requires that the following cumulative conditions be met: (i) the measure must be imputable to the State and financed through State resources; (ii) it must confer an advantage on its recipient; (iii) that advantage must be selective; and (iv) the measure must distort or threaten to distort competition and affect trade between Member States.

(42) The notified measure is imputable to the State, since it is based on the legislative act referred to in recital (26). The support envisaged by Sweden will be paid from the State budget and is therefore provided through State resources within the meaning of Article 107(1) TFEU.

(43) The notified measure confers an advantage on its beneficiaries in the form of a direct grant (recital (29)). It relieves those beneficiaries of costs, which they would have to bear under normal market conditions. The advantage corresponds to the amount of support granted under the scheme.

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21 Sections 17 and 19 of the draft regulation.
(44) Since support will be granted only to printed newspapers which fulfil the eligibility criteria of the existing Media Aid scheme (recitals (31)-(33)), the notified measure is selective.

(45) The notified measure is liable to distort competition, since it strengthens the competitive position of its beneficiaries. It also affects trade between Member States, since those beneficiaries are active in sectors in which intra-Union trade exists.

(46) The notified measure therefore constitutes State aid within the meaning of Article 107(1) TFEU.

3.2. Compatibility with the Treaty of the European Union

(47) In order for the notified temporary measure to be compatible with Article 107(3)(c) TFEU, the trade-off between the advantages, i.e. pursuing the goal of facilitating the development of the economic activity in question, which supports the overall legitimate policy goal of a democratic State to deliver social and political information, and the need to support a group of beneficiaries particularly hit by a crisis, on the one hand, and the disadvantages, i.e. the possible effects on trading conditions, on the other hand, needs to be assessed. The notified measure should also be proportionate to the goal pursued, and as such its scope evaluated.

Objective of the Measure

(48) As described in recitals (10)-(14) and (25), the objective of the notified measure is to give additional support to printed general newspapers incurring significant decreases in advertising revenue due to the general economic downturn following the COVID-19 outbreak with a view to ensuring the overall objective of the Press Aid and Media Aid schemes also during a period of significant reductions in advertising revenue. The notified measure enters into force after Commission approval and ends on 31 December 2020. The measure is a temporary complement to, and supports the same objectives as the existing general Press Aid and Media Aid schemes.

(49) The written news media are important to the public political debate and the functioning of the democratic society in Sweden, objectives supported by the existing Press Aid and Media Aid schemes. The notified measure supports the same objectives, and aims at preserving and promoting the diversity and pluralism of Swedish written media. By ensuring media pluralism and the availability of news material to citizens, the notified measure promotes values in conformity with the TFEU as expressed in Article 11 of the Charter of Fundamental Rights of the European Union. The measure will support printed newspaper publication and distribution, which remain essential and important for a group especially hard hit by the crisis, the elderly, and in particular concerns local newspapers and remote parts of the country which have been affected by the crisis in a more severe way. The measure therefore supports an objective of common interest.
Necessity and appropriateness of the measure

(50) In 2018, the average profit for Swedish printed newspapers was the lowest ever. Newspapers have competed for advertising revenues with a variety of new digital media and with global platform companies. In addition, as subscriptions to printed editions diminish due to new consumer behaviour, the distribution cost per copy increases. As a result, the number of journalists has been reduced, in particular those covering local news, which could have effects on news reporting, since printed newspapers employ a large proportion of qualified professional journalists in Sweden (recital (13)).

(51) Printed newspapers provide a large part of society with reliable information, analysis, debate and scrutiny during the crisis. In particular, they remain essential and important for a group especially hard hit by the crisis, the elderly, and local newspapers and remote parts of the country have been affected by the crisis in a more severe way. For many elderly, who are the most affected by social isolation, the printed newspaper is the main source of information, analysis and debate. The Swedish government concludes that the printed press is particularly affected by the reduction in advertising revenue and has the most need for aid to uphold its qualitative offer, including a printed edition (recital (14)).

(52) From a public interest perspective, under normal circumstances, in Sweden the market, without State support, is unable to deliver the desired output which is deemed necessary in order to retain legitimate common objectives such as media pluralism, democratic debate and cultural diversity. The COVID-19 outbreak has significantly worsened this situation, in particular for printed newspapers (see recitals (10)-(14)). The Commission finds that the notified measure, being limited in time and targeted at remedying the increased risk of market failure in terms of reduced access, in particular for vulnerable groups, to information and news content created by the significant reductions in advertising revenue incurred by media companies, and in particular printed newspapers, can be considered necessary.

