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**Subject: State Aid SA.57643 (2020/N) – Estonia  
COVID-19: Aid to companies active in international maritime  
passenger transport**

Excellency,

## **1. PROCEDURE**

- (1) By electronic notification of 3 July 2020, following pre-notification contacts, Estonia notified the scheme in subject (“the measure” or “the scheme”). Estonia notified the measure on the basis of Article 107(2)(b) of the Treaty on the Functioning of the European Union (“TFEU”).
- (2) Estonia exceptionally agrees to waive its rights deriving from Article 342 TFEU, in conjunction with Article 3 of Regulation 1/1958,<sup>1</sup> and to have this Decision adopted and notified in English.

## **2. DESCRIPTION OF THE MEASURE**

- (3) The Estonian authorities have explained that the COVID-19 outbreak has had a significant impact on the Estonian economy, affecting in particular the companies active in international maritime passenger transport. Reduced demand in affected areas, reduced travelling and disruptions in transport show the impact on these companies of the COVID-19 outbreak and the travel restrictions decided by the competent authorities.

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<sup>1</sup> 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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- (4) Travel restrictions and closed borders in response to the COVID-19 outbreak have severely affected passenger ferry companies engaged in traffic between Estonia and Finland and between Estonia and Sweden.
- (5) More specifically, as a result of the COVID-19 outbreak, on 12 March 2020, Estonia declared the State of emergency<sup>2</sup> leading to the ban of non-essential travel<sup>3</sup> between Estonia and its neighbouring states via the Baltic Sea. Similarly, due to the outbreak, the Finnish government re-instated border controls and banned non-essential passenger traffic at the border crossings starting from 25 March 2020. These travel restrictions eased as of 1 June 2020 for Estonia and as of 15 June 2020 for Finland, allowing for travel between the two countries for all essential and non-essential reasons.
- (6) With respect to travel between Estonia and Sweden, the official governmental restrictions in Estonia due to the COVID-19 outbreak imposed a ban on all non-essential travel since 12 March 2020 and to date, travels between Sweden and Estonia have not yet resumed. The Estonian authorities submit that it is intended to lift the restrictions as soon as possible, but could not provide at this stage a precise end date of travel restrictions between Estonia and Sweden.<sup>4</sup>
- (7) As a result of the above-mentioned restrictions, the Estonian authorities registered a severe decline in passenger numbers to and from Estonia, as several ferry companies were forced to reduce traffic, cancel lines and/or take vessels out of traffic. This resulted in a loss of income for the passenger ferry companies engaged in passenger traffic between Estonia and Finland and between Estonia and Sweden.
- (8) The scheme aims to compensate those operators for the damage suffered as a result of the COVID-19 outbreak and the governmental restrictions described in recitals (4) to (6).

## **2.1. The nature and form of the measure**

- (9) Under the scheme, passenger ferry companies engaged in traffic between Estonia and Finland, and Estonia and Sweden, are eligible for compensation in the form of direct grants to compensate for the foregone revenues as a consequence of the governmental travel restrictions in response to the COVID-19 outbreak.

## **2.2. National legal basis**

- (10) The aid measure will be governed by its respective regulation adopted under Article 53 of the State Budget Act and in compliance with Government Regulation no 31 of 28.04.2020 “General conditions for support measures to mitigate the effects of the crisis and the emergency situation related to the spread

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<sup>2</sup> Order No. 76 of the Government of the Republic of Estonia dated 13 March 2020.

<sup>3</sup> Regulation No. 15 and Order No. 78 of the Government of the Republic of Estonia, dated 15 March 2020 and Order No. 29 of the Prime Minister dated 14 March 2020.

<sup>4</sup> The Estonian authorities submit that the travel restrictions will at least not be lifted before the reported positive cases of COVID-19 in Sweden falls below 15 per 100 000 people.

of the coronavirus causing COVID-19” [*COVID-19 haigust põhjustava koroonaviiruse levikuga seotud kriisi ja sellest tuleneva eriolukorra mõju leevendamiseks ette nähtud toetusmeetmete üldtingimused*].

- (11) The aid measure will be implemented via a Regulation: “Conditions and procedure for granting aid to passenger ship operators” [*Reisilaevade operaatoritele toetuse andmise tingimused ja kord*] (“the Regulation”).

