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**Subject: State Aid SA.59992 (2020/N) – Italy
COVID-19: support measure for the congress and fair industry**

Excellency,

1. PROCEDURE

- (1) By electronic notification of 4 December 2020, Italy notified a scheme involving limited amounts of aid (support measure for the congress and fair industry, “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 Italy provided further information on 13 December 2020.

¹ 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, 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 and by Communication from the Commission C(2020) 7127 final of 13 October 2020 on the Fourth Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak and amendment to the Annex to the Communication from the Commission to the Member States on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to short-term export-credit insurance, OJ C 340 I, 13.10.2020, p. 1.

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- (2) Italy 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) Italy considers that the COVID-19 outbreak affects 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) Italy 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.
- (5) 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. Objective of the measure

- (6) The measure aims to ensure that sufficient liquidity remains available for the undertakings active in the congress and fair industry. These undertakings are suffering economic difficulties and lack of liquidity due to the cancellation and postponement of such events caused by the COVID-19 outbreak and the containment measures implemented by the national authorities.

2.2. The nature and form of aid

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

2.3. Legal basis

- (8) The legal basis for the measure is:
- (a) Article 183, paragraph 2, of Decree Law no. 34 of 19 May 2020, converted with amendments by Law no. 77 of 17 July 2020;
 - (b) Article 12, paragraph 3 of the Decree Law of 30 November 2020, n. 157 on the implementation of further urgent measures to face the epidemiological emergency of COVID19;
 - (c) Decree of the Director General of Tourism, on 5 October 2020, for the allocation and payment of non-refundable grants to support the congress

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

and fair industry affected by the containment measures implemented by the government to halt the spread of COVID-19.

- (d) Decree of the Director General for Tourism for the awarding of grants (not published yet).

2.4. Administration of the measure

- (9) The Italian Ministry of Cultural Heritage and Activities and Tourism (*Ministero per i beni e le attività culturali e per il turismo*), and in particular its Directorate General for Tourism, is responsible for administering the measure.

2.5. Budget and duration of the measure

- (10) The estimated budget of the measure is EUR 370 million³ and is funded by the State budget.
- (11) Aid may be granted under the measure as from its approval by the Commission until no later than 30 June 2021. The Italian authorities confirmed that no aid will be granted before the Commission has adopted its decision approving the scheme.

2.6. Beneficiaries

- (12) The beneficiaries of the measure are undertakings registered in the Italian Business Registry (Registro delle Imprese)⁴, irrespective of their size, carrying out business activities as:
- (a) fair agencies (ente fiero) and companies with main ATECO code 82.30.00⁵, i.e. Organisation of conventions and trade shows;
- (b) providers of logistics, transport and stand builders with more than 50% of the turnover deriving from trade shows and conventions activities.
- (13) Aid may not be granted under the measure to medium⁶ and large enterprises that were already in difficulty within the meaning of the General Block Exemption Regulation⁷ on 31 December 2019. Aid may be granted to micro and small enterprises that were in difficulty within the meaning of the General Block Exemption Regulation on 31 December 2019, if those enterprises, at the moment

³ The budget is broken down as follows:

- EUR 137.5 Million for fair agencies (ente fiero) and fair organisers;
- EUR 137.5 Million for congress organisers;
- EUR 95 Million for providers of logistics, transport services and stand builders with more than 50% of the turnover deriving from congresses and fair activities.

⁴ <https://italianbusinessregister.it/italian-business-register>

⁵ ATECO code is the Italian equivalent of the Classification of Economic Activities by Eurostat, i.e. NACE code (https://ec.europa.eu/competition/mergers/cases/index/nace_all.html).

⁶ As defined in Annex I 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, 26.6.2014, p. 1.

⁷ As defined in Article 2(18) of Regulation (EU) No 651/2014.

of granting the aid, are not subject to collective insolvency procedure under national law and they have not received rescue aid⁸ or restructuring aid.⁹

2.7. Sectoral and regional scope of the measure

- (14) The measure is open exclusively to:
- (a) fair agencies (ente fieri) and companies with main ATECO code 82.30.00, i.e. Organisation of conventions and trade shows;
 - (b) providers of logistics, transport and stand builders with more than 50% of the turnover deriving from trade shows and conventions activities.
- (15) The Italian authorities confirmed that credit and financial institutions are excluded.

2.8. Basic elements of the measure

- (16) The objective of the measure is to compensate eligible beneficiaries, as indicated in recital (12), for the financial losses suffered as a result of the cancellation and postponement of trade shows and conventions events due to the COVID-19 outbreak and the containment measures implemented by Italian public authorities.
- (17) The aid is granted to undertakings that suffered a reduction of turnover due to cancellation or postponement of at least one event, scheduled in Italy or abroad, in the period which goes from 23 February 2020 to 30 September 2020.
- (18) The grants are assigned to the beneficiaries in proportion to the reduction in their revenues from 23 February 2020 to 31 July 2020 as compared to the same period of 2019¹⁰.
- (19) To be eligible, further to the requirements stated in recital (12) and (13), the beneficiaries must:
- (a) Be active in Italy;
 - (b) Have fulfilled obligations concerning social security, taxation and insurance;
 - (c) Have none of the impediment clauses that may disqualify the beneficiary to enter into contracts with the public administration¹¹.

⁸ Alternatively, if they have received rescue aid, they have reimbursed the loan or terminated the guarantee at the moment of granting of the aid under the notified measure.

⁹ Alternatively, if they have received restructuring aid, they are no longer subject to a restructuring plan at the moment of granting of the aid under the notified measure.

