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Subject: State Aid SA.60662 (2021/N) – Denmark - Aid of a social character to passengers on domestic flights to and from Bornholm and Sønderborg airports.

Excellency,

1. PROCEDURE AND SHORT DESCRIPTION OF THE MEASURE

- (1) By electronic notification of 7 January 2021, registered at the Commission on the same date, the Danish authorities notified, pursuant to Article 108(3) of the Treaty on the Functioning of the European Union (TFEU)¹, their intention to prolong an existing aid scheme '*Aid of a social character to passengers on domestic flights to and from Bornholm and Sønderborg*' (hereinafter 'the existing scheme')². The notified measure was registered under State aid case number SA.60662 (2021/N).
- (2) In its notification, the Danish authority made it known that it exceptionally agrees to waive its rights deriving from Article 342 TFEU, in conjunction with Article 3 of Regulation 1/1958,³ and to have the present Decision notified and adopted in English.

¹ The Treaty on the Functioning of the European Union; consolidated version: OJ C 326 of 26.10.2012, p.1

² Approved by the Commission on 30 November 2020 under procedure SA.59378 (2020/N) – (hereinafter 'the 2020 Decision').

³ Regulation No 1 determining the languages to be used by the European Economic Community, OJ 17, 6.10.1958, p. 385.

His Excellency Udenrigsminister Jeppe KOFOD
Minister for foreign affairs
Asiatisk Plads 2DK-1448
København, Denmark

- (3) The existing scheme, in force until 31 December 2020, is open to all airlines that operate domestic flights to/from Bornholm and Sønderborg airports in Denmark. It provides for social aid to certain categories of passengers⁴ travelling on domestic flights to and from the afore-mentioned airports. To that end, the existing scheme makes available certain discounts on the associated airline ticket fares.
- (4) A detailed description of the objective and the beneficiaries of the aid is set out in Sections 2.1 and 2.5 of the 2020 Decision. The notified measure will be implemented following the principles and modalities established under the existing scheme.

1.1. Administration and form of the aid

- (5) Denmark's Transport Authority will be responsible for granting the aid⁵. The call for applications for aid under the notified measure will set out the detailed conditions for receiving the aid, the procedure to follow, the documents to submit in applying for the aid, the commitments to be taken by the aid beneficiaries and the controls to be performed by the Transport Authority.
- (6) The discount provided under the scheme will correspond to 50% of the average ticket price for adults (hereafter 'the average standard ticket price'). The average standard ticket price for adults is the airline fare including taxes, airport charges and fuel/insurance/security surcharges etc. This price is established every 15 calendar days as the average of all tickets sold to eligible final consumers and tickets sold through business agreements, excluding tickets sold at a discount⁶.
- (7) For all tickets sold under the scheme to eligible final consumers at a price corresponding to a maximum of 50% of the average standard ticket price, airlines will receive from the Transport Authority a refund corresponding to 50% of the average standard ticket price sold.
- (8) The discount must be available for all tickets on all departures and for all eligible passengers. There is no restriction on the number of trips per eligible person. The discount is available for both single and return journeys.
- (9) Since the average standard ticket price may not be known in advance, participating airlines risk that the price offered to eligible passengers turns out to be less than 50% of the average ticket price in which case the Transport Authority will not offer a refund. Denmark considers that this will create an incentive for participating airlines to lower the price for eligible final consumers.

⁴ Children: 2-11 years, young people: 12-25 years, students above 25 years, apprentices and persons liable for military service, elderly over 62 years and persons on early retirement, and disabled persons (e.g. flying with a carer).

⁵ The aid will be granted directly by the Transport Authority to the beneficiary airlines.

⁶ For example, for tickets sold to eligible final consumers on 1 March 2021, the average standard ticket price for the period 1 March 2021 to 15 March 2021 will apply.

1.2. Budget and duration of the measure

- (10) The allocated budget covering the extended duration of the scheme amounts to DKK 10 million (approximately EUR 1.3 million) and will be allocated from the general budget of the Danish State.
- (11) The existing scheme was approved on 30 November 2020 with a duration until 31 December 2020. The notified measure will have a duration extending from 01 January 2021 to 31 December 2021.
- (12) The scheme will only come into effect upon its approval by the Commission and will be in force until 31 December 2021.

1.3. National legal basis

- (13) The legal basis for the notified measure is the draft Ministerial decree concerning the approval of the notified aid scheme to incentivise airlines operating to/from Bornholm and Sønderborg airports to offer certain categories of eligible final consumers a discount.

1.4. Monitoring and evaluation

- (14) The performance of the scheme will be monitored by the granting authority on an ongoing basis to ensure that any assistance granted, is limited to the strict definition of the scheme, and that it has produced the desired effects.
- (15) Participating airlines will be required to report to the Transport Authority providing a fully documented account of the discounted tickets sold. Upon verification of the claims for financial assistance brought forward by each airline, the aid will be disbursed directly by the Transport Authority.

2. ALTERATIONS TO THE EXISTING SCHEME

- (16) The Danish authorities intend:
 - to extend the existing scheme's duration by 1 year. The new scheme will therefore cover costs associated with the movements of passengers carried out between 1 January 2021 and 31 December 2021.
 - to commit a budget amounting to DKK 10 million for the extended duration.
- (17) No other modifications to the existing scheme are envisaged which could affect the principles or operation of the scheme and all the conditions attached to its operation are carried over to the extended period as notified, namely up to 31 December 2021.