### **2.3. Administration of the measure**

- (12) The granting authority under the scheme is the State Support Services Centre (“RTK”), a government agency falling under the authority of the Ministry of Finance.

### **2.4. Budget and duration of the measure**

- (13) The Estonian authorities indicated that the amount of aid disbursed under the scheme will be no more than EUR 20 million, originating from the general State budget.
- (14) The scheme will enter into force immediately after the notification of the present Decision or the entry into force of the Regulation, whichever comes later. Beneficiaries may apply for aid until 31 December 2020.

### **2.5. Beneficiaries**

- (15) There are four potential beneficiaries that may apply for aid under the notified measure, namely: AS Tallink Group, Viking Line Abp, Eckerö Line AB Oy and DFDS A/S Eesti filial (jointly, “the beneficiaries”). The beneficiaries operate either on the route Estonia – Finland – Estonia or Estonia – Sweden – Estonia or both.

### **2.6. Sectoral and regional scope of the measure**

- (16) The aid measure is intended for companies operating ferries on international ferry lines involving Estonia and, more specifically, those operating on the routes Estonia – Finland – Estonian and/or Estonia – Sweden – Estonia (see recital (15)).

### **2.7. Basic elements of the measure**

- (17) The measure takes the form of a direct grant (see recital (9)) to compensate the damage suffered by the beneficiaries resulting directly from the COVID-19 outbreak and the related governmental restrictions described in recitals (4) to (6) above, that led to large turnover decline and resulting foregone revenues for these operators.
- (18) The damage to be compensated under the measure is the loss of revenue, adjusted for variable costs, of the beneficiaries during the period when governmental travel restrictions due to the COVID-19 outbreak were in place in 2020 (“the 2020 compensation period”), as further described in recitals (19) and (20) below. In order to calculate the damage to be compensated under the measure, the foregone revenue of the beneficiaries during the 2020 compensation period will be compared to the corresponding period during 2019 when such restrictions were not in place (“the 2019 reference period”). According to the Estonian authorities,

the use of the 2019 reference period is appropriate since maritime passenger traffic is impacted by seasonality<sup>5</sup> and therefore the 2019 reference period offers a comparable situation to what would have happened in the 2020 compensation period, absent the COVID-19 outbreak. In essence, the damage will consist in the difference between the profit/loss incurred during the respective compensation period and the profit/loss incurred in the 2019 reference period.

- (19) As regards the route between Estonia and Finland, the 2020 compensation period starts on 13 March 2020<sup>6</sup> and ends on 15 June 2020.<sup>7</sup> The damage incurred during this period for the beneficiaries will be compared to the 2019 reference period, starting on 13 March 2019 and ending on 15 June 2019.
- (20) As regards the route between Estonia and Sweden, the 2020 compensation period starts on 13 March 2020 and will end on the date that governmental restrictions put in place by both Estonia and Sweden are lifted, permitting travel for all essential and non-essential reasons between the two countries, but will in no case be later than 31 December 2020. The damage incurred by the beneficiaries during this period will be compared to the same period in 2019.
- (21) The damage subject to compensation under the measure will be calculated on the basis of the following formula:

$$(R2019 - R2020) - (V2019 - V2020) = \text{amount of compensation}$$

Where:

- R2019 stands for revenue for 2019 reference period;
  - R2020 stands for revenues for the 2020 compensation period;
  - V2019 stands for variable costs for the 2019 reference period;
  - V2020 stands for variable costs, for the 2020 compensation period.
- (22) The revenues to be accounted for under the above damage compensation formula are, *inter alia*, the following:
- Revenue from ticket and car deck sales;
  - Revenue from cargo sales;
  - On-board revenue from shop, restaurant and bar sales;
  - Other revenues (e.g. gaming machines, advertising revenues);

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<sup>5</sup> E.g., travel during winter months is less frequent than during summer months.

<sup>6</sup> Accounting for a 1-day delay on the implementation of the restrictions by Estonia.

<sup>7</sup> On 15 June 2020 both Estonia and Finland had lifted restrictions allowing for travel between the two countries for all essential and non-essential reasons.

