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**Subject: State Aid SA.61808 (2021/N) – Czechia  
COVID-19: Support for operators of ski resorts**

Excellency,

## 1. PROCEDURE

- (1) By electronic notification of 24 February 2021, Czechia notified aid in the form of limited amounts of aid (COVID-19: Support for operators of ski resorts, the “measure”) under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (the “Temporary Framework”).<sup>1</sup>
- (2) Czechia 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 1/1958<sup>2</sup> and to have this Decision adopted and notified in English.

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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 Commission Communications C(2020) 2215 (OJ C 112I, 4.4.2020, p. 1), C(2020) 3156 (OJ C 164, 13.5.2020, p. 3), C(2020) 4509 (OJ C 218, 2.7.2020, p. 3), C(2020) 7127 (OJ C 340I, 13.10.2020, p. 1) and C(2021) 564 (OJ C 34, 1.2.2021, p. 6).

<sup>2</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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## **2. DESCRIPTION OF THE MEASURE**

- (3) Czechia 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) Czechia confirms 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 its territory. This is irrespective of the number of job losses actually occurred in the initial establishment of the beneficiary in the EEA.
- (5) The measure aims at supporting undertakings that were restricted on running their business activities focused on operating ski resorts (operation of ski lifts, cable cars and ski slopes), which because of the COVID-19 outbreak had to be closed as from 27 December 2020, pursuant to a resolution of the Czech government<sup>3</sup>. Since wintertime generates most of the income for the ski resorts, the mandatory closure has caused a serious financial loss for the resorts concerned. The aid shall be provided for the duration of the winter season: for 103 days from 27 December 2020 to 8 April 2021 included (eligible period). Its amount depends on the type of equipment used and average operational costs of the last two closed accounting periods (for new companies, of the last closed accounting period).
- (6) 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**

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

### **2.2. Legal basis**

- (8) The legal basis for the measure is (i) Act No. 218/2000 Col., on budgetary rules, as amended; (ii) Act No. 500/2004 Col., Administrative procedure Code, as amended; (iii) Resolution of the government of January 11 2021 No. 32 on a program to support entrepreneurs affected by the global dissemination of the COVID-19 disease caused by SARS CoV-19 "COVID - SPORT III – Ski Resorts", and (iv) Program "COVID Sport III – Ski Resorts".

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

- (9) The Ministry of Industry and Trade is responsible for administering the measure.

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<sup>3</sup> Resolution of the Government of Czechia nr. 1376 of 23 December 2020 .

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

- (10) The estimated budget of the measure is CZK 1 billion (approximately EUR 38.5 million)<sup>4</sup>.
- (11) Aid may be granted under the measure as from its approval by the Commission until no later than (and including) 30 June 2021.

## **2.5. Beneficiaries**

- (12) The beneficiaries of the measure are undertakings that are active in the operation of ski resorts in Czechia. However, financial institutions are excluded as eligible final beneficiaries.
- (13) Aid may not be granted under the measure to medium and large enterprises that were already in difficulty within the meaning of the General Block Exemption Regulation (“GBER”)<sup>5</sup> on 31 December 2019.
- (14) Aid may be granted to micro and small enterprises that were in difficulty within the meaning of the GBER 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 aid<sup>6</sup> or restructuring aid.<sup>7</sup>

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

- (15) The measure is open to the sector engaged in operating ski resorts (operation of ski lifts, cable cars and ski slopes)<sup>8</sup>. It applies to the whole territory of Czechia.

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

- (16) The aid is designed in accordance with paragraph 3.1 of the Temporary Framework and its conditions.
- (17) The aid is provided in the form of a direct grant. Its amount is determined by the technical equipment used (surface lifts, non-detachable and detachable chairlifts) and average operational costs of past closed accounting periods. Aid under the measure may be granted until (and including) 30 June 2021.

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<sup>4</sup> 1 EUR = 25.954 CZK on the notification date of 22 February 2021, [https://www.ecb.europa.eu/stats/policy\\_and\\_exchange\\_rates/euro\\_reference\\_exchange\\_rates/html/eurofxref-graph-czk.en.html](https://www.ecb.europa.eu/stats/policy_and_exchange_rates/euro_reference_exchange_rates/html/eurofxref-graph-czk.en.html)

<sup>5</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, OJL 187, 26.6.2014, p. 1

<sup>6</sup> 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.

