



EUROPEAN COMMISSION

Brussels 18.2.2022  
C(2022)1084 final

PUBLIC VERSION

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**Subject: State Aid SA.101311 (2021/N) – Cyprus  
COVID-19: Re-introduction of the scheme SA.57691 (as amended in  
SA.60661 and SA.63695)**

Excellency,

## 1. PROCEDURE

- (1) By electronic notification of 3 January 2022, Cyprus notified a measure (the “notified measure”) reintroducing the aid scheme (the “initial aid scheme”), which the Commission had already approved in case SA.57691 by Decision C(2020) 4551 final of 1 July 2020 (“the initial decision”) under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak<sup>1</sup> (the “Temporary Framework”).
- (2) Amendments of the initial aid scheme were approved by the Commission in case SA.60661 by Decision C(2021) 623 final of 29 January 2021; and in case SA.63695 by Decision C(2021) 5208 final of 9 July 2021.
- (3) The initial aid scheme, as amended, expired on 31 December 2021.

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<sup>1</sup> Communication from the Commission - Temporary framework for State aid measures to support the economy in the current COVID-19 outbreak (OJ C 91I, 20.3.2020, p. 1), as amended by Commission Communications C(2020) 2215 (OJ C 112I, 4.4.2020, p. 1), C(2020) 3156 (OJ C 164, 13.5.2020, p. 3), C(2020) 4509 (OJ C 218, 2.7.2020, p. 3), C(2020) 7127 (OJ C 340I, 13.10.2020, p. 1), C(2021) 564 (OJ C 34, 1.2.2021, p. 6), and C(2021) 8442 (OJ C 473, 24.11.2021, p. 1).

Κύριος Νίκος ΧΡΙΣΤΟΔΟΥΛΙΔΗΣ  
Υπουργός Εξωτερικών  
Λεωφόρος Δημοσθένη Σεβέρη  
1447 Λευκωσία/Nicosia  
ΚΥΠΡΟΣ/CYPRUS

- (4) Cyprus exceptionally agrees to waive its rights deriving from Article 342 of the Treaty on the Functioning of the European Union (“TFEU”), in conjunction with Article 3 of Regulation 1/1958,<sup>2</sup> and to have this Decision adopted and notified in English.

## **2. DESCRIPTION OF THE NOTIFIED MEASURE**

- (5) The objective of the initial aid scheme, as amended, was to preserve the continuity of economic activity during and after the COVID-19 pandemic. It was designed to ensure that undertakings continue to have access to the necessary liquidity to overcome the current economic difficulties.
- (6) The notified measure re-introduces the initial aid scheme (as previously amended) and introduces changes compared to it in three respects: First of all, aid under the scheme will be granted from the notification of the Commission’s approval until no later than 30 June 2022. Second, under the notified measure, the estimated budget will be EUR 6 130 000. Third, the maximum aid amounts per beneficiary are increased to EUR 2 300 000.
- (7) The Cypriot authorities confirm that no further changes are proposed as part of the notified measure compared to the initial aid scheme, as previously amended.
- (8) The legal basis for the notified measure is the *Draft Proposal on the Extension of the Incentive Plan to Air Companies to address the effects of COVID-19 on Cyprus’ connectivity, air transport development and the tourism sector*, a draft of which has been submitted to the Commission.
- (9) Aid may be granted under the notified measure as from the notification of the Commission’s decision approving it.

## **3. ASSESSMENT**

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

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

### **3.2. Existence of State aid**

- (11) 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.
- (12) The initial aid scheme constituted State aid within the meaning of Article 107(1) TFEU for the reasons set out in the initial decision. The amendments referred to in recital (2) did not affect that conclusion.

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

The notified measure equally does not affect that conclusion. The Commission therefore refers to the assessment of the initial aid scheme in the initial decision (see recitals (30) to (35)) and concludes that the notified measure constitutes State aid within the meaning of Article 107(1) TFEU. The Cypriot authorities don't contest this conclusion.

### **3.3. Compatibility**

- (13) The initial aid scheme, as previously amended, is compatible with the internal market pursuant to Article 107(3)(b) TFEU since it meets the conditions of sections 2, and 3.1 of the Temporary Framework for the reasons set out in the initial decision<sup>3</sup>. The amendments referred to in recital (2) above did not affect that assessment as confirmed in the respective Commission decisions thereon. The Commission therefore refers to the respective assessment of these decisions.
- (14) The Commission considers that the re-introduction for a limited period of time of the initial aid scheme, as previously amended, is appropriate to ensure that national support measures effectively help affected undertakings during the COVID-19 pandemic. The notified measure does not affect the conclusion of the compatibility assessment made in the initial decision and confirmed in the amendments specified in recital (2). In particular, the Commission notes that aid under the re-introduced scheme can only be granted until 30 June 2022, as described in recital (6). The scheme thus complies with point 22 (d) of the Temporary Framework.
- (15) Furthermore, the Commission notes that maximum aid amounts per beneficiary under section 3.1 of the Temporary Framework are increased to EUR 2 300 000 (see recital (6)). The scheme thus complies with point 22(a) of the Temporary Framework. Moreover, the Commission notes that Cyprus has defined a specific budget to the scheme, in line with point 22(b) of the Temporary Framework.
- (16) Cyprus confirms that the notified measure does not introduce further changes compared to the initial aid scheme, as previously amended.
- (17) The Commission therefore considers that the notified 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.

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<sup>3</sup> See recitals (37) to (46) of Commission Decision C(2020)4551 final of 1.7.2020 (SA.57691).

#### 4. CONCLUSION

The Commission has accordingly decided not to raise objections to the notified measure, 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*

