Subject: State Aid SA.63074 (2021/N) – Italy COVID-19: Damage compensation scheme to Italian airport managers and ground-handling providers with an Italian operating licence

Excellency,

1. **PROCEDURE**

   (1) By electronic notification of 12 May 2021\(^1\), amended on 12 July 2021, Italy notified a damage compensation scheme (the ‘Measure’) in the form of direct grants to compensate the damages suffered by managers of airports with a valid operating certificate to host commercial flights and ground-handling providers with a valid operating certificate delivered by the Italian authorities due to the imposition of travel restrictions and other containment measures linked to the COVID-19 outbreak.

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\(^1\) The Commission services sent a request for information to Italy on 1 June 2021, to which Italy replied on 7 July 2021. The Commission services and the Italian authorities held a conference call on 23 June 2021.
(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 1/1958\(^2\) and to have this Decision adopted and notified in English.

2. DESCRIPTION OF THE MEASURE

2.1. Objective of the Measure

(3) The objective of the Measure is to compensate managers of airports with a valid operating certificate to host commercial flights\(^3\) delivered by the Italian authorities and ground-handling providers with a valid operating certificate delivered by the Italian authorities\(^4\) for damage suffered as a direct effect of the COVID-19 outbreak and the travel restrictions and other containment measures adopted by Italy and other countries to contain the spread of COVID-19.

(4) The Measure aims at compensating the damage suffered between 1 March 2020 and 14 July 2020 (the “compensation period”). More precisely, the Measure aims at compensating the damage suffered:

- between 1 March and 30 June 2020 by the beneficiaries that could restart their activities as of 3 June or 14 June 2020\(^5\);

- between 1 March and 14 July 2020 by beneficiaries that could restart their activities only as of 15 July 2020.

(5) Italy notified the Measure as aid to make good damage caused by an exceptional occurrence under Article 107(2)(b) of the Treaty on the Functioning of the European Union (“TFEU”).

2.1.1. Travel restrictions linked to the COVID-19 outbreak

(6) The COVID-19 outbreak has resulted in the adoption of travel restrictions and other containment measures by Italy, as well as other Member States and third countries, leading to a de facto halt of the vast majority of passenger air transport activities between March and June 2020.

(7) Within the Union, Italy was the first country to be hit by the COVID-19 outbreak. Italy declared a state of emergency on 31 January 2020, when it reported its first

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


\(^4\) Ground-handling providers with a valid operating certificate are those that are certified in accordance with Article 2 of Regulation of the Italian Civil Aviation authority of 18 January 2018, “Certificazione dei prestatori di servizi aeroportuali di assistenza a terra”, available at: [https://www.enac.gov.it/sites/default/files/allegati/2018-Giu/FEB%2020Reg.%20handling%20ed.%20Em.%20&%20Integrazioni%20CDA%20come%20da%20delibera_0.pdf](https://www.enac.gov.it/sites/default/files/allegati/2018-Giu/FEB%2020Reg.%20handling%20ed.%20Em.%20&%20Integrazioni%20CDA%20come%20da%20delibera_0.pdf).

\(^5\) See recital (17).
cases of COVID-19 infections, and that state of emergency was to last until 31 July 2020. On 29 July 2020, Italy prolonged the state of emergency until 15 October 2020.

(8) In the course of February 2020, Italy adopted several measures to contain the spread of the COVID-19 pandemic. Flights from China, Taiwan, Hong Kong and Macao to Italy were suspended as of 7 February 2020. On 21 February 2020, to contain the growing number of infected persons in Italy, the Ministry of Health implemented quarantine measures on the Italian territory for all persons that were present in zones with confirmed cases.

(9) On 23 February 2020, Italy introduced the first restrictions on domestic travel, in relation to the municipalities in which the first cases of COVID-19 were recorded (Lombardy and Veneto). On 25 February 2020, Italy restricted commercial, transport, religious, cultural, educational and sport activities in several regions of Northern Italy, while imposing health and sanitary measures throughout the country.

(10) On 1 March 2020, by Decree n°6 of the Prime Minister, Italy reinforced the restrictions by locking down several cities in Northern Italy and by considerably restricting all economic, transport, religious, cultural, educative and sport activities in several regions of Northern Italy, while reinforcing the health and sanitary measures already in place throughout the country. On 4 March 2020, Italy extended the restrictions concerning commercial, transport, religious, cultural, educational and sport activities to the entire territory of Italy.

(11) Several Member States, such as Austria, imposed limitations or bans on the entry of persons coming from or through Italy. Such persons either were not

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6 Deliberation of the Ministry Council adopted during the meeting of 31 January 2020 on the declaration for six months of the state of emergency on the national territory as a result of the COVID-19 outbreak.

7 https://www.gazzettaufficiale.it/eli/id/2020/07/30/20G00112/sg.

8 https://www.gazzettaufficiale.it/eli/id/2020/02/22/20A01220/sg.

9 Decree-Law 23 February 2020, available at https://www.gazzettaufficiale.it/eli/id/2020/02/23/20G00020/sg. That decree prohibited inter alia: (i) the entry into and departure from the affected regions; (ii) all cultural, recreational, sportive and religious events; (iii) educational and commercial activities; and (iv) transport of goods and persons.


11 Decree of the Prime Minister n°6 of 1 March 2020, ‘Ulteriori disposizioni attuative del decreto-legge 23 febbraio 2020, n. 6, recante misure urgenti in materia di contenimento e gestione dell’emergenza epidemiologica da COVID-19’.

12 https://www.gazzettaufficiale.it/eli/id/2020/03/01/20A01381/sg. The restrictions applicable in certain regions of Northern Italy included for example the suspension of all competition and sport events, all activities involving gathering of people and all school activities, in addition to health measures such as social distancing in public places, bars and restaurants; homeworking; closure on week-end of shops and malls; etc.


14 The Austrian government released travel warnings regarding Italy and imposed partial restrictions on travel to and from Northern Italy on 6 March 2020. The Romanian authorities did so as of 2 March 2020.
allowed to cross the borders of those Member States or had to undergo a period of quarantine. Third countries also imposed limitations or travel warnings. For example, on 28 February 2020 the United States of America advised its citizens to avoid all but essential travel to Italy and not to travel to Lombardy and Veneto, the worst affected regions at the time.15

(12) On 8 March 2020, the Italian government issued a decree, with immediate effect, based on which any movement of persons to, from and within the most affected areas was not allowed and non-essential travels were highly discouraged for the rest of the country.16 Those general measures were extended to the entire national territory on 9 March 202017 with entry into force on 10 March 2020, and remained in force until 2 June 2020.