<sup>7</sup> 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.

<sup>8</sup> According to the notification, the sector concerned is classified under NACE code H.49 (Land transport and transport via pipelines)

- (18) The maximum amount of the support per seat (e.g. four-seater chair lift = 4 seats) is CZK 210 (surface lifts), CZK 340 (non-detachable chairlifts) and CZK 530 (detachable chairlifts) per day. The total support is calculated by the sum of all such seats according to the type of facility multiplied by the number of days for which the support is eligible. At the same time, the support is limited to cover max. 50 % of average day operational costs of the supported activities, as determined by the last two closed accounting periods (in case of new companies, by the last closed accounting period) multiplied by the number of days in the eligible period. The Czech authorities have confirmed that the maximum amount of aid per undertaking will be limited to EUR 1.8 million, in line with the conditions of section 3.1. of the Temporary Framework.

## **2.8. Cumulation**

- (19) The Czech authorities confirm that aid granted under the measure may be cumulated with aid under de minimis Regulations<sup>9</sup> or the GBER provided the provisions and cumulation rules of those Regulations are respected.
- (20) The Czech 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.
- (21) The Czech 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(s) 22(a) of that framework, will be respected.

## **2.9. Monitoring and reporting**

- (22) The Czech 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>10</sup>).

## **3. ASSESSMENT**

### **3.1. Lawfulness of the measure**

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

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<sup>9</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>10</sup> Referring to information required in Annex III to Commission Regulation (EU) No 651/2014 and Annex III to Commission Regulation (EU) No 702/2014 and Annex III to Commission Regulation (EU) No 1388/2014.

### 3.2. Existence of State aid

- (24) 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.
- (25) The measure is imputable to the State, since it is administered by The Ministry of Industry and Trade (see recital (9)) and it is based on (i) Act No. 218/2000 Col., on budgetary rules, as amended; (ii) Act No. 500/2004 Col., Administrative procedure Code, as amended; (iii) Resolution of the government of January 11 2021 No. 32 on a program to support entrepreneurs affected by global dissemination COVID-19 disease caused by SARS CoV-19 "COVID - SPORT III – Ski Resorts", and (iv) Program "COVID Sport III – Ski Resorts" (see recital (8)). It is financed through State resources, since it is financed by public funds.
- (26) The measure confers an advantage on its beneficiaries in the form of direct grants (recital (7)). The measure thus confers an advantage on those beneficiaries which they would not have had under normal market conditions.
- (27) The advantage granted by the measure is selective, since it is awarded only to certain undertakings, in particular undertakings active as operators in ski resorts, excluding the financial sector (recitals (12)-(15)).
- (28) 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.
- (29) In view of the above, the Commission concludes that the measure constitutes aid within the meaning of Article 107(1) TFEU. The Czech authorities do not contest that conclusion.

### 3.3. Compatibility

- (30) 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.
- (31) 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*".
- (32) 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*".

- (33) The measure aims at restoring liquidity by partially compensating ski operators in the form of direct grants as compensation for the days when the ski resorts had to be closed, to support them in upholding their businesses 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.
- (34) The measure is one of a series of measures conceived at national level by the Czech authorities to remedy a serious disturbance in their economy. The importance of the measure to preserve employment and economic continuity for the affected ski resort operators 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.
- (35) 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 direct grants shall not exceed EUR 1.8 million per undertaking (recitals 18 and 21); 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 (10). The measure therefore complies with point 22(b) of the Temporary Framework.
  - Aid may not be granted under the measure to medium<sup>11</sup> and large enterprises that were already in difficulty on 31 December 2019 (recital (13)). 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 aid<sup>12</sup> or restructuring aid<sup>13</sup> (recital (14)). The measure therefore complies with point 22(c)bis of the Temporary Framework.
  - Aid will be granted under the measure no later than 30 June 2021 (included). The measure therefore complies with point 22(d) of the Temporary Framework.

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<sup>11</sup> 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, OJL 187, 26.6.2014, p. 1.

<sup>12</sup> 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.

<sup>13</sup> 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.

- (36) The Czech authorities confirm 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 (recital (4)).
- (37) The Czech authorities confirm that the monitoring and reporting rules laid down in section 4 of the Temporary Framework will be respected (recital 22). The Czech 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 and the cumulation rules of the relevant Regulations are respected (recitals 19-21).
- (38) 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

