



EUROPEAN COMMISSION

Brussels, 3.07.2020
C(2020) 4647 final

PUBLIC VERSION

This document is made available for
information purposes only.

**Subject: State Aid SA.57762 (2020/N) – Cyprus
COVID-19: Support scheme for newspapers**

Excellency,

1. PROCEDURE

- (1) By electronic notification of 22 June 2020, Cyprus notified aid in the form of limited amounts of aid (Decision by the Council of Ministers dated 23rd April 2020, approving the Direct Support Scheme for the press (newspapers) to address the Effects of the Pandemic of COVID-19, “the measure”) under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, as amended (“the Temporary Framework”).¹ By email of 26 June and 30 June, the Cypriot authorities submitted complementary information.

¹ Communication from the Commission - Temporary framework for State aid measures to support the economy in the current COVID-19 outbreak, 19 March 2020, OJ C 91I, 20.3.2020, p. 1-9, as amended by Communication from the Commission C(2020) 2215 final of 3 April 2020 on the Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 112I, 4.4.2020, p. 1–9, by Communication from the Commission C(2020) 3156 final of 8 May 2020 on the Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 164, 13.5.2020, p. 3–15 and by Communication from the Commission C(2020) 4509 final of 29 June 2020 on the 3rd Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, not yet published in the OJ.

Κύριος
Νίκος ΧΡΙΣΤΟΔΟΥΛΙΔΗΣ
Υπουργός Εξωτερικών
Λεωφόρος Δημοσθένη Σεβέρη
Chypre - 1447 Λευκωσία

- (2) Cyprus exceptionally agrees to waive its rights deriving from Article 342 of the Treaty on the Functioning of the European Union (“TFEU”), in conjunction with Article 3 of Regulation 1/1958² and to have this Decision adopted and notified in English.

2. DESCRIPTION OF THE MEASURE

- (3) Cyprus considers that the COVID-19 outbreak has started to affect the real economy. The measure aims at ensuring that sufficient liquidity remains available for newspapers, to counter the liquidity shortage faced by these undertakings because of the outbreak, to ensure that the disruptions caused by the outbreak do not undermine the viability of those undertakings and thereby to preserve the continuity of economic activity during and after the outbreak.
- (4) The compatibility assessment of the measure is based on Article 107(3)(b) TFEU, as interpreted by Section 2 and Section 3.1 of the Temporary Framework.

2.1. The form of aid

- (5) The measure provides aid in the form of direct grants.

2.2. Legal basis

- (6) The legal basis for the measure is the Decision by the Council of Ministers dated 23rd April 2020, approving the Direct Support Scheme for the press (newspapers) to address the Effects of the Pandemic of COVID-19.

2.3. Administration of the measure

- (7) The Ministry of Finance of Cyprus is responsible for administering the measure.

2.4. Budget and duration of the measure

- (8) The estimated budget of the measure is EUR 106 000.
- (9) The measure is financed by the government budget.
- (10) Aid may be granted under the measure as from its approval until no later than 31 December 2020.

2.5. Beneficiaries

- (11) The final beneficiaries of the measure are press publishers, namely undertakings that own one newspaper title. The aid will be calculated on the basis of each newspaper title belonging to the undertaking in question. In order to be eligible, the newspaper must fulfil the following conditions:
- (a) It has circulated nationwide on a daily or weekly basis.
 - (b) It has been registered in the Press and Information Office.

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

- (c) It has on a permanent basis at least five qualified journalists, which are members of the Union of Cyprus Journalists.³
 - (d) Its content covers primary articles.
 - (e) It is available for sale at all locations throughout Cyprus and distributed at all points of distribution in rural areas; it shall be in circulation for at least the last three years.
- (12) The Cypriot authorities expect five daily newspapers and two weekly newspapers will benefit from the notified aid scheme.
- (13) Aid may not be granted under the measure to undertakings that were already in difficulty within the meaning of the General Block Exemption Regulation (“GBER”)⁴ on 31 December 2019.

2.6. Sectoral and regional scope of the measure

- (14) The measure is open to newspapers. It applies to the whole territory of Cyprus.⁵

2.7. Basic elements of the measure

- (15) The aid amount is calculated on the basis of:
- (a) The number of qualified journalists employed: EUR 500 per qualified journalist, and
 - (b) The days of circulation of the newspaper: EUR 1 000 per day of circulation per week.⁶

2.8. Cumulation

- (16) The Cypriot authorities confirm that aid granted under the measure may be cumulated with aid under de minimis Regulations⁷ provided the provisions and cumulation rules of those Regulations are respected.
- (17) The Cypriot authorities confirm that aid granted under the measure may be cumulated with aid granted under other measures approved by the Commission

³ The Union of Cyprus Journalists is a professional association of journalists to which membership is open to any professional journalist regardless of his or her nationality or permanent residency.

⁴ As defined in Article 2(18) of Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 187 of 26.6.2014, p. 1.

⁵ It applies to all areas of the Republic of Cyprus under government control.

⁶ In practice, it means EUR 1 000 for newspapers published once a week and EUR 7 000 for newspapers published every day.

⁷ Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid (OJ L 352, 24.12.2013, p.1).

under other sections of the Temporary Framework provided the provisions in those specific sections are respected.