(13) By Decree n°112 of 12 March 2020,18 the Ministry of Transport ordered the closure of the majority of airports in Italy (except for 17 out of 45 commercial airports in total where only governmental, essential cargo and emergency flights were allowed). Those restrictions also covered all flights in Italy, with the exception of those needed to ensure minimum essential services (health reasons or absolute necessity). Those travel restrictions remained fully in force until 2 June 2020.19

(14) To contain the spread of the virus, on 16 March 2020 the Commission invited Member States to apply a coordinated restriction on non-essential travel from third countries to the Union for an initial period of 30 days,20 subsequently extending it twice until 15 June 2020.21 The envisaged travel restriction, as well as the invitation issued by the Commission on 11 June 2020 to prolong it until 30 June 2020, applied to all Schengen Member States (as well as Bulgaria, Croatia, Cyprus, and Romania) and the four Schengen Associated States (Iceland, Liechtenstein, Norway and Switzerland) – 30 countries in total.22

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15 For a non-exhaustive list of countries that issued travel warnings or restrictions for incoming travellers from Italy, see also recital 9 of the Commission decision of 22 December 2020 on State Aid SA.59029 (2020/N) – Italy – COVID-19: Compensation scheme for airlines with an Italian operating license (OJ C 77, 5.3.2021, p. 6).
16 Decree of the President of the Council of Ministers, 8 March 2020, available at https://www.gazzettaufficiale.it/eli/id/2020/03/08/20A01522/sg.
18 http://www.mit.gov.it/sites/default/files/media/notizia/2020-03/d.m.%20n.%20112%202020.pdf.
19 Italy prolonged Decree n° 112 of 12 March 2020 on 12 and 29 April and on 17 May 2020, up to 2 June 2020.
Therefore, Member States introduced full lockdowns and travel restrictions, which had the effect of preventing air travel to and from Italy. Third countries also imposed travel restrictions and bans affecting persons travelling from and to Italy.

As of 3 June 2020, Italy lifted the ban on the free movement within Italy, as well as to and from other Member States and the four Schengen Associated States. The restrictions remained applicable for movements to third countries until 30 June 2020.

On 3 June 2020, Italy also partially lifted the restrictions on air services, allowing air services to be commercially performed in 23 Italian airports, while the rest of the airports remained closed to commercial traffic until further notice. Until 12 June 2020, air services to Sardinia could only be operated on the basis of public service obligations. As of 14 June 2020, Italy expanded the list of open airports to 25 airports, while all other airports remained closed to commercial traffic until 14 July 2020.

Most Member States reopened their borders as of mid-June 2020, following the recommendation of the Commission to lift controls at internal borders and

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23 For example: Belgium closed its borders on 20 March 2020; France entered a nationwide lockdown on 16 March 2020; Germany advised against all non-essential international travel, including to and from Italy, on 17 March 2020; the Netherlands restricted non-essential travels, including to and from to Italy, on 17 March 2020; Spain imposed a specific ban on flights from and to Italy on 26 March. All of those countries only allowed travel to and from Member States (and certain Schengen countries), including Italy, as of 15 June 2020 or later (while retaining restrictions on travelling to and from third countries for longer periods). The UK advised against all non-essential travel overseas on 17 March 2020. That advice was still in place on 15 June 2020.

24 For example: on 16 March 2020 non-US citizens travelling from the Schengen area were banned from entering the USA, with limited exceptions; starting on 9 March 2020, Albania suspended all flights from selected airports in Italy – those restrictions remained in place until 1 July 2020; Russia banned foreign nationals from entering its territory on 18 March 2020 and international flights were prohibited on 27 March 2020 - borders re-opened only in mid-July 2020 but travel abroad was discouraged for the whole summer.


27 Joint Decree of the Ministry of Infrastructure and Transports and Ministry of Health n°227 of 2 June 2020.

28 Joint Decree of the Ministry of Infrastructure and Transports and Ministry of Health n° 245 of 14 June 2020.


30 The 20 airports listed in footnote 29 could only host general aviation traffic. General aviation include panoramic flights, advertisement flights, scientific flights, medical flights, flights linked to agriculture, aviation schools, etc. Commercial aviation include passenger/cargo scheduled and non-scheduled flights (charter and aerotaxi).
restrictions on free movement within the Union by 15 June 2020.\textsuperscript{31} However, even on that date, some Member States still kept their borders closed or accepted only citizens from a very limited list of countries of which Italy was not part (e.g. Denmark and Finland), while others kept their borders closed for incoming travellers from Italy (e.g. Cyprus and Malta).

2.1.2. The impact of the travel restrictions on the Italian aviation sector

(19) The measures adopted to contain the COVID-19 outbreak, as described in section 2.1.1, negatively affected domestic and international traffic at Italian airports, causing a drastic reduction of the activities of the beneficiaries.

(20) The rapid spread of the COVID-19 pandemic and the adoption of the first governmental restrictions started to significantly affect the operations of the beneficiaries already in late February 2020, before the lockdown measures. Between 20 February and 10 March 2020, the daily number of passengers transported at Italian airports decreased by almost 80%. Table 1 shows the steep decrease in traffic (in particular for passenger traffic as of 1 March 2020) during the period 20 February-10 March 2020, with a comparison to the same period in 2019.

Table 1: Daily number of aircraft movements and passenger traffic registered at Italian airports between 20 February and 10 March 2020