¹⁰ Italy reported that the grants are calculated on the base of an algorithm which provides for a proportional compensation which is based on the beneficiaries' declared loss of turnover and the budget allocated per type of beneficiary (footnote (3)).

¹¹ Italy referred that this requirement makes reference to Article 80 of the Code of Public Contracts (Legislative Decree 50/2016), which sets out the grounds for exclusion from awarding public contracts and to the anti-mafia legislation (Legislative Decree 159/2011) in accordance as well as with Article 32-ter of the Italian Criminal Code.

- (20) Italy confirmed that the aid may be granted provided its nominal value, for all measures granted in accordance with Section 3.1 of the Temporary Framework, does not exceed EUR 800 000 per undertaking (all figures used being expressed in gross, that is before any deduction of tax or other charges).

2.9. Cumulation

- (21) The Italian authorities confirm that aid granted under the measure may be cumulated with aid under de minimis Regulations¹² or the General Block Exemption Regulation provided the provisions and cumulation rules of those Regulations are respected.
- (22) The Italian 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 Italian 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, will be respected.
- (24) Any aid approved by the Commission under Article 107(3)(b) TFEU or the Temporary Framework which is granted for or attributable to specific eligible costs, cannot be cumulated with aid under Article 107(2)(b) TFEU for the same eligible costs.

2.10. Monitoring and reporting

- (25) The Italian 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 granting¹³).

3. ASSESSMENT

3.1. Lawfulness of the measure

- (26) The Commission observes that the legislation providing for this measure has already entered into force. However, as indicated in Article 7 of the Decree of the Director General of Tourism, on 5 October 2020, the Italian authorities committed not to grant any aid before the Commission has notified its decision approving the scheme. The Commission therefore considers that by notifying the

¹² 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) and Commission Regulation (EU) No 360/2012 of 25 April 2012 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid granted to undertakings providing services of general economic interest (OJ L 114, 26.4.2012, p. 8).

¹³ Referring to information required in Annex III to Commission Regulation (EU) No 651/2014.

measure before putting it into effect (recital (11)), the Italian authorities have respected their obligations under Article 108(3) TFEU

3.2. Existence of State aid

- (27) 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.
- (28) The measure is imputable to the State, since it is administered by the Italian Ministry of Cultural Heritage and Activities and Tourism (Ministero per i beni e le attività culturali e per il turismo) and in particular its Directorate General for Tourism (recital (9)) and it is based on legal basis as indicated in recital (8)). It is financed through State resources, since it is financed on the general budget (recital (10)).
- (29) The measure confers an advantage on its beneficiaries in the form of direct grants (recital (7)). The measure thus relieves those beneficiaries of costs that they would have had to bear under normal market conditions.
- (30) The advantage granted by the measure is selective, since it is awarded only to undertakings active in the congress and fair industry (recital (12)).
- (31) 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 (recital (14)), in which intra-Union trade exists.
- (32) In view of the above, the Commission concludes that the measure constitutes aid within the meaning of Article 107(1) TFEU. The Italian authorities do not contest that conclusion.

3.3. Compatibility

- (33) 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.
- (34) 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”.
- (35) 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”.

- (36) The measure aims at preserving the continuity of economic activity of beneficiaries, as indicated in recital (12), affected by the cancellation and postponement of trade shows and conventions events, at a time when the normal functioning of 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.
- (37) The measure is one of a series of measures conceived at national level by the Italian authorities to remedy a serious disturbance in their economy. The importance of the measure to preserve economic continuity of the eligible beneficiaries is widely accepted by economic commentators and the measure is of a scale that can be reasonably anticipated to produce effects in the congress and fair industry sectors to which the measure is addressed, which are particularly affected by the cancellation and postponement of trade shows and conventions events caused by the COVID-19 outbreak and the containment measures implemented by the national authorities. 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.
- (38) 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 (7));
The overall nominal value of the direct grants shall not exceed EUR 800 000 per undertaking (recital (20)); all figures used must be gross, that is, before any deduction of tax or other charges (recital (20)). 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 (10). The measure therefore complies with point 22(b) of the Temporary Framework;
 - As stated in recital (13):
 - Aid may not be granted under the measure to medium and large enterprises that were already in difficulty on 31 December 2019. The measure therefore complies with point 22(c) of the Temporary Framework.
 - Aid may be granted to micro and small enterprises that were in difficulty on 31 December 2019, if those enterprises, at the moment of granting the aid, are not subject to collective insolvency procedure under national law and they have not received rescue aid¹⁴ or restructuring aid¹⁵. The measure therefore complies with point 22(c)bis of the Temporary Framework;

¹⁴ Alternatively, if they have received rescue aid, they have reimbursed the loan or terminated the guarantee at the moment of granting of the aid under the notified measure.

¹⁵ Alternatively, if they have received restructuring aid, they are no longer subject to a restructuring plan at the moment of granting of the aid under the notified measure.

- Aid will be granted under the measure no later than 30 June 2021 (recital (11)). The measure therefore complies with point 22(d) of the Temporary Framework;
 - Considering the scope of the measure (recital (14)), the condition contained in point 22(e) of the Temporary Framework is not applicable.
- (39) The Italian authorities confirm that the monitoring and reporting rules laid down in section 4 of the Temporary Framework will be respected (recital (25)). The Italian 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 (24)).
- (40) 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/ejojade/isef/index.cfm>.

Yours faithfully,

For the Commission

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Executive Vice-President