- (18) The Cypriot authorities confirm that if the beneficiary receives aid on several occasions or in several forms under the measure or aid under other measures approved by the Commission under Section 3.1 of the Temporary Framework, the overall maximum cap per undertaking, as set out in points 22(a) of that framework at EUR 800 000 per undertaking, shall be respected.

2.9. Monitoring and reporting

- (19) The Cypriot authorities confirm that they will respect the monitoring and reporting obligations laid down in Section 4 of the Temporary Framework (including the obligation to publish relevant information on each individual aid granted under the measure on the comprehensive national State aid website or Commission's IT tool within 12 months from the moment of granting⁸).

3. ASSESSMENT

3.1. Lawfulness of the measure

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

3.2. Existence of State aid

- (21) For a measure to be categorised as aid within the meaning of Article 107(1) TFEU, all the conditions set out in that provision must be fulfilled. First, the measure must be imputable to the State and financed through State resources. Second, it must confer an advantage on its recipients. Third, that advantage must be selective in nature. Fourth, the measure must distort or threaten to distort competition and affect trade between Member States.
- (22) The measure is imputable to the State, since it is administered by the Ministry of Finance and it is based on the Decision by the Council of Ministers dated 23rd April 2020, approving the Direct Support Scheme for the press (newspapers) to address the Effects of the Pandemic of COVID-19 (recital (6)). It is financed through State resources, since it is financed by public funds (recital (9)).
- (23) The measure confers an advantage on its beneficiaries in the form of direct grants (recital (5)). The measure thus relieves those beneficiaries of costs which they would have had to bear under normal market conditions.
- (24) The advantage granted by the measure is selective, since it is awarded only to certain undertakings, in particular undertakings active in the press sectors, namely newspapers (recital (14)).
- (25) The measure is liable to distort competition, since it strengthens the competitive position of its beneficiaries (recital (3)). It also affects trade between Member

⁸ Referring to information required in Annex III to Commission Regulation (EU) No. 651/2014 of 17 June 2014 and Annex III to Commission Regulation (EU) No 702/2014 and Annex III of the Commission Regulation (EU) No 1388/2014 of 16 December 2014.

States, since those beneficiaries are active in sector in which intra-Union trade and international ownership structures exist.

- (26) In view of the above, the Commission concludes that the measure constitutes aid within the meaning of Article 107(1) TFEU. The Cypriot authorities do not contest that conclusion.

3.3. Compatibility

- (27) Since the measure involves aid within the meaning of Article 107(1) TFEU, it is necessary to consider whether that measure is compatible with the internal market.
- (28) Pursuant to Article 107(3)(b) TFEU the Commission may declare compatible with the internal market aid “*to remedy a serious disturbance in the economy of a Member State*”.
- (29) By adopting the Temporary Framework on 19 March 2020, the Commission acknowledged (in Section 2) that “*the COVID-19 outbreak affects all Member States and that the containment measures taken by Member States impact undertakings*”. The Commission concluded that “*State aid is justified and can be declared compatible with the internal market on the basis of Article 107(3)(b) TFEU, for a limited period, to remedy the liquidity shortage faced by undertakings and ensure that the disruptions caused by the COVID-19 outbreak do not undermine their viability, especially of SMEs*”.
- (30) The measure aims at providing liquidity to undertakings active in the press sector at a time when the normal functioning of the markets is severely disturbed by the COVID-19 outbreak and that outbreak is affecting the wider economy and leading to severe disturbances of the real economy of Member States.
- (31) The measure is one of a series of measures conceived at national level by the Cypriot authorities to remedy a serious disturbance in their economy. The importance of the measure to ease liquidity constraints of undertakings active in the press sector and in particular dealing with newspapers is widely accepted by economic commentators and the measure is of a scale which can be reasonably anticipated to produce effects across the Cypriot press sector. Furthermore, the measure has been designed to meet the requirements of a specific category of aid (“*Limited amounts of aid*”) in Section 3.1. of the Temporary Framework.
- (32) The Commission accordingly considers that the measure is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State and meets all the conditions of the Temporary Framework. In particular:

- The aid takes the form of direct grants (recital (5)).

The overall nominal value of the direct grants shall not exceed EUR 800 000 per undertaking; all figures used must be gross, that is, before any deduction of tax or other charges (recital (15)). The measure therefore complies with point 22(a) of the Temporary Framework;

- Aid is granted under the measure on the basis of a scheme with an estimated budget as indicated in recital (8). The measure therefore complies with point 22(b) of the Temporary Framework;
 - Aid will not be granted to undertakings under the measure that were already in difficulty on 31 December 2019 (recital (13)). The measure therefore complies with point 22(c) of the Temporary Framework;
 - Aid will be granted under the measure no later than 31 December 2020 (recital(10)). The measure therefore complies with point 22(d) of the Temporary Framework;
- (33) The Cypriot authorities confirm that the monitoring and reporting rules laid down in section 4 of the Temporary Framework will be respected (recital (19)). The Cypriot authorities further confirm that the aid under the measure may only be cumulated with other aid, provided the specific provisions in the sections of the Temporary Framework are respected and the cumulation rules of the relevant Regulations are respected (recitals (16), (17) and (18)).
- (34) The Commission therefore considers that the measure is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State pursuant to Article 107(3)(b) TFEU since it meets all the relevant conditions of the Temporary Framework.

4. CONCLUSION

The Commission has accordingly decided not to raise objections to the aid on the grounds that it is compatible with the internal market pursuant to Article 107(3)(b) 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