<table>
<thead>
<tr>
<th>Date</th>
<th>Total aircraft movements</th>
<th>D% 2020 vs 2019</th>
<th>Total Passengers</th>
<th>D% 2020 vs 2019</th>
<th>Total Cargo (tons)</th>
<th>D% 2020 vs 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>20/02/2020</td>
<td>106</td>
<td>-3,64%</td>
<td>424.114</td>
<td>10,22%</td>
<td>3.136,7</td>
<td>-0,30%</td>
</tr>
<tr>
<td>21/02/2020</td>
<td>114</td>
<td>-0,87%</td>
<td>499.274</td>
<td>18,27%</td>
<td>2.837,5</td>
<td>2,52%</td>
</tr>
<tr>
<td>22/02/2020</td>
<td>112</td>
<td>-3,45%</td>
<td>433.728</td>
<td>-11,95%</td>
<td>2.150,3</td>
<td>-28,12%</td>
</tr>
<tr>
<td>23/02/2020</td>
<td>110</td>
<td>3,77%</td>
<td>445.674</td>
<td>3,25%</td>
<td>1.858,5</td>
<td>-8,05%</td>
</tr>
<tr>
<td>24/02/2020</td>
<td>102</td>
<td>6,25%</td>
<td>400.928</td>
<td>-15,94%</td>
<td>3.002,7</td>
<td>17,31%</td>
</tr>
<tr>
<td>25/02/2020</td>
<td>98</td>
<td>-8,41%</td>
<td>263.383</td>
<td>-44,00%</td>
<td>2.517,8</td>
<td>-26,81%</td>
</tr>
<tr>
<td>26/02/2020</td>
<td>99</td>
<td>-6,60%</td>
<td>267.579</td>
<td>-30,90%</td>
<td>3.210,6</td>
<td>8,07%</td>
</tr>
<tr>
<td>27/02/2020</td>
<td>103</td>
<td>-4,63%</td>
<td>251.440</td>
<td>-36,07%</td>
<td>3.196,7</td>
<td>6,86%</td>
</tr>
<tr>
<td>28/02/2020</td>
<td>111</td>
<td>-5,13%</td>
<td>267.621</td>
<td>-39,06%</td>
<td>3.190,2</td>
<td>0,29%</td>
</tr>
<tr>
<td>29/02/2020</td>
<td>107</td>
<td>n.d.</td>
<td>251.903</td>
<td>n.d.</td>
<td>2.242,7</td>
<td>n.d.</td>
</tr>
<tr>
<td>01/03/2020</td>
<td>95</td>
<td>-13,64%</td>
<td>260.746</td>
<td>-47,72%</td>
<td>2.059,0</td>
<td>-37,93%</td>
</tr>
<tr>
<td>02/03/2020</td>
<td>91</td>
<td>-21,55%</td>
<td>226.669</td>
<td>-48,70%</td>
<td>2.616,9</td>
<td>16,91%</td>
</tr>
<tr>
<td>03/03/2020</td>
<td>90</td>
<td>-15,89%</td>
<td>177.882</td>
<td>-62,67%</td>
<td>2.327,9</td>
<td>-5,91%</td>
</tr>
<tr>
<td>04/03/2020</td>
<td>91</td>
<td>-14,15%</td>
<td>161.544</td>
<td>-65,53%</td>
<td>2.824,9</td>
<td>-21,77%</td>
</tr>
<tr>
<td>05/03/2020</td>
<td>97</td>
<td>-10,19%</td>
<td>171.456</td>
<td>-57,84%</td>
<td>2.830,6</td>
<td>2,27%</td>
</tr>
<tr>
<td>06/03/2020</td>
<td>98</td>
<td>-10,09%</td>
<td>184.139</td>
<td>-55,08%</td>
<td>3.178,0</td>
<td>-3,81%</td>
</tr>
<tr>
<td>07/03/2020</td>
<td>89</td>
<td>-18,35%</td>
<td>158.329</td>
<td>-63,27%</td>
<td>2.373,4</td>
<td>-22,99%</td>
</tr>
<tr>
<td>08/03/2020</td>
<td>93</td>
<td>-17,70%</td>
<td>170.538</td>
<td>-64,11%</td>
<td>1.778,1</td>
<td>-49,38%</td>
</tr>
<tr>
<td>09/03/2020</td>
<td>90</td>
<td>-18,92%</td>
<td>130.687</td>
<td>-69,43%</td>
<td>2.847,4</td>
<td>25,68%</td>
</tr>
<tr>
<td>10/03/2020</td>
<td>84</td>
<td>-19,23%</td>
<td>89.921</td>
<td>-81,42%</td>
<td>1.742,8</td>
<td>-30,64%</td>
</tr>
</tbody>
</table>

\textsuperscript{31} This was the case on 10 June 2020 for Slovakia and Latvia; on 13 June 2020 for Romania and Poland; 15 June 2020 for Austria, Belgium, Croatia, Czechia, France, Germany, Greece, the Netherlands, Portugal, Slovenia and Sweden; on 17 June 2020 for Bulgaria and on 21 June 2020 for Spain. Denmark reopened its borders with Italy on 27 June 2020 and Finland on 13 July 2020,
Figures 1 to 4 show the reduction of air traffic concomitantly with the tightening of restrictive measures in March 2020. Traffic started to resume very slowly in June and more markedly only as of July 2020.\(^{32}\)

**Figure 1 – Arriving and departing flights at the Italian airports (2019 v. 2020)**

![Figure 1](image1)

*Source: Eurocontrol*

**Figure 2: Monthly evolution of the commercial scheduled and non-scheduled traffic (2020 vs 2019) in terms of aircraft movements (green), number of passengers transported (blue) and cargo transported (purple)*

![Figure 2](image2)

*Source: Italian Civil Aviation Authority*

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In 2020, the Italian Civil Aviation authority (hereinafter ‘ENAC’) registered approximately 52.8 million of passengers transported (out of which approximately 23 million in January and February 2020), corresponding to a decrease of 72.5% compared to 2019. International traffic was particularly affected with a fall of 78.3% compared to 2019. For example, Rome Fiumicino
airport registered a decrease of 77.5% of passengers 2020 compared to 2019. Other airports saw a similar decrease in passengers transiting through their infrastructures (Milano Malpensa: -74.9%; Bergamo Orio al Serio: -74.2%; Catania Fontanarossa: -64.1%; Venezia Tessera: -75.8%; Napoli Capodichino: -74.4%).

(23) For the periods March-June 2020 and March-June 2019, Italy provided the following information:

Table 2: Monthly data (March-June 2019) on number of aircrafts, number of passengers and volume of cargo registered at Italian airports