- Overhead costs allocated to ships (administration and marketing related).
- (23) The variable costs to be accounted for under the above damage compensation formula are, *inter alia*, the following:
- Costs directly related to passengers' service (including port charges, fuel costs and catering);
  - Costs directly related to ships maintenance and overhaul;
  - Overhead costs allocated to ships (administration and marketing related).
- (24) The Estonian authorities explain that only damage incurred on the ferry routes between Estonia and Finland and between Estonia and Sweden will be taken into account. While some potential beneficiaries also operate routes between Finland and Sweden, damage arising from such routes will be subtracted from the compensation amount. In addition, any State aid already received by the beneficiaries for the same eligible costs<sup>8</sup> as well as any expenses for which the beneficiaries have a claim for compensation (e.g. due to insurance, litigation, arbitration awards or other sources) will also be subtracted.
- (25) The Estonian authorities confirm that only damage directly suffered as a result of the COVID-19 outbreak and the governmental travel restrictions described under recitals (4) to (6) above will be compensated under the scheme.
- (26) When submitting the application for aid, the beneficiaries will need to submit information relating to the damage sustained (for which the compensation is calculated as forgone revenues during the 2020 compensation period as compared to the 2019 reference period, adjusted for change in variable costs for the same reference periods). The Estonian authorities submit that any information relating to aid previously received by the beneficiaries under other schemes as well as factual changes to their situation that took place between the 2019 reference period and the 2020 compensation period will also be examined and accounted for during the application process. An independent auditor will certify the information submitted and the compensation amount per beneficiary will be based on audited accounts.
- (27) In order to qualify for aid under the measure, applicants must show that they meet, *inter alia*, the following conditions:

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<sup>8</sup> In order to ensure that the beneficiaries do not get aid from several Member States for the same part of the damage already compensated under the present measure, the Estonian authorities will take into account any aid connected to the ferry routes between Estonia and Finland and Estonia and Sweden granted by Estonia as well as by other Member States. In order to do this, the beneficiaries must provide in their application for aid information *inter alia* on any aid received covering the damages connected to the aforementioned ferry routes. The information provided by the beneficiaries will be certified by an independent auditor. Moreover, the beneficiaries will be requested to provide a confirmation regarding the correctness of the data and that the measure will not result in overcompensation. Estonia may also request information from Finland and Sweden to verify the data should this be necessary and/or verify the aid received from the State aid registers of the respective Member States. The beneficiaries are also obliged to cooperate with the Estonian authorities and provide further information and confirmations in case the need arises.

- It is not subject to bankruptcy or liquidation proceedings or a bankruptcy decision in relation to the applicant has not been made. It does not have a valid warning of deletion from the commercial register;
  - It has no state tax debts as of 12 March 2020 or has paid or deferred the tax debt by the time of submission of the application and the applicant has fulfilled the obligation to submit tax returns and annual reports by the time of submission of the application;
  - It was not a firm in difficulty as of 31 December 2019 within the meaning of Commission Regulation (EU) No 651/2014;<sup>9</sup>
  - It has complied with the obligation to repay State aid declared illegal and incompatible with the internal market on the basis of a Commission decision.
- (28) If the budget for the measure is sufficient to cover all aid claims, the direct grants will be paid out to the beneficiaries up to the amount of damage sustained by each of them. In case the budget turns out to be insufficient, the direct grants will be paid out proportionally to the beneficiaries based on the amount of passengers served by each of them during the last quarter of 2019,<sup>10</sup> which was the latest quarter of a financial year not impacted by COVID-19 travel restrictions and where all vessels currently operated by the beneficiaries were in place.<sup>11</sup> In no case would this result in a beneficiary receiving more compensation than the damage suffered.
- (29) The Estonian authorities submit that, based on the initial information provided by the beneficiaries regarding their damage between 13 March 2020 and 31 May 2020, and considering the budget of the measure (EUR 20 million), it is likely that the budget will be exhausted.
- (30) The maximum aid intensity of the scheme is 80% of the damage sustained by the beneficiaries. However, provided that all beneficiaries apply for aid under the measure, the Estonian authorities note that only an approximate 40% of the damage will be compensated.
- (31) The Estonian authorities have further confirmed that:
- All compensations paid out under the measure will be subject to *ex post* review and compared to the exact amount of damage incurred by each

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<sup>9</sup> Article 2(18) of Commission Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market (OJ L 187, 26.6.2014, p. 1).

