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Subject: State Aid SA.64318 (2021/N) – Slovenia
COVID-19: Assistance to operators of cableway installations

Excellency,

1. PROCEDURE

- (1) By electronic notification of 28 July 2021, Slovenia notified aid in the form of limited amounts of aid (Assistance to operators of cableway installations “*Pomoč upravljavcem žičniških naprav*”, the “measure”) under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (the “Temporary Framework”).¹
- (2) Slovenia 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.

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 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).

² 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) Slovenia 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) The COVID-19 pandemic in combination with strict health and protection measures represents a great negative shock for economic activity in Slovenia, other European countries and globally. The Government of Slovenia has taken a number of mitigation measures to contain the spread of the novel coronavirus and to “flatten the epidemic curve”, including on cableway installations³. The protective measures have led to the suspension of many service activities, hampered the activity of industry, and have had an adverse impact on the economy at large.
- (5) Due to the COVID-19, the number of customers using cableway installations has decreased significantly. As a result, the revenues of companies in this sector have plummeted. The measure aims to support operators of cableway installations for the transport of persons on ski slopes, which have suffered significant loss of revenue due to the COVID-19 outbreak.
- (6) Slovenia 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 the Slovenian territory. This is irrespective of the number of job losses actually occurred in the initial establishment of the beneficiary in the EEA.
- (7) The compatibility assessment of the measure is based on Article 107(3)(b) TFEU, in light of sections 2 and 3.1 of the Temporary Framework.

2.1. The nature and form of aid

- (8) The measure constitutes an aid scheme that provides aid in the form of direct grants.

2.2. Legal basis

- (9) The legal basis for the measure is Article 46 of the Act on Intervention Measures to Assist the Economy and Tourism Sector (ZIUPGT) of 7 July 2021⁴.

2.3. Administration of the measure

- (10) The Ministry of Infrastructure is responsible for administering the measure.

³ Here Cableway installations refer to installations that transport persons on ski slopes.

⁴ 46. Člen (pomoč upravljavcem žičniških naprav), Zakon o interventnih ukrepih za pomoč gospodarstvu in turizmu pri omilitvi posledic epidemije COVID-19 (ZIUPGT), available at <http://www.pisrs.si/Pis.web/pregledPredpisa?id=ZAKO8389>. The article states that the aid can be implemented only after its approval by the European Commission.

2.4. Budget and duration of the measure

- (11) The estimated budget of the measure is EUR 3.7 million.
- (12) Aid may be granted under the measure as from the notification of the Commission's decision approving the measure until no later than 31 December 2021⁵.

2.5. Beneficiaries

- (13) The beneficiaries of the measure are undertakings active in the cableway sector for the transport of persons on ski slopes in Slovenia, irrespective of their size. Financial institutions are excluded as eligible beneficiaries. Slovenia estimates the number of beneficiaries to be 63.
- (14) 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 Regulation ("GBER")⁷ on 31 December 2019. 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 aid⁸ or restructuring aid.⁹

2.6. Sectoral and regional scope of the measure

- (15) The measure is designed for undertakings active in the cableway sector for the transport of persons on ski slopes. The scheme is not open to undertakings active in the financial sector, nor in the processing, the marketing and the production of primary agricultural products, or in the fisheries and aquaculture sectors. It applies to the whole territory of Estonia.

2.7. Basic elements of the measure

- (16) The measure provides for liquidity aid in the form of a grant, to partially compensate the eligible beneficiaries for their loss of revenue from ticket sales because of the COVID-19 outbreak. The method of calculation of the aid amount is based on the following four-step approach:

⁵ Paragraph 7 of Article 46 of the Act on Intervention Measures to Assist the Economy and Tourism Sector states: "Financial assistance shall be implemented in accordance with point 3.1 of the Temporary Framework and may be implemented after its approval by the European Commission".

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 Commission Regulation (EU) No 651/2014 of 17 June 2014.

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.

- Step 1: The average revenue from ski ticket sales of the winter seasons¹⁰ 2017-2018, 2018-2019 and 2019-2020 is calculated.
 - Step 2: The amount of income from ski ticket sales of the winter season 2020-2021 is deducted from the average revenue calculated in step 1.
 - Step 3: The amount of aid received from previous measures to prevent or mitigate the consequences due to the pandemic is deducted from the amount obtained in step 2.
 - Step 4: The amount of aid granted under this measure is 40 % of the amount obtained in step 3.
- (17) For ski resorts that obtained their first operating license in the 2020/2021 season, or ski resorts for which the operator has not been able to show revenue from tickets sold for even one year because it has not been operating, the operator is entitled to the following amount of compensation for an individual cableway installation:
- For a low-rope lift: EUR 500,
 - For a lift: EUR 1000,
 - For a chairlift: EUR 3 750,
 - For a circular gondola lift: EUR 5 250,
 - For a cable car: EUR 6 100.
- (18) The Slovenian authorities confirm that the overall amount of the aid per undertaking will not exceed EUR 1.8 million¹¹.
- (19) To be eligible for aid under the measure, operators must meet the following conditions:
- They must have held a valid permit to operate at least 50 % of ski lifts on the ski slopes for the period from 15 December 2020 to 15 April 2021¹²;
 - They must hold a valid permit to operate the ski resort;

¹⁰ The winter season for each year is the period from December to March. The Slovenian authorities have indicated that the exact start and end date for the operation of cableway installations during each winter period may vary from one operator to another depending on their geographical location and altitude (they are affected differently by weather conditions).