<table>
<thead>
<tr>
<th>Traffic</th>
<th>Mar-19</th>
<th>Apr-19</th>
<th>May-19</th>
<th>Jun-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passengers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extra EU</td>
<td>2.279.428</td>
<td>2.682.255</td>
<td>2.710.715</td>
<td>3.115.945</td>
</tr>
<tr>
<td>EU</td>
<td>6.448.298</td>
<td>8.003.411</td>
<td>8.442.598</td>
<td>8.953.811</td>
</tr>
<tr>
<td>Domestic</td>
<td>4.814.008</td>
<td>5.286.551</td>
<td>5.608.019</td>
<td>6.125.718</td>
</tr>
<tr>
<td><strong>Total scheduled</strong></td>
<td><strong>13.541.734</strong></td>
<td><strong>15.972.217</strong></td>
<td><strong>16.761.332</strong></td>
<td><strong>18.195.474</strong></td>
</tr>
<tr>
<td>flights</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extra EU</td>
<td>73.323</td>
<td>85.205</td>
<td>61.706</td>
<td>109.636</td>
</tr>
<tr>
<td>EU</td>
<td>51.960</td>
<td>100.497</td>
<td>206.220</td>
<td>295.561</td>
</tr>
<tr>
<td>Domestic</td>
<td>8.437</td>
<td>8.042</td>
<td>13.571</td>
<td>64.772</td>
</tr>
<tr>
<td><strong>Total charter</strong></td>
<td><strong>133.720</strong></td>
<td><strong>193.744</strong></td>
<td><strong>281.497</strong></td>
<td><strong>469.969</strong></td>
</tr>
<tr>
<td><strong>Total Passengers</strong></td>
<td><strong>13.675.454</strong></td>
<td><strong>16.165.961</strong></td>
<td><strong>17.042.829</strong></td>
<td><strong>18.665.443</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Aircraft movements</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extra EU</td>
<td>15.286</td>
<td>17.454</td>
<td>18.275</td>
<td>19.430</td>
</tr>
<tr>
<td>EU</td>
<td>47.156</td>
<td>59.126</td>
<td>63.148</td>
<td>64.737</td>
</tr>
<tr>
<td>Domestic</td>
<td>37.724</td>
<td>42.262</td>
<td>43.863</td>
<td>46.724</td>
</tr>
<tr>
<td><strong>Total scheduled</strong></td>
<td><strong>100.166</strong></td>
<td><strong>118.842</strong></td>
<td><strong>125.286</strong></td>
<td><strong>130.891</strong></td>
</tr>
<tr>
<td>flights</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extra EU</td>
<td>686</td>
<td>773</td>
<td>647</td>
<td>1.015</td>
</tr>
<tr>
<td>EU</td>
<td>1.371</td>
<td>1.243</td>
<td>2.119</td>
<td>2.644</td>
</tr>
<tr>
<td>Domestic</td>
<td>576</td>
<td>575</td>
<td>663</td>
<td>1.132</td>
</tr>
<tr>
<td><strong>Total charter</strong></td>
<td><strong>2.633</strong></td>
<td><strong>2.591</strong></td>
<td><strong>3.429</strong></td>
<td><strong>4.791</strong></td>
</tr>
<tr>
<td><strong>Total movements</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extra EU</td>
<td>55.554.2</td>
<td>52.180.4</td>
<td>56.283.7</td>
<td>56.492.3</td>
</tr>
<tr>
<td>EU</td>
<td>14.513.7</td>
<td>17.293.7</td>
<td>18.724.6</td>
<td>17.719.4</td>
</tr>
<tr>
<td>Domestic</td>
<td>3.896.6</td>
<td>3.576.8</td>
<td>3.985.1</td>
<td>3.512.0</td>
</tr>
<tr>
<td><strong>Total scheduled</strong></td>
<td><strong>73.964.5</strong></td>
<td><strong>73.050.8</strong></td>
<td><strong>78.993.5</strong></td>
<td><strong>77.723.7</strong></td>
</tr>
<tr>
<td>flights</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extra EU</td>
<td>3.454.1</td>
<td>2.483.1</td>
<td>2.154.0</td>
<td>2.121.1</td>
</tr>
<tr>
<td>EU</td>
<td>13.228.8</td>
<td>8.129.5</td>
<td>9.371.6</td>
<td>8.720.2</td>
</tr>
<tr>
<td>Domestic</td>
<td>2.752.7</td>
<td>2.443.6</td>
<td>2.766.7</td>
<td>2.401.3</td>
</tr>
<tr>
<td><strong>Total charter</strong></td>
<td><strong>19.435.5</strong></td>
<td><strong>13.056.2</strong></td>
<td><strong>14.292.3</strong></td>
<td><strong>13.242.5</strong></td>
</tr>
<tr>
<td><strong>Total Cargo</strong></td>
<td><strong>93.400.0</strong></td>
<td><strong>86.107.0</strong></td>
<td><strong>93.285.8</strong></td>
<td><strong>90.966.2</strong></td>
</tr>
</tbody>
</table>
| **Source**: ENAC

Table 3: Monthly data (March-June 2020) on number of aircrafts, number of passengers and volume of cargo registered at Italian airports

<table>
<thead>
<tr>
<th>Traffic</th>
<th>Mar-20</th>
<th>Apr-20</th>
<th>May-20</th>
<th>Jun-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passengers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extra EU</td>
<td>387.067</td>
<td>8.569</td>
<td>9.320</td>
<td>58.608</td>
</tr>
<tr>
<td>EU</td>
<td>896.110</td>
<td>25.259</td>
<td>41.431</td>
<td>242.918</td>
</tr>
<tr>
<td>Domestic</td>
<td>751.124</td>
<td>64.944</td>
<td>140.574</td>
<td>756.393</td>
</tr>
<tr>
<td><strong>Total scheduled</strong></td>
<td><strong>2.034.301</strong></td>
<td><strong>98.772</strong></td>
<td><strong>191.307</strong></td>
<td><strong>1.057.919</strong></td>
</tr>
<tr>
<td>flights</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extra EU</td>
<td>18.266</td>
<td>9.540</td>
<td>15.967</td>
<td>21.680</td>
</tr>
<tr>
<td>EU</td>
<td>14.917</td>
<td>3.706</td>
<td>2.902</td>
<td>3.439</td>
</tr>
<tr>
<td>Domestic</td>
<td>629</td>
<td>269</td>
<td>1.038</td>
<td>6.057</td>
</tr>
<tr>
<td>Aircraft movements</td>
<td>Total Charter</td>
<td>33.812</td>
<td>13.515</td>
<td>19.907</td>
</tr>
<tr>
<td>--------------------</td>
<td>--------------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
<td>Extra EU</td>
<td>4.370</td>
<td>469</td>
<td>582</td>
<td>1.242</td>
</tr>
<tr>
<td>EU</td>
<td>16.303</td>
<td>1.745</td>
<td>2.049</td>
<td>4.217</td>
</tr>
<tr>
<td>Domestic</td>
<td>13.022</td>
<td>2.626</td>
<td>3.741</td>
<td>8.533</td>
</tr>
<tr>
<td>Total scheduled flights</td>
<td>33.695</td>
<td>4.840</td>
<td>6.372</td>
<td>13.992</td>
</tr>
<tr>
<td>Extra EU</td>
<td>268</td>
<td>320</td>
<td>592</td>
<td>656</td>
</tr>
<tr>
<td>EU</td>
<td>628</td>
<td>302</td>
<td>420</td>
<td>491</td>
</tr>
<tr>
<td>Domestic</td>
<td>512</td>
<td>398</td>
<td>423</td>
<td>454</td>
</tr>
<tr>
<td>Total Charter</td>
<td>1.408</td>
<td>1.020</td>
<td>1.435</td>
<td>1.601</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cargo (tons)</th>
<th>Total movements</th>
<th>35.103</th>
<th>5.860</th>
<th>7.807</th>
<th>15.593</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extra EU</td>
<td>27.475,1</td>
<td>14.873,5</td>
<td>18.556,9</td>
<td>22.671,5</td>
<td></td>
</tr>
<tr>
<td>EU</td>
<td>18.171,6</td>
<td>13.805,0</td>
<td>17.221,0</td>
<td>20.305,1</td>
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</tr>
<tr>
<td>Domestic</td>
<td>3.010,3</td>
<td>2.691,9</td>
<td>3.764,8</td>
<td>4.157,0</td>
<td></td>
</tr>
<tr>
<td>Total scheduled flights</td>
<td>48.657,1</td>
<td>31.370,4</td>
<td>39.542,7</td>
<td>47.133,5</td>
<td></td>
</tr>
<tr>
<td>Extra EU</td>
<td>3.646,9</td>
<td>5.070,5</td>
<td>8.159,7</td>
<td>8.557,5</td>
<td></td>
</tr>
<tr>
<td>EU</td>
<td>6.882,4</td>
<td>3.460,9</td>
<td>5.739,5</td>
<td>6.338,8</td>
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</tr>
<tr>
<td>Domestic</td>
<td>2.026,0</td>
<td>1.109,5</td>
<td>1.393,7</td>
<td>1.069,6</td>
<td></td>
</tr>
<tr>
<td>Total Charter</td>
<td>12.555,3</td>
<td>9.640,9</td>
<td>15.292,9</td>
<td>15.965,9</td>
<td></td>
</tr>
</tbody>
</table>

Source: ENAC

(24) It follows from Table 2 and Table 3 that the total passenger traffic registered at Italian airports dropped by 95% between March and June 2020 compared to the same period in 2019, while the total aircraft movements dropped by 87% and total cargo volumes by 40%.