<sup>10</sup> The last quarter of 2019 was chosen as a starting point since one of the beneficiaries has introduced an additional vessel to the route between Estonia and Finland in September 2019.

<sup>11</sup> Based on data provided by the Estonian authorities, the share of passengers that each beneficiary transported during each quarter of 2019 remained relatively stable. Therefore, even if a period other than the last quarter of 2019 is or the yearly average of 2019 was chosen, the amount of aid received by each beneficiary would largely remain the same.

beneficiary. This is an additional safeguard to ensure that there is no overcompensation.

- Any potential amounts paid in excess of the damage suffered as a direct consequence of travel restrictions and border closures implemented in response to the COVID-19 outbreak will be recovered.
- There will be no payment made to beneficiaries who are responsible for the damage suffered by not conducting their activities with due diligence or in compliance with applicable legislation, or who did not take the necessary measures to mitigate the damage.

## **2.8. Cumulation**

- (32) The Estonian authorities have confirmed that aid provided under the scheme cannot be cumulated with other aid for the same part of the damage already compensated under the present measure.

## **2.9. Monitoring and reporting**

- (33) The Estonian authorities have committed to provide a report no later than one year after the date of the present Decision specifying the amount of compensation and recoverable advances granted and including a summary of all recoveries ordered under the measure.

# **3. ASSESSMENT**

## **3.1. Legality of the measure**

- (34) By notifying the scheme before putting it into effect, the Estonian authorities have respected their obligations under Article 108(3) TFEU.

## **3.2. Existence of State aid**

- (35) 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.
- (36) The measure is imputable to the State, since it is administered by the RTK, a government agency falling under the authority of the Ministry of Finance (see recital (12)) and is based on the legislative acts described in (see recitals (10)-(11)). It is financed through State resources, since it is financed by the State general budget (see recital (13)).
- (37) The measure confers an advantage on the beneficiaries in the form of direct grants (see recital (17)). The advantage corresponds to the amount of compensation paid under the scheme. The measure thus relieves the beneficiaries of costs that they would have to bear under normal market conditions.

- (38) The advantage granted by the measure is selective, since it is awarded only to the beneficiaries, i.e. the passenger ferry companies that meet the eligibility requirements of the scheme (see recital (15)).
- (39) The 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.
- (40) In view of the above, the Commission concludes that the measure constitutes State aid within the meaning of Article 107(1) TFEU.

### **3.3. Compatibility**

- (41) 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. Following the notification of the Estonian authorities, the Commission has examined the notified measure pursuant to Article 107(2)(b) TFEU. This assessment has led to the following observations.

#### **The notion of exceptional occurrences within the meaning of Article 107(2)(b) TFEU**

- (42) Article 107(2)(b) TFEU stipulates that aid to make good damage caused by natural disasters or exceptional occurrences shall be compatible with the internal market. Neither the TFEU nor other Union legislation contains a precise definition of the notion of 'exceptional occurrence'. As they constitute exceptions to the general prohibition of State aid within the internal market laid down in Article 107(1) TFEU, the Commission, in line with the consolidated Union case-law<sup>12</sup> has consistently held that the notions of 'natural disaster' and 'exceptional occurrence' referred to in Article 107(2)(b) TFEU must be interpreted restrictively.
- (43) The characterisation of an event as being an exceptional occurrence is made by the Commission on a case-by-case basis, having regard to its previous practice in the field<sup>13</sup>. In this regard, the following indicators relating to the event concerned

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<sup>12</sup> Judgement of the Court of Justice of 11 November 2004, *Spain v. Commission*, C-73/03, ECLI:EU:C:2004:711, paragraph 37 and judgment of the Court of Justice of 23 February 2006, *Giuseppe Atzeni and others*, in joined cases C-346/03 and C-529/03, ECLI:EU:C:2006:130, paragraph 79.

<sup>13</sup> Exceptional occurrences which have been accepted in the past by the Commission include war, internal disturbances and strikes, and, with certain reservations and depending on their extent, major industrial accidents which result in widespread economic loss, see *Guidelines for State aid in the agricultural and forestry sectors and in rural areas 2014 to 2020*, paragraph 330 (OJ C 204, 1.07.2014, p. 53).



must be cumulatively met: (i) unforeseeable or difficult to foresee<sup>14</sup>; (ii) significant scale/economic impact<sup>15</sup>; and (iii) extraordinary<sup>16</sup>.