(53) As set out in recitals (25) and (31)-(35), projects will be selected on the basis of their likelihood of promoting the general objective of the scheme. The Press and Broadcasting Authority may set out more detailed instructions for the selection process (recital (35)). The Media Subsidies Council has a general obligation to ensure objectivity and impartiality in its decisions, and the selection process may not by any means be influenced by the general political direction of a newspaper or by its stance on any specific political issue. The eligibility and selection criteria combined with the aid intensities (see recitals 36-38) ensure that aid is attributed to projects and beneficiaries which serve the overall purpose of the aid well, and provide aid beneficiaries a clear incentive to achieve a successful outcome of projects. The aid is therefore considered appropriate for achieving the objectives of the notified measure.

Proportionality of the measure

(54) The Commission considers the notified measure to be proportionate. The notified measure is complementary to the general Press Aid and Media Aid schemes and serves the same overall objective. It contributes to ensuring that information and news content is distributed to the Swedish public and is targeted
at those news media where the bulk of the journalistic competence is found, and which, moreover, is to a large extent relied on by vulnerable groups such as the elderly.

(55) The eligibility criteria are intended to be an incentive to beneficiaries to carry out activities that they would otherwise not carry out, or to a lesser extent, without the aid. Aid is considered necessary to temporarily reinforce the support for printed newspapers, which serve an important common interest, and which have incurred significant reductions in advertising revenue due to the COVID-19 outbreak. Under the notified measure, the aid for publication and distribution of printed newspapers is expected to temporarily move from 1-2% of the cost of distribution granted under the Press Aid and Media Schemes to 7-14% (recitals (37) and (38)). As set out in recital (36), in most cases, the aid intensity will be maximum 75% of the advertising losses incurred as a result of the COVID-19 crisis, and a maximum aid amount per beneficiary of SEK 10 million (approximately EUR 9.5 million). In the determination of the advertising revenue loss, aid from other sources to compensate for the advertising revenue loss will be deducted (recital (35)). In order to avoid overcompensation or cross-subsidization, a separation of accounts clearly identifying the losses at stake and the aid granted under the notified measure to compensate such losses must be undertaken. Aid granted under this measure may be cumulated with aid granted under Articles 107(3)(b) and 107(2)(b), but not for the same eligible expenses (recital (39)) and provided that the maximum aid intensity is respected under each measure. Aid may not be granted to companies in financial difficulty (recital (32)).

(56) The aid intensities do not exceed the minimum necessary to achieve the objective of common interest in this case and the aid in therefore proportionate (recitals (36)-(38)).

(57) Aid may be granted to support the publication and distribution of printed newspapers in order to guarantee access for, in particular, the elderly to information and news, which will also benefit local news production and jobs for qualified journalists. As it is designed to favour media pluralism, access to news, in particular for vulnerable groups, and support local news production, the aid measure is considered justified in view of its objectives.

Effect on trading conditions not contrary to the common interest

(58) The notified measure addresses a market failure by incentivising printed newspapers media to continue their publication and distribution, also locally and in remote areas to an extent which the market would not generate without public support, in a situation where they incur significant reductions in advertising revenue (see recitals (4), (10)-(14) and (25)). It supports media pluralism by sustaining newspapers which would otherwise risk closing. There is likely to be very limited distortion of competition due to the fact that the measure addresses a particular market failure with a clear social purpose.

(59) Newspapers are in general subject to very limited cross-border trade due to the inherent national character of such products. With a particular view to the fact that the Swedish language area is small, Swedish newspapers, whether printed or online, cannot, in general, be considered substitutable with foreign papers. It is unlikely that publications in another language would be real substitutes and in
turn that subscribers or advertisers would switch between them due to the subsidy. Therefore, the Commission considers that any effect on trading conditions is likely to be very limited and not contrary to the common interest.

(60) It should also be noted that the measure is not discriminatory in that the eligibility criteria ensure equal treatment of applicants. Nor is the measure discriminatory with regard to foreign publishers, the scheme having ensured the eligibility and equal treatment of applicants based in other Member States (recitals (32) and (34)).

(61) In addition, the Commission recalls that the measure contributes to media pluralism and the dissemination of news content to the citizens of Sweden, in line with Article 11 of the Charter of Fundamental Rights of the European Union, which states that freedom and pluralism of the media should be respected as essential elements of the common vision of a democratic Europe.

(62) In light of these considerations, the Commission considers that the measure has a limited effect on intra-EU trade and competition as compared to the aim of preserving media pluralism and distributing printed news content to vulnerable groups such as the elderly, which in turn promotes the production of local news by qualified journalists.

4. CONCLUSION

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

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

Yours faithfully,

For the Commission

Margrethe VESTAGER
Executive Vice-President

CERTIFIED COPY
For the Secretary-General,

Jordi AYET PUIGARNAU
Director of the Registry
EUROPEAN COMMISSION