(25) Table 4 shows the slow restart of activities as of mid-June 2020 with a strong increase compared with the preceding month occurring as of 1 July 2020 but with passenger numbers remaining strongly subdued compared with the same period in 2019 in the first half of July.

Table 4: Number of aircraft movements and passenger traffic registered at Italian airports between 1 June and 15 July 2020

<table>
<thead>
<tr>
<th>1-15 June</th>
<th>Aircraft movements</th>
<th>Variation with 2019</th>
<th>Number of passengers</th>
<th>Variation with 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 253</td>
<td>-35%</td>
<td>289 052</td>
<td>-97%</td>
<td></td>
</tr>
<tr>
<td>16-30 June</td>
<td>1 347</td>
<td>-31%</td>
<td>682 601</td>
<td>-93%</td>
</tr>
<tr>
<td>1-15 July</td>
<td>2 076</td>
<td>-12%</td>
<td>2 168 000</td>
<td>-78%</td>
</tr>
</tbody>
</table>

Source: Italian Civil Aviation Authority

(26) According to Italy, ground-handling providers and airports managers have suffered important losses due to the existence of travel restrictions that have kept airports closed and that prevented airlines from operating and passengers from...
travelling. Italy estimated the EBITDA\textsuperscript{34} losses for airports at approximately EUR 1.5 billion and for ground-handling providers at approximately EUR 100 million\textsuperscript{35} in 2020.

### 2.2. The nature and form of the Measure

(27) The Measure provides support in the form of direct grants.

### 2.3. Legal basis

(28) The legal basis for the Measure is Article 1, paragraphs 715-720, of Law n°178 of 30 December 2020\textsuperscript{36} and Decree-Law of 25 May 2021 n°73\textsuperscript{37}. A joint Ministerial Decree of the Ministry of Infrastructure and Sustainable Mobility and the Ministry of Economy and Finances will further set out the details of application of the Measure. Italy submitted the draft of that implementing decree to the Commission.

(29) Article 1, paragraph 719, of Law n°178 of 30 December 2020 provides that the Measure is subject to the approval of the Commission. However, pending the outcome of a notification procedure before the Commission, paragraph 720 of Article 1 allows the Ministry of Infrastructure and Sustainable Mobility to grant aid in the form of an overall direct grant up to EUR 350 million for airport managers and EUR 35 million for ground-handling providers meeting the eligibility conditions of the Measure, and which requested that compensation.

### 2.4. Administration of the Measure

(30) The Directorate General for airports and air services of the Ministry of Infrastructure and Sustainable Mobility is responsible for administering the Measure.

(31) The beneficiaries will submit an application for support to the Directorate General for airports and air services, which will forward them to the ENAC. Within a deadline of 80 days from the submission of all applications, the ENAC will examine each request and determine the corresponding amount of eligible damages suffered by each beneficiary. The ENAC will transmit the results back to the Directorate General for airports and air services for approval. Only after that approval will the ENAC pay the corresponding compensation to each beneficiary according to the amounts validated by the Directorate General for airports and air services. The amount granted per beneficiary will be published on the website of the Ministry of Infrastructure and Sustainable Mobility.

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\textsuperscript{34} Earnings Before Interest, Taxes, Depreciation and Amortization.

\textsuperscript{35} Based on a sample of 39 ground-handling providers.

\textsuperscript{36} Law of 30 December 2020, n°178, “Bilancio di previsione dello Stato per l’anno finanziario 2021 e bilancio pluriennale per il triennio 2021-2023”. That law establishes a fund to compensate the beneficiaries for damage incurred between 23 February 2020 and 31 January 2021. The notification from Italy covers the compensation period running from 1 March to 14 July 2020, without prejudice to a potential notification to extend the Measure beyond that period. Thus, the present decision covers only the period 1 March – 14 July 2020.

\textsuperscript{37} Decree-Law of 25 May 2021, n°73, “Misure urgenti connesse all’emergenza da COVID-19, per le imprese, il lavoro, i giovani, la salute e i servizi territoriali”.

11
2.5.  Budget of the Measure

(32) The estimated budget of the Measure is EUR 800 million. Out of that overall amount, EUR 735 million will be allocated to compensate airport managers and EUR 65 million to compensate ground-handling providers.

(33) The Measure will cover up to 100% of the eligible damage suffered by each beneficiary. However, if the budget is insufficient to cover the entirety of the damage suffered by all applicants, the beneficiaries will obtain a compensation determined based on the pro rata amount of their damage in the overall amount of damage suffered by all beneficiaries, with a maximum cap of 20% of the overall budget per beneficiary.

2.6.  Beneficiaries

(34) The beneficiaries of the Measure are on the one hand all managers of airports in possession of a valid certificate to host commercial flights delivered by the ENAC and on the other hand, all ground-handling providers in possession of a valid operating certificate delivered by the ENAC.

(35) Italy estimates the number of beneficiaries at 32 for airport managers and at 140-150 for ground-handling providers.

2.7.  Eligible damage compensated by the Measure

(36) According to Italy, the eligible losses correspond to the damage directly suffered by the beneficiaries due to the imposition of travel restrictions and other containment measures. Italy defines the damage as the net losses due to the COVID-19 outbreak and the related containment measures.

(37) The net losses are quantified as the difference between the profits/losses incurred from 1 March 2020 up to 30 June 2020/14 July 2020 and those incurred during the same period in 2019 that can be attributed to the COVID-19 outbreak and the related measures taken by governments. That calculation takes into account the following elements:

(a) **Loss of revenue**: all aeronautical and non-aeronautical revenues are included in the calculation, except for revenues relating to construction services and non-recurring (i.e. extraordinary) revenues;

(b) **Avoided costs**: the avoided costs correspond to all costs that the beneficiaries would have incurred if their activities had not been affected by the COVID-19 restrictions, and that the beneficiaries have not actually incurred due to the suspension of activities. The avoided costs are calculated by comparing the costs actually borne by the beneficiaries during the compensation period (1 March 2020 – 30 June 2020/14 July

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38 They include passenger charges, landing and take-off charges and handling charges.

39 They include parking, car rentals, food, beverage and retail services.

40 Avoided costs relate to reductions in operating costs. Those costs include personnel costs, network development costs, operating services, maintenance, utilities and concession and security fees.
2020) and the costs incurred during the reference period (1 March 2019 – 30 June 2019/14 July 2019);

(c) **Additional costs:** costs related to COVID-19, such as the installation of pre-screening systems, purchase of testing equipment, etc.