2.1. Further provisions

- (18) All further provisions set out in the 2020 Decision remain unaltered. In particular, the considerations justifying the necessity of the measure as set out in recital (15) of the 2020 Decision, remain valid⁷ and relevant and the scheme remains the most

⁷ See also the Commission's Communication concerning the prolongation and amendment of the Guidelines on Regional State Aid for 2014-2020, OJ C 224, 8.7.2020, p. 2-4.

appropriate policy instrument for the intended purpose. Similarly, the rules on cumulation as set out in recital (20) of the 2020 Decision and the procedure for the granting of the aid as set out in recitals (30) to (31) of the 2020 Decision will continue to apply.

3. ASSESSMENT

3.1. Existence of State aid and obligation to notify the aid

(19) The alterations introduced by the notified measure do not change the Commission's prior conclusion⁸, that the measure constitutes State aid within the meaning of Article 107(1) of the Treaty. By notifying these alterations before implementing them, Denmark has fulfilled its obligations under Article 108(3) of the Treaty.

3.2. Compatibility of the aid

(20) The existing scheme was approved under Article 107(2)(a) TFEU which states that "(...) aid having a social character, granted to individual consumers, provided that such aid is granted without discrimination (...)" shall be compatible with the internal market.

(21) As no material changes have been introduced to the initial scheme⁹, the compatibility assessment of the notified prolongation will not depart from the Commission's initial assessment in the 2020 Decision¹⁰.

(22) The objective of the proposed scheme has remained unaltered and the conditions, which provided a framework for the assessment of its compatibility, are still in place. Article 107(2)(a) TFEU therefore remains applicable as the legal basis for the Commission's assessment of the existing scheme's proposed extension.

(23) Point 156 of the Aviation Guidelines¹¹ explains that aid of a social character for air transport services will be considered compatible with the internal market pursuant to Article 107(2)(a) TFEU, provided that the following cumulative conditions are met:

- (a) the aid must effectively be for the benefit of final consumers;
- (b) the aid must have a social character, that is, it must, in principle, only cover certain categories of passengers travelling on a route (for instance passengers with particular needs like children, people with disabilities, people on low incomes, students, elderly people, etc.); however, where the

⁸ See in particular the reasoning set out under Sections 3.1 and 3.2 of the Commission's previous decision on the aid scheme in State aid case SA.59378 (2020/N).

⁹ See recitals (17) to (19) above.

¹⁰ See Section 3.3 of the 2012 Decision.

¹¹ Communication from the Commission, Guidelines on State aid to airport and airlines, OJ C 99, 4.4.2014, p. 3.

route concerned links remote regions, such as outermost regions, islands, and sparsely populated areas, the aid could cover the entire population of that region;

- (c) the aid must be granted without discrimination as to the origin of the services, meaning irrespective of the airline which is operating the services.
- (24) The Commission finds that the measure will effectively benefit final consumers. The air carriers that operate the routes to/from Bornholm and Sønderborg airports in Denmark will act as intermediaries and will be reimbursed by the competent authority, the Transport Authority, on production of proof of sale, in an amount equal to the financial benefit that they have effectively granted to each of the eligible passengers.
- (25) The Commission also finds that the benefit to be granted has a social character because it is reserved to particular categories of passengers whose situation justifies the payment of aid for social reasons. The categories of eligible consumers generally correspond to lower income passengers (children, young people and students, apprentices and persons liable for military service, elderly over 62 years and persons on early retirement, and disabled persons).
- (26) Furthermore, Denmark explains that due to unexpected, new and stricter COVID-19 related travel recommendations during the month of December 2020, eligible beneficiaries could not fully avail of the existing scheme. The Danish authorities estimate that the scheme's prolongation to 31 December 2021 will allow the Danish government to reach its initial goal of increased mobility and accessibility to certain categories of passengers, and to promote inclusion of the populations of the two regions¹².
- (27) Finally, the Commission finds that the notified measure is open without discrimination to all EEA air carriers that operate domestic air services to/from Bornholm and Sønderborg airports in Denmark.
- (28) The Commission therefore concludes that the measure complies with all the conditions set out in Article 107(2)(a) TFEU and point 156 of the Aviation Guidelines.

3.3. Transparency

- (29) The Danish authorities commit to comply with the transparency obligations with regard to publication of the details of any individual awards under the proposed measure, as required in section 8.2 of the Aviation Guidelines.

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)(a) of the Treaty on the Functioning of the European Union.

¹² See recital (5) and (15) of the 2020 Decision.

The Commission reminds Denmark that, in accordance with Article 108(3) of the Treaty on the Functioning of the European Union, all plans to refinance, alter or change an aid scheme have to be notified to the Commission.

If this letter contains confidential information which should not be disclosed to third parties, please inform the Commission within fifteen working days of the date of receipt. If the Commission does not receive a reasoned request by that deadline, you will be deemed to agree to the disclosure to third parties and to the publication of the full text of the letter in the authentic language on the Internet site: <http://ec.europa.eu/competition/elojade/isef/index.cfm>.

Your request should be sent electronically to the following address:

European Commission,
Directorate-General Competition
State Aid Greffe
B-1049 Brussels
Stateaidgreffe@ec.europa.eu

Yours faithfully,

For the Commission

Margrethe VESTAGER
Executive Vice-President