### **COVID-19 as an exceptional occurrence**

- (44) Following the first reports of cases of acute respiratory syndrome (COVID-19) in the Chinese Wuhan municipality at the end of December 2019, the Chinese authorities have identified a novel coronavirus (SARS-CoV-2) as the main causative agent, which had not been previously identified in humans. The outbreak has rapidly evolved, affecting not only other parts of China but spreading to the majority of countries worldwide. Specific sectors and areas are particularly affected by the outbreak, be it because of national outbreak control measures, travel restrictions or supply chain disruptions.
- (45) The WHO declaration of a pandemic<sup>17</sup>, associated with the public health risk deriving from the absence of therapeutics or vaccines for the novel COVID-19 determine the exceptional nature of the circumstances. The rapidness of the spread can cause enormous consequences both in terms of fatal outcomes in high-risk groups and in terms of economic and societal disruption<sup>18</sup>. The necessity to adopt and encourage the respect of measures aimed at interrupting transmission chains stems from this acknowledgement. Such measures can result in far-reaching disruption of various economic sectors. This disruption is thus clearly outside the normal functioning of the market.
- (46) In view of the above, this event qualifies as an exceptional occurrence as it was not foreseeable, as it clearly distinguishes itself from ordinary events by its

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<sup>14</sup> Commission Decision of 1 August 2008 in case SA.32163, Remediation of damage to airlines and airports caused by seismic activity in Iceland and the volcanic ash in April 2010, Slovenia, recital 31.

<sup>15</sup> Elements taken into account by the Commission to consider that the occurrence reached a significant scale: negative consequences cannot be contained (Commission Decision of 4 October 2000 in case NN 62/2000, Régime temporaire d'aides aux entreprises victimes des intempéries et de la marée noire – France), or because of the number of dead or injured people (Commission Decision of 11 April 2012 in case SA.33487, Agricultural and fisheries aid to compensate for damage due to exceptional occurrence (red mud "Aluminium accident"), Hungary, recital 35; Commission Decision of 2 May 2002 in case N241/2002, Régime en faveur des entreprises victimes de la catastrophe industrielle de Toulouse, France, recital 19), the immense ecological and economic damage (Commission Decision of 11 April 2012 in case SA.33487, recital 36), the amount of material damage despite the local character of the industrial accident (Commission Decision of 2 May 2002 in case N 241/2002, recital 19).

<sup>16</sup> In its Decision of 19 May 2004 in case C-59/2001 (OJ L 32, 6.2.2007, p. 14), the Commission considered that the (alleged) fall in sales of poultry meat in a Member State not directly affected by the dioxin contamination, did not constitute in itself an exceptional occurrence. It was yet an unforeseeable event, but formed part of the normal commercial risks to which an undertaking is exposed.

<sup>17</sup> WHO Director-General's opening remarks at the media briefing on COVID-19 on 11 March 2020, <https://www.who.int/dg/speeches/detail/who-director-general-s-opening-remarks-at-the-media-briefing-on-covid-19---11-march-2020>.

<sup>18</sup> ECDC's Rapid Risk Assessment, Outbreak of novel Coronavirus disease 2019 (COVID-19): increase transmission globally – fifth update, 2 March 2020.

character and by its effects on the affected undertakings and the economy in general and therefore lies outside of the normal functioning of the market.<sup>19</sup>

- (47) In this context, the COVID-19 outbreak can be considered as an exceptional occurrence within the meaning of Article 107(2)(b) TFEU.