(38) As for the end date of the period for compensation, Italy indicated that:

- Beneficiaries that could restart their activities as of 3 June or 14 June 2020\(^{41}\) may receive a compensation for the damage incurred from 1 March 2020 until 30 June 2020;

- Beneficiaries that could restart their activities only as of 14 July 2020 may receive a compensation for damage incurred from the 1 March 2020 until 14 July 2020.\(^{42}\)

(39) The proxy to calculate the net losses will be the difference in the monthly EBITDA results of the beneficiaries registered in the period for compensation and the same period in 2019. If the difference is positive or equal to zero, no compensation will be granted.

(40) In addition, for the damage suffered between 1 July and 14 July 2020, Italy will adjust the calculation of the damage to cater for those beneficiaries that may receive compensation for damages suffered up to 14 July 2020. For the allocation of the damage occurred in July 2020, Italy proposed a methodology to distribute the losses between the two halves of July 2020 on the basis of the delta between:

- The daily passengers registered by each beneficiary in July 2019 and 2020 (for airport managers); or

- The daily number of aircrafts movements registered by each beneficiary in July 2019 and 2020 (for ground-handling providers).

(41) The methodology used to calculate the damage that can be allocated to the period 1-14 July 2020 is the following:

\[
\text{Damage for 1-14 July 2020} = (\text{Passengers}^{43} \text{ 1-14 July 2019} - \text{Passengers 1-14 July 2020}) / (\text{Passengers July 2019} - \text{Passengers July 2020}).
\]

(42) The damage deriving from the application of the above formula, that can be attributed to the period 1 to 14 July 2020, will correspondingly determine the share of the monthly EBITDA difference between July 2019 and 2020 that can be compensated for the period between 1 and 14 July 2020 for a given beneficiary.

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\(^{41}\) See recital (17).

\(^{42}\) That category of beneficiaries comprise all airports that were closed to commercial traffic until 14 July 2020 by Italian legislation (see footnote 29), as well as the ground-handling providers operating at those airports.

\(^{43}\) Or aircrafts movements.
2.8. Cumulation and reporting obligations

(43) The Italian authorities confirm that aid granted under the Measure will not be cumulated with other aid for the same eligible costs. In particular, Italy confirmed that, when submitting their requests for aid to responsible authority, each beneficiary will provide a separate annex detailing:

- the list of State aid already received or planned to be received by the beneficiary in the context of the COVID-19 outbreak;

- the eligible costs covered by those previous or planned awards of State aid;

- whether the beneficiary belongs to a group or a holding that has already received or plans to receive State aid in the context of the COVID-19 outbreak and information on whether such aid covers the same eligible costs as the Measure;

- whether the beneficiary has a subsidiary that has already received or plans to receive State aid in the context of the COVID-19 outbreak and whether such aid covers the same eligible costs as the Measure.

(44) The Italian authorities committed to put in place the following safeguards to avoid overcompensation:

(a) Any payment exceeding the damage suffered as a direct consequence of the COVID-19 outbreak will be recovered, including interests, from the date of disbursement of the aid until the date of its recovery.

(b) Any payment to the beneficiaries will be net of any amount covered by insurance, litigation, arbitration or other source for the same damage. If the aid is paid out before the payment from the insurance, litigation etc., the authorities will recover the amount resulting from those sources from the beneficiaries, including interest.

(c) The benefit of the aid is excluded where the beneficiaries are responsible for the damage suffered by them or did not conduct their activities with due diligence or in compliance with applicable legislation or did not take any measure to mitigate their damage.

(d) The Italian authorities have in addition committed to provide a report to the Commission no later than one year from the date of the adoption of the present decision on the implementation of the Measure and the final calculation of the damage suffered by each beneficiary. If that final calculation indicates that the aid leads to an overcompensation, the amount of that overcompensation will be repaid including interests.

3. **ASSESSMENT**

3.1. **Lawfulness of the Measure**

(45) Pursuant to Article 108(3) TFEU, when the Commission has been notified of plans to grant aid, the Member State concerned must not grant the aid until the Commission adopted a decision approving that aid (“the standstill obligation”).

(46) According to Article 1, paragraph 719 of Decree-Law No 34 of 19 May 2020, the granting of the aid to compensate airlines that meet the eligibility criteria to benefit from compensation under the Measure for damages suffered due to the COVID-19 pandemic is subject to the prior authorisation of the Commission.

(47) However, as stated in recital (29), Italy authorised in that same Decree-Law (Article 1, paragraph 720) the Ministry of Infrastructure and Sustainable Mobility to provide advance payments in the form of direct grants of up to EUR 50 million to the beneficiaries eligible to the Measure.

(48) Since the Decree-Law is an act conferring the right to receive the aid from the State budget, the Italian authorities adopted a legally binding act by which they undertook to grant the aid to any beneficiary of the Measure that has requested or will request it and meeting all applicable conditions.

(49) It follows that the Italian authorities granted the Measure in breach of the standstill obligation. The Measure is therefore unlawful under Article 108(3) TFEU.

3.2. **Existence of State aid**

(50) 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.

(51) The Measure is imputable to the State, since it is based on acts adopted by the Italian Parliament and it is administered by a specific service of the Ministry of Infrastructure and Sustainable Mobility. It is financed through State resources, since it is financed by the State’s budget.

(52) The Measure involves direct grants. It thus provides financing to the beneficiaries in circumstances that are not available under normal market conditions.

(53) The advantage granted by the Measure is selective, since it is awarded only to certain undertakings active in the aviation sector, in particular airport managers with a valid certificate to host commercial flights and ground-handling providers in possession of a certificate delivered by the Italian authorities.

(54) The Measure is liable to distort competition, since it strengthens the position of its beneficiaries in a market open to competition. It also affects trade between Member States, since those beneficiaries are active in the aviation sector in which intra-Union trade exists.
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

Since the Measure involves aid within the meaning of Article 107(1) TFEU, it is necessary to consider whether it is compatible with the internal market. The Italian authorities notified the Measure as damage compensation aiming at covering the damages suffered by airport managers and ground-handling providers as a result of the COVID-19 pandemic. The Measure is thus assessed under Article 107(2)(b) TFEU.

3.3.1. The notion of exceptional occurrences with the meaning of Article 107(2)(b) TFEU

Article 107(2)(b) TFEU provides that aid to make good damage caused by natural disasters or exceptional occurrences shall be compatible with the internal market. Neither the TFEU nor Union legislation contain 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 has consistently held that the notions of “natural disaster” and “exceptional occurrence” referred to in Article 107(2)(b) TFEU must be interpreted restrictively.

The characterisation of an event as being an exceptional occurrence is made by the Commission on a case-by-case basis. In particular, the following indicators relating to the event concerned must be cumulatively met: (i) unforeseeable or difficult to foresee; (ii) significant scale/economic impact and (iii)

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46 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, 01.07.2014, p. 53.


extraordinary, i.e. differing sharply from the conditions under which the market normally operates.49

3.3.2. COVID-19 as an exceptional occurrence

(59) Following the first reports of cases of COVID-19 in the Wuhan municipality in China at the end of December 2019, the Chinese authorities identified a novel coronavirus (SARS-CoV-2) as the main causative agent, which had not been previously identified in humans. The outbreak rapidly evolved, affecting not only other parts of China but also spreading to the majority of countries worldwide, including all the Member States. Outbreaks of novel virus infections among people are always a public health concern and can have a significant economic impact. Specific sectors and areas are particularly affected by the outbreak, be it because of national outbreak control measures, travel restrictions or supply chain disruptions.

