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**Subject: State Aid SA.58476 (2020/N) – Lithuania  
COVID-19: Grants to tour operators for the repatriation of  
travellers**

Excellency,

#### **1. PROCEDURE**

- (1) By electronic notification of 26 August 2020, the Republic of Lithuania notified aid in the form of limited amounts of aid (Grants to tour operators for the repatriation of travellers, “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”).<sup>1</sup>
- (2) The Republic of Lithuania exceptionally agrees to waive its rights deriving from Article 342 of the Treaty on the Functioning of the European Union (“TFEU”), in

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<sup>1</sup> Communication from the Commission - Temporary framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 91I, 20.3.2020, p. 1, 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, 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 and by Communication from the Commission C(2020) 4509 final of 29 June 2020 on the Third Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 218, 2.7.2020, p. 3.

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conjunction with Article 3 of Regulation 1/1958<sup>2</sup> and to have this Decision adopted and notified in English.

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

- (3) The Lithuanian authorities consider that the COVID-19 outbreak has started to affect the real economy. The measure forms part of an overall package of measures and aims to ensure that sufficient liquidity remains available in the market, to counter the liquidity shortage faced by undertakings because of the outbreak, to ensure that the disruptions caused by the outbreak do not undermine the viability of the undertakings and thereby to preserve the continuity of economic activity during and after the outbreak.
- (4) On 26 February 2020, the Government of Lithuania declared a State-wide emergency situation due to the COVID-19 outbreak and issued recommendations to cancel any travel plans. Tour operators, following the recommendations, stopped all outgoing travels. Moreover, they repatriated their clients from their destination. Flying out empty chartered planes and/or cancelling the booking of these planes, as well as buying new plane tickets, followed by the subsequent lockdown, which started on 16 March 2020, impaired tour operators' liquidities.
- (5) Tour operators had to bear the costs of repatriating travellers because they were in charge of arranging transportation from Lithuania to resorts abroad and back to Lithuania after the stay, as a legal obligation stemming from Lithuanian national law.<sup>3</sup> Accordingly, repatriating tourists back from the resorts to Lithuania was the tour operators' responsibility.
- (6) The Lithuanian authorities confirmed that the aid under the measure is not conditioned on the relocation of a production activity or of another activity of the beneficiary from another country within the EEA to the territory of the Member State granting the aid. This is irrespective of the number of job losses actually occurred in the initial establishment of the beneficiary in the EEA.
- (7) The compatibility assessment of the measure is based on Article 107(3)(b) TFEU, in light of sections 2 and 3.1 of the Temporary Framework.

### **2.1. The nature and form of aid**

- (8) The measure provides aid in the form of direct grants to tour operators that brought clients that were on holidays outside Lithuania as part of a package deal back from abroad in the period between 26 February 2020 until 31 March 2020 .

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

<sup>3</sup> The Lithuanian authorities explained that according to article 15 of the Lithuanian Law on Tourism, tour operators are obliged to bring tourists back to the place where the travel initially started. Also, the Lithuanian Civil Code states that if the travel cannot continue as planned, the tour operator must bring the tourist back to the place where the travel initially started and return the price of the travel to the tourist. The Lithuanian Government advised to cancel all travels after the extreme situation was announced on 26 February 2020.

## **2.2. Legal basis**

- (9) The legal basis for the measure is the Order of the Minister of Economy and Innovation of the Republic of Lithuania "Compensation for the tour operators for bringing the tourists back from abroad after announcement of the emergency situation", a draft of which was enclosed in the notification.

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

- (10) The Ministry of the Economy and Innovation of the Republic of Lithuania is the authority responsible for granting the aid. The public Institution "Travel Lithuania" (Keliauk Lietuvoje) is the authority managing the scheme.

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

- (11) The estimated budget of the measure is EUR 1 million.
- (12) Aid may be granted under the measure as from its approval until no later than 31 December 2020.
- (13) The Lithuanian authorities confirmed that the maximum overall aid amount per undertaking (gross, i.e. before any tax deduction or other charge) of EUR 800 000 set out at point 22(a) of the Temporary Framework is respected.