**Causal link between the COVID-19 outbreak and the damage compensated by the measure**

- (48) As of respectively 12 March and 25 March 2020, as an immediate consequence of the COVID-19 outbreak, the Estonian authorities adopted the governmental measures described in recitals (4) to (6) to limit the spread of COVID-19.
- (49) All these events severely affected international passenger ferry companies with traffic to and from Estonia and, more specifically, the beneficiaries. While data on the impact of the travel restrictions is still being collected, it is clear that the beneficiaries have already suffered significant economic damage due to the official travel restrictions (which moreover are still ongoing as regards maritime passenger travel between Estonia and Sweden). A significant part of the revenue of the beneficiaries arises from servicing passengers traveling generally for work and/or tourism. Due to the travel restrictions between Estonia and Finland and between Estonia and Sweden via ferries, all non-essential travel stopped, including for these purposes. This resulted in a severe decrease in passenger traffic and the subsequent loss of income for the beneficiaries.
- (50) The proposed aid measure is intended as a compensation scheme for the beneficiaries active on the routes Estonia-Finland-Estonia and Estonia-Sweden-Estonia. The period for the calculation of damage is limited to 13 March 2020 – 15 June 2020, for the Estonia-Finland-Estonia route. For the Estonia-Sweden-Estonia route, the calculation of damage starts on 13 March 2020 and will end on the date when the governmental travel restrictions between the two countries are lifted, i.e. when travelling for all essential and non-essential reasons will be allowed between the two countries.
- (51) In any case, beneficiaries are only eligible for aid under the measure if the damage they sustained during the relevant period was caused by the governmental travel restrictions in response to the COVID-19 outbreak.
- (52) The direct causal link between the damage caused by the exceptional occurrence and the aid is therefore confirmed.

**Proportionality of the aid**

- (53) In order to be compatible with Article 107(2)(b) TFEU, the aid must be proportional to the damage caused by the exceptional occurrence. Aid must not result in overcompensation of damage and should only make good the damage caused by the exceptional occurrence.

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<sup>19</sup> See also Commission Decision of 12 March 2020, SA.56685 - Denmark - Compensation scheme for cancellation of events related to COVID-19, OJ C 125, 17.4.2020, p. 8.

- (54) The beneficiaries eligible under the measure have lost revenue during the 2020 compensation period for the international routes Estonia-Finland-Estonia and Estonia-Sweden-Estonia, such as the revenues described in recital (22). In addition, these beneficiaries incurred variable costs during the 2020 compensation period, such as the ones described in recital (23). These costs will be accounted for under the damage compensation formula applicable to the measure (described in recital (21)) so as to ensure that only damage caused by the implementation of official COVID-19 related travel restrictions are compensated.
- (55) Aid granted under the measure consists of direct grants to compensate damage (foregone revenues adjusted for variable costs) of the beneficiaries resulting directly from the COVID-19 outbreak and the related travel restrictions as described in recitals (4) to (6), that led to a large turnover decline. The measure is therefore limited in its scope.
- (56) The maximum aid intensity of the scheme is 80% of the damage sustained by the beneficiaries. Overcompensation under the measure is therefore excluded. In addition, based on the information provided by the Estonian authorities regarding the damage of beneficiaries between 13 March 2020 and 31 May 2020, and considering the budget of the measure (EUR 20 million), it is highly likely that the budget will be exhausted during a first application period. If as expected all beneficiaries apply for aid under the measure, only an approximate 40% of damage will be compensated.
- (57) Moreover, the Estonian authorities have put in place the following additional safeguards, so that the compensation under the scheme does not exceed what is necessary to make good the actual damage suffered and thus meets the above-mentioned criteria.
- (58) First, as described in recital (24), only damage sustained on the ferry routes between Estonia-Finland-Estonia and Estonia-Sweden-Estonia will be taken into account. While some beneficiaries also operate routes between Finland-Sweden, damage arising from such routes will be subtracted from the compensation amount. In addition, any State aid already received by beneficiaries for the same eligible costs as well as any expenses for which they have a claim for compensation (e.g. due to insurance, litigation, arbitration awards or other sources) will also be subtracted from the compensation amount.
- (59) Second, as described in recital (31), there will be no payment made to beneficiaries who are responsible for the damage suffered, by not conducting their activities with due diligence or in compliance with applicable legislation, or who did not take the necessary measures to mitigate the damage.
- (60) Third, as mentioned in recital (31), the Estonian authorities will ensure that all compensations paid out under the measure will be subject to *ex post* review and that there was no overcompensation. Any potential amounts paid in excess of the damage suffered as a direct consequence of travel restrictions and border closures implemented in response to the COVID-19 outbreak will be recovered.
- (61) Estonia has therefore ensured that the compensation under the scheme will not exceed the damage directly suffered by each beneficiary from the loss of revenue caused by the COVID-19 outbreak.

(62) In view of the above, the Commission considers that the measure is compatible with the internal market in accordance with Article 107(2)(b) TFEU.

#### **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(2)(b) TFEU.

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**