¹¹ All figures used must be gross, that is, before any deduction of tax or other charges.

¹² According to the Slovenian authorities, taking into account the experience acquired during the previous years, the period from 15 December 2020 to 15 April 2021 is the minimum period in which the operators of cableway installations and ski resorts are able to ensure the operation of cableway installations for skiing purposes, as the temperature and humidity conditions are met during this period, which affect the production of compact (artificial) snow. As such, the Slovenian authorities chose this to be the period in which it is reasonable to expect that weather and snow conditions will enable skiing and the consequent operation of cableway installations. If the operator cableway installation does not hold a valid operating permit for the entire period referred, the operator shall be reimbursed a proportionate part of the amount according to the validity of the permit.

- They must demonstrate that weather and snow conditions were appropriate for the operation of the ski resort for at least 20 days on a small ski resort, as provided for by the law governing safety on ski resorts, and at least 60 days on other ski resorts, in both cases in the period between 15 December 2020 and 15 April 2021 (the fulfilment of the condition shall be proved by the operator with a report on the number of operating days or a statement on the fulfilled weather and snow conditions).

2.8. Cumulation

- (20) The Slovenian authorities confirm that aid granted under the measure may be cumulated with aid under de minimis Regulations¹³ or the GBER provided the provisions and cumulation rules of those Regulations are respected.
- (21) The Slovenian 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.
- (22) The Slovenian authorities confirm that if the beneficiary receives aid on several occasions or in several forms under the measure or aid under other measures approved by the Commission under section 3.1 of the Temporary Framework, the overall maximum cap per undertaking, as set out in point 22(a), will be respected.

2.9. Monitoring and reporting

- (23) The Slovenian 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 granting¹⁴).

3. ASSESSMENT

3.1. Lawfulness of the measure

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

3.2. Existence of State aid

- (25) 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

¹³ 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).

¹⁴ Referring to information required in Annex III to the GBER.

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.

- (26) The measure is imputable to the State, since it is administered by the Ministry of Infrastructure (recital (10) and it is based on Article 46 of the Act on Intervention Measures to Assist the Economy and Tourism Sector (recital (9)). It is financed through State resources, since it is financed by public funds.
- (27) The measure confers an advantage on its beneficiaries in the form of direct grants (8). The measure thus confers on those beneficiaries an advantage that they would not have had under normal market conditions.
- (28) The advantage granted by the measure is selective, since it is awarded only to certain undertakings, i.e. undertakings active in the cableway sector, excluding the financial sector (recital (13)).
- (29) 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.
- (30) In view of the above, the Commission concludes that the measure constitutes aid within the meaning of Article 107(1) TFEU. The Slovenian authorities do not contest that conclusion.

3.3. Compatibility

- (31) 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.
- (32) 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*”.
- (33) 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*”.
- (34) The measure aims at ensuring economic continuity by providing liquidity to the operators of cableway installations 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.
- (35) The measure is one of a series of measures conceived at national level by the Slovenian authorities to remedy a serious disturbance in their economy. The

importance of the measure to preserve employment and economic continuity is widely accepted by economic commentators. Furthermore, the measure has been designed to meet the requirements of a specific category of aid (“*Limited amount of aid*”) described in section 3.1 of the Temporary Framework.

- (36) The Commission accordingly considers that the measure is necessary, appropriate and proportionate to remedy a serious disturbance in the Slovenian economy and meets all the conditions of the Temporary Framework. In particular:

- The aid takes the form of direct grants (recital (8)).

The overall nominal value of the direct grants shall not exceed EUR 1.8 million per undertaking; all figures used must be gross, that is, before any deduction of tax or other charges (recital (18)). The measure therefore complies with point 22(a) of the Temporary Framework.

- Aid is granted under the measure on the basis of a scheme with an estimated budget as indicated in recital (11)). The measure therefore complies with point 22(b) of the Temporary Framework.
- Aid may not be granted under the measure to medium¹⁵ and large enterprises that were already in difficulty on 31 December 2019 (recital (14)). 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 aid¹⁶ or restructuring aid¹⁷ (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 31 December 2021. The measure therefore complies with point 22(d) of the Temporary Framework.

- (37) The Slovenian 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 Slovenian territory. This is irrespective of the number of job losses actually occurred in the initial establishment of the beneficiary in the EEA (recital (6)).

- (38) The Slovenian authorities confirm that the monitoring and reporting rules laid down in section 4 of the Temporary Framework will be respected (recital (23)). The Slovenian 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 (20), (21) and (22)).

¹⁵ As defined in Annex I the GBER.

¹⁶ 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.

¹⁷ 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.

- (39) The Commission therefore considers that the measure is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State pursuant to Article 107(3)(b) TFEU since it meets all the relevant conditions of the Temporary Framework.

4. CONCLUSION

The Commission has accordingly decided not to raise objections to the aid on the grounds that it is compatible with the internal market pursuant to Article 107(3)(b) of the Treaty on the Functioning of the European Union.

The decision is based on non-confidential information and is therefore published in full on the Internet site: <http://ec.europa.eu/competition/elojade/isef/index.cfm>.

Yours faithfully,

For the Commission

Margrethe VESTAGER
Executive Vice-President