## **2.5. Beneficiaries**

- (14) The beneficiaries of the measure are tour operators that are licensed in Lithuania. However, financial institutions are excluded as eligible beneficiaries.
- (15) The measure is limited to those tour operators licensed in Lithuania that incurred costs for the repatriation to Lithuania of clients that were on holidays outside Lithuania as part of a package deal from the announcement of the emergency situation by the Government's Resolution No. 152 in the period between 26 February 2020 until 31 March 2020. According to the Lithuanian authorities, the liquidity problems faced by these operators are particularly acute as they had to bear the costs of repatriation using their own capital.
- (16) 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")<sup>4</sup> on 31 December 2019.

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

- (17) The measure is open to tour operators, as described in recitals (14) and (15).
- (18) The measure applies to the whole territory of Lithuania.

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<sup>4</sup> 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, 26.6.2014, p. 1.

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

- (19) The Lithuanian authorities explained that the measure aims at reducing the losses and thereby countering the liquidity shortage faced by tour operators which had to incur costs to repatriate clients that were on holidays outside Lithuania as part of a package deal in the relevant period.
- (20) The amount of the grant will correspond to 75% of the repatriation costs incurred by the operators, subject to the maximum aid amount per undertaking as set out in recital (13) of this Decision.

## **2.8. Cumulation**

- (21) The Lithuanian authorities confirm that aid granted under the measure may be cumulated with aid under de minimis Regulations<sup>5</sup> or the General Block Exemption Regulation<sup>6</sup> provided the provisions and cumulation rules of those Regulations are respected.
- (22) The Lithuanian authorities confirm that aid granted under the measure may be cumulated with aid granted under other measures approved by the Commission under other sections of the Temporary Framework provided the provisions in those specific sections are respected.
- (23) The Lithuanian 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 point 22(a) of that framework, will be respected.

## **2.9. Monitoring and reporting**

- (24) The Lithuanian 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 above EUR 100 000 granted under the measure on the comprehensive national State aid website or Commission's IT tool within 12 months from the moment of granting<sup>7</sup>).

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<sup>5</sup> 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).

<sup>6</sup> 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.

<sup>7</sup> Referring to information required in Annex III to 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.

### 3. ASSESSMENT

#### 3.1. Lawfulness of the measure

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

#### 3.2. Existence of State aid

- (26) 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.
- (27) The measure is imputable to the State, since it is administered by the Lithuanian Ministry of the Economy and Innovation and it is based on the legal act referred to in recital (9). It is financed through State resources, since it is financed by the general budget of the Republic of Lithuania.
- (28) The measure confers an advantage on its beneficiaries in the form of direct grants (recital (8)). The measure thus relieves those beneficiaries of costs which they would have had to bear under normal market conditions.
- (29) The advantage granted by the measure is selective, since it is awarded only to certain undertakings, in particular tour operators that had to repatriate clients that were on holidays outside Lithuania as part of a package deal after the announcement of the emergency situation (recital (14)).
- (30) 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.
- (31) In view of the above, the Commission concludes that the measure constitutes aid within the meaning of Article 107(1) TFEU. The Lithuanian authorities do not contest that conclusion.

#### 3.3. Compatibility

- (32) 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.
- (33) 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*”.
- (34) 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”.*

- (35) The measure aims at reducing the losses and thereby countering the liquidity shortage of the beneficiaries at a time when the normal functioning of credit 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.
- (36) The measure is one of a series of measures conceived at national level by the Lithuanian authorities to remedy a serious disturbance in their economy. The importance of the measure to preserve employment and economic continuity is widely accepted by economic commentators. Furthermore, the measure has been designed to meet the requirements of a specific category of aid (“Limited amounts of aid”) described in section 3.1 of the Temporary Framework.
- (37) 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 (8)).  
  
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. 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 (11). The measure therefore complies with point 22(b) of the Temporary Framework;
  - Aid may not be granted under the measure to undertakings that were already in difficulty on 31 December 2019 (see recital (16)). 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. The measure therefore complies with point 22(d) of the Temporary Framework.
- (38) The Lithuanian authorities confirm that the monitoring and reporting rules laid down in section 4 of the Temporary Framework will be respected (recital (24)). The Lithuanian 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 (21) to (23)).
- (39) 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