(60) The World Health Organization (“WHO”) warned about the very high risk that COVID-19 would spread and have a global impact. The subsequent spread of COVID-19 ultimately resulted in far-reaching disruption of various economic sectors. That disruption was thus clearly outside the normal functioning of the market. In order to avoid an exponential increase in the number of cases, accompanied by social alarm and severe economic consequences, containment measures needed to be adopted.

(61) On 11 March 2020, the WHO characterised the COVID-19 disease as a pandemic. The public health risk deriving from the absence of therapeutics or vaccines for the novel COVID-19 virus determined the exceptionality of the circumstances. The rapidity of the spread caused enormous consequences both in terms of fatal outcomes in high-risk groups and in terms of economic and societal disruption.50 The necessity to adopt and encourage the respect of measures aimed at interrupting transmission chains stemmed from that acknowledgement.

(62) Since February 2020, Member States have adopted various measures that aimed to limit the spread of the coronavirus, e.g. travel restrictions for non-essential travels, closure of borders, closure of non-essential shops, obligation for companies to organise working from whenever possible and various social distancing measures.

(63) In view of the above, the COVID-19 outbreak qualifies as an exceptional occurrence, as it was not foreseeable and is clearly distinguishable from ordinary events, by its character and its effects on the affected undertakings and the economy in general, and therefore falls outside the normal functioning of the market.

49 In its decision of 19 May 2004 in case C-59/2001, AIMA programme for the poultry industry, OJ L 32, 06.02.2007, 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 in itself constitute an exceptional occurrence. Even though it was an unforeseeable event, it formed part of the normal commercial risks to which an undertaking is exposed.

Therefore, the COVID-19 outbreak can be considered as an exceptional occurrence within the meaning of Article 107(2)(b) TFEU.\textsuperscript{51}

3.3.3. Causal link between the damage compensation and the COVID-19 outbreak

The Commission may declare compatible only State aid compensating for damage having a direct causal link with the COVID-19 outbreak. In line with a well-established case law, a mere causal relationship between the exceptional occurrence and the damage suffered by the undertaking is not sufficient under Article 107(2)(b) TFEU. Instead, there must be a direct causal link between the exceptional occurrence and that damage.\textsuperscript{52}

Similarly, the Commission explains in point 15bis of the Temporary Framework that “aid on the basis of Article 107(2)(b) TFEU must compensate for damage directly caused by the COVID-19 outbreak, such as damage directly caused by restrictive measures precluding the beneficiary, de jure or de facto, from operating its economic activity or a specific and severable part of its activity”.\textsuperscript{53}

As explained in section 2.1.1, the COVID-19 outbreak has resulted in the adoption of containment measures by Italy and other foreign countries, leading to a de facto halt of the vast majority of passenger air transport activities all around the world, including to, from and within Italy.

The Measure aims at compensating the beneficiaries for the damage suffered by them as a direct result of the COVID-19 outbreak due to the imposition of travel restrictions and other containment measures.


The Commission considers that Italy has adduced enough evidence to substantiate a direct causal link between the damage suffered by the beneficiaries during the compensation period and the exceptional occurrence, i.e. the COVID-19 outbreak.

To reach that conclusion, the Commission has considered first the travel restrictions imposed in Italy and other countries during the period from 1 March to 14 July 2020 (see section 2.1.1).

Italy was the first Member State severely affected by the COVID-19 outbreak. This situation led to the early adoption in late February 2020 of restrictive measures imposed on travellers to/from Italy and on travels to, from and within Italy both at national and international level (see recitals (7) to (12)).

On 1 March 2020, the Decree of the Prime Minister n°6 locked down several cities in Northern Italy and enacted health and sanitary measures on the rest of the Italian territory (recital (10)). Italy further reinforced those restrictions for the national territory on 4 March 2020 (recital (10)). In the meantime, other countries either imposed travel restrictions specific to Italy or published travel warnings concerning incoming travellers from Italy and/or travels to Italy between the end of February and 9 March 2020 (recital (11)).

As explained in recitals (12) to (16), Italy then enforced a nationwide lockdown from 10 March to 3 June 2020. That national lockdown came together with the forced closure of a majority of airports in Italy by governmental decree (see recital (13)), as well as measures recommended by the Commission at Union level and measures adopted by foreign countries, including other Member States (see recitals (14) and (15)).

Despite the lift of the lockdown measures in Italy as of 3 June 2020, Italy and other Member States continued applying restrictions on air services and on travels, strongly affecting airport managers and ground-handling providers operating at Italian airports.

Concerning Italy, the Commission notes that the Italian authorities kept a large number of airports in Italy closed to any commercial traffic between 3 June and 14 July 2020, and thereby de facto also prohibited ground-handling providers from operating their activities in those airports (see recital (17)). 22 airports (i.e. almost half of the airports in Italy) were still closed to commercial traffic on 3 June 2020 after the partial easing of the Italian restrictions on air services, and 20 airports were only allowed to resume operations as of 14 July 2020. Moreover, Italy continued to restrict air services to Sardinia by allowing only flights under public obligations until 12 June 2020, thus drastically limiting the traffic that airports located in Sardinia and ground-handling providers operating at those airports could receive. Lastly, Italy did not reopen its borders with third countries before 1 July 2020: in consequence, all flights outside the Union, which

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54 See also recital 9 of Commission decision of 22 December 2020 on State Aid SA.59029 (2020/N) – Italy – COVID-19: Compensation scheme for airlines with an Italian operating license (OJ C 77, 5.3.2021, p. 6), where the Commission listed a large sample of travel restrictions adopted by foreign countries on travels to/from Italy between late February 2020 and 9 March 2020.

55 Including those airports that could restart their activities as of 3 June 2020, such as Cagliari-Elmas, Olbia Costa Smeralda or Alghero-Fertilia.
represented almost 20% of the total passenger traffic\textsuperscript{56} at Italian airports in June 2019 (see Table 2) remained prohibited in June 2020.

(76) Concerning other Member States, the Commission notes that the vast majority of them only reopened their borders with Italy as of mid-June 2020, if not later (see recital (18)). In addition, the Commission advised Member States to lift intra-Union travel restrictions only as of 15 June 2020, and to start lifting travel restrictions for some third countries as of 1 July 2020 as explained in recital (14). As a result, traffic to the rest of the Union (which represented 50% of the total passenger traffic at Italian airports in June 2019)\textsuperscript{57} remained almost entirely restricted in the first half of June 2020 due to the travel restrictions enacted by other Member States as well as the official acts issued by the Union institutions.

(77) It follows from the above that although certain beneficiaries of the Measure could restart their activities as of 3 June 2020 (while Italy kept the rest of the beneficiaries inoperative by law until 14 June or 14 July 2020), those beneficiaries faced strong restrictions on their services at national, European and international levels until at least 15 June 2020, if not later.

(78) Secondly, the Commission assessed the impact of the travel restrictions and containment measures enacted by Italy and other foreign countries on the Italian aviation sector operations (see section 2.1.2).

(79) All those restrictions resulted in a significant reduction of activities of the airport managers and ground-handling providers between 1 March and 14 July 2020 compared to the same period in 2019.

(80) First, Figure 1 and Table 1 show the drastic reduction as of 1 March 2020 of the number of flights and passengers registered at Italian airports compared to the same period in 2019. Between 20 February and 10 March 2020, the daily number of passengers transported at Italian airports decreased by almost 80%. In that regard, Table 1 also shows that a decrease of passenger transported at Italian airports is noticeable as of 24 February 2020 compared to the same day as 2019. The passenger traffic continued to decline every day as of 24 February 2020 onward, that decrease being particularly acute as of 1 March 2020 (equal or superior to 50% of daily decrease of passengers as of 1 March 2020 compared to the same period in 2019). The same trend is observable from Figure 1 on the total aircrafts movements as of 1 March 2020, with a fall by almost two-thirds of that traffic between 1 March and 9 March 2020.

(81) In addition, Figure 2, Figure 3 and Figure 4, as well as Table 2 and Table 3, further show the dramatic fall of 95% of the passenger traffic, of 87% of the number of aircrafts movements and 40% of the cargo volumes transiting through the Italian airports (and handled by ground-handling providers operating at those airports) between March and June 2020 compared to the same period in 2019.

(82) Furthermore, as demonstrated by Table 4, Figure 2, Figure 3 and Figure 4, the passenger traffic and aircraft movements only restarted in Italy very timidly

\textsuperscript{56} That number excludes all the domestic passengers connecting with flights to third countries.

\textsuperscript{57} See Table 2.
between 3 June and 15 June 2020\(^{58}\), without any major improvement in the second half of June 2020\(^{59}\). Passenger traffic substantially increased threefold over the period 1-15 July 2020 compared to the period 15-30 June 2020, while the aircraft movements almost doubled between the two periods to reach levels close to 2019 during the same period. Those data demonstrate that the air traffic activities in Italy regained momentum only as July 2020 went on. Therefore, the Commission observes that the air traffic in June 2020 recovered only to a modest extent before substantially increasing in the course of July 2020, coinciding with the travel restrictions in place in Italy and in other foreign countries and their persisting effects in June 2020.\(^{60}\)

(83) In light of the above, the Commission concludes that there exists a direct causal link between and the exceptional occurrence, i.e. the COVID-19 outbreak and the damage suffered by the beneficiaries during the compensation period as defined by the Italian authorities.\(^{61}\) As a result, the Commission considers that the damage suffered by the beneficiaries during the compensation period can be considered as eligible to compensation under Article 107(2)(b) TFEU.

3.3.4. **Proportionality of the aid**

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

(85) To effectively ensure proportionality, it is necessary to analyse the assumptions and evidence on which the calculation of damage is based. In particular, it is necessary to look at how the exceptional occurrence has actually and directly affected the operations of the beneficiaries and what actual impact it has had on the costs and revenues of those beneficiaries.

(86) The Commission notes that the damage to be compensated under the Measure corresponds to the net losses. Net losses are defined as the difference between the profits/losses (expressed in EBITDA) incurred during the compensation period and those incurred during the same period in 2019 that can be attributed to the COVID-19 outbreak and the imposition of travel restrictions and other containment measures taken by governments (see recital (37)). Profits/losses are quantified by taking into account the loss of revenues minus the avoided costs. The loss of revenues is the difference between the revenues that the beneficiaries would have expected between 1 March and 30 June 2020/14 July 2020, had the containment measures linked to the COVID-19 outbreak not occurred, and the revenues that those beneficiaries have actually generated during that same period. Avoided costs correspond to costs that the beneficiaries would have had between

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\(^{58}\) With only 3% of the passenger traffic registered during the same period at Italian airports in 2019.

\(^{59}\) With only 7% of the passenger traffic registered during the same period at Italian airports in 2019.

\(^{60}\) See also Commission decision of 22 December 2020 on SA.59240 – Slovakia – COVID-19: Aid to airport operators (O.J C 50, 12.2.2021, p. 12).

\(^{61}\) See recital (37). The compensation period is from 1 March to 30 June 2020 for airports that reopened to commercial traffic as of 3 June or 15 June 2020 (and the ground handling providers operating at those airports) and from 1 March to 14 July 2020 for those airports that reopened to commercial traffic as of the 14 July (and the ground-handling providers operating at those airports).
1 March and 30 June 2020/14 July 2020 if their activities had not been affected by the containment measures linked to the COVID-19 outbreak, and that those beneficiaries did not have to bear, as a result of the cancelled operations. The avoided costs are quantified by comparing the costs borne by the beneficiaries for the same period of the previous year with the costs borne by those beneficiaries between 1 March and 30 June 2020/14 July 2020.

(87) To approximate counterfactual revenues and avoided costs, actual revenues and costs for the same period in 2019 will be used (recital (37)).

(88) The Italian authorities proposed to quantify the net losses on the basis of the monthly EBITDA difference registered by each beneficiary for the period 1 March to 30 June 2020/14 July 2020 and the same period in 2019 (see recital (38)). The Commission considers that this methodology sufficiently reflects the operating revenues and operating costs of the beneficiaries, i.e. those revenues and costs that are directly affected by the travel restrictions and the subsequent halt of activities. It therefore allows to capture the effective operating losses of the beneficiaries.

(89) For the calculation of the net losses from 1 to 14 July 2020, Italy will estimate the corresponding proportion of revenues and costs (expressed in EBITDA) based on the difference of the daily total passengers registered by the airport managers or the daily number of aircraft movements registered by the ground-handling providers between July 2019 and 2020 (see recital (41)). The Commission notes that, in the absence of daily EBITDA data for July, the allocation of net losses by using that methodology is a robust and accurate approximation for the actual distribution of daily losses between the two halves of the month. Since an important number of airports remained closed to any commercial traffic during the period from 1 to 14 July 2020, those losses were concentrated in that period.

(90) The Commission also notes that the Italian authorities committed to putting in place a number of additional safeguards to avoid overcompensation (see recitals (43) and (44)), and in particular that they will report to the Commission the amount of aid granted to each beneficiary no later than a year after the date of adoption of the present decision.

(91) Therefore, the Commission concludes that the Measure provides for compensation that is proportionate and does not exceed what is necessary to make good the damage directly suffered by the beneficiaries as a result of the COVID-19 restrictions.

3.3.5. **Conclusion on compatibility**

(92) In view of the above, the Commission considers that the notified aid is compatible with the internal market pursuant to 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) of the Treaty on the Functioning of the European Union.

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Your request should be sent electronically to the following address:

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Yours faithfully,

For the Commission

Margrethe VESTAGER
Executive Vice-President