



EUROPEAN COMMISSION

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SENSITIVE*: *COMP Operations*

Subject: State Aid SA.63116 (2021/N) – Sweden
COVID-19: aid for restricted or cancelled events in June-December 2021

Excellency,

1. PROCEDURE

- (1) By electronic notification of 24 June 2021, Sweden notified aid in the form of limited amounts of aid (COVID-19: aid for restricted or cancelled events in June-December 2021, the “measure”) under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (the “Temporary Framework”).¹ Sweden submitted additional information on 28 June 2021.
- (2) Sweden exceptionally agrees to waive its rights deriving from Article 342 of the Treaty on the Functioning of the European Union (“TFEU”), in conjunction with

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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).

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Article 3 of Regulation 1/1958² and to have this Decision adopted and notified in English.

2. DESCRIPTION OF THE MEASURE

- (3) Sweden 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 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) In a context where COVID-19 restrictions are expected to be eased in the summer and autumn of 2021 but where a great uncertainty regarding the evolution of the sanitary situation remains, the Swedish authorities intend to encourage the planning of events for the second half of 2021. The notified measure therefore provides for a reimbursement for some of the costs of planned events in case these are later cancelled or severely limited due to new restrictions, limiting therefore the risk, for the organisers and suppliers, of planning such events.
- (5) Sweden 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 territory of the Member State granting the aid. This is irrespective of the number of job losses actually occurred in the initial establishment of the beneficiary in the EEA.
- (6) The compatibility assessment of the measure is based on Article 107(3)(b) TFEU, in light of sections 2 and 3.1 of the Temporary Framework.

2.1. The nature and form of aid

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

2.2. Legal basis

- (8) The legal basis for the measure is the Government Bill 2020/21: 166 - Additional amending budget for 2021, and a draft Ordinance on State aid for certain planned events that could not be carried out due to restrictions decided to prevent the spread of COVID-19 disease, including a standstill provision that no aid can be granted without the Commission's approval.

2.3. Administration of the measure

- (9) The Swedish Tax Authority is responsible for administering the measure.

2.4. Budget and duration of the measure

- (10) The estimated budget of the measure is SEK 3 billion (around EUR 297 million)³.

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

³ Exchange rate 25.6.2021- SEK 1 = EUR 0.098

- (11) Aid may be granted under the measure as from the notification of the Commission's approval until no later than 31 December 2021. Beneficiaries can submit applications for aid from 10 August to 31 December 2021.
- (12) The aid can be paid out after 31 December 2021.

2.5. Beneficiaries

- (13) The beneficiaries of the measure are undertakings active in Sweden and registered with the Swedish Tax Agency⁴, and which are organisers of events planned to take place between June and December 2021. Subcontractors of such events can also benefit from the scheme.
- (14) Financial institutions are excluded as eligible final beneficiaries.
- (15) Aid may not be granted under the measure to undertakings that were already in difficulty within the meaning of the General Block Exemption Regulation ("GBER")⁵ on 31 December 2019.
- (16) Undertakings subject to recovery orders following a decision of the European Commission declaring an aid illegal and incompatible with the internal market or for which an injunction against trading has been issued⁶ are excluded from the benefit of the scheme.

2.6. Sectoral and regional scope of the measure

- (17) The measure is open to all sectors except the financial sector, the agriculture, aquaculture and fisheries sectors. Undertakings active in the processing and marketing of agricultural products are also excluded from the scheme.

2.7. Basic elements of the measure

- (18) The events covered by the scheme are defined as a public gathering or a public event according to the Swedish Public Order Act that is either taking place at a specific date or is a collective series of events with the same planning costs (such as a theatre production with several performances⁷). They must at least gather 250 participants, and are taking place or were due to take place between 1 June 2021 and 31 December 2021⁸.

⁴ The scheme is also open to certain foundations, associations and non-profit organisations defined in section 7 of the draft ordinance.

⁵ As defined in Article 2(18) of Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 187, 26.6.2014, p. 1.

⁶ In the conditions of section 9 of the draft ordinance.

⁷ Sports events that are part of the sports organizations regular training or competitive activity such as leagues, matches and races, are excluded from the aid, while events that are not part of this regular activity, such as marathons or sports camps and other events primarily for public participation are included and eligible for aid.

⁸ The planning has to have been published or set out in a business plan.

- (19) The events must be cancelled or substantially restricted because of special restrictions to prevent the spread of the disease COVID-19 in place at the time of the event. Such restrictions should be published or otherwise documented.
- (20) To be eligible to the scheme, an organiser should document that it has organised a similar event in 2019 or is an actor with history of carrying out similar events. To be eligible to the scheme, a supplier should document that the event is compliant with the conditions presented in (18) and (19)⁹.
- (21) The aid may be granted:
- (a) either ex ante, subject to ex post control of actual costs. An organiser who plans to carry out an event during the period from 1 September 2021 to 31 December 2021 may apply for a preliminary decision from the Swedish Tax Agency. In such a case, the aid application should include an estimate of the costs that may be covered. The applicant must however submit an additional application with the actual costs and revenues after the cancellation or restriction, in line with the following recitals;
 - (b) or after the event is cancelled or restricted.
- (22) The applicant should provide ex post information on (i) income and expenses incurred for the cancelled event, or the income and costs incurred for holding the event on a limited scale; (ii) the regulations that have led to a significant restriction or cancellation of the event; (iii) the measures taken by the applicant to limit its costs as a result of the substantial limitation or cancellation of the event; and (iv) other State aid and other compensation received or to be received.
- (23) The actual aid amount is calculated based on this ex post documentation for costs effectively incurred for the event after 1 January 2021, excluding (i) costs for which the applicant has been or will be reimbursed in the form of insurance, damages or which are covered by another State aid measure; (ii) expenditure consisting of input VAT which the applicant is entitled to deduct or to be refunded for under the VAT Act (1994: 200) ; (iii) expenses which correspond to income of a company belonging to the same group, and (iv) costs that could have been avoided. Any revenue from the event shall be deducted from these costs.
- (24) If the aid applied for exceeds SEK 100 000 (EUR 9 800), the Swedish Tax Agency may decide that the information provided shall be audited.
- (25) The aid to an organiser or subcontractor may be granted up to a maximum of 70 % of the costs incurred, up to the SEK equivalent of EUR 1.8 million per undertaking.

⁹ The Swedish authorities explained that a supplier will have to identify the event and the organizer of the event in its application to enable the authorities to review and cross-reference separate claims relating to the same event, as only one beneficiary can bear the actual costs. If, for example, a supplier is entitled to a cancellation fee, that would be an eligible cost for the organizer, but also would count as an income to be deducted from the planning costs of the supplier, should the supplier apply for aid.

2.8. Cumulation

- (26) The Swedish authorities confirm that aid granted under the measure may be cumulated with aid under de minimis Regulations¹⁰ or the GBER provided the provisions and cumulation rules of those Regulations are respected.
- (27) The Swedish 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.
- (28) The Swedish authorities also stated that all other aid for the same eligible costs granted under the Temporary Framework would be deducted from the aid amount and that any fixed cost that is eligible in the compensation scheme for undertakings faced with turnover losses due to COVID-19 (SA.60275), based on section 3.12 of the Temporary Framework, will be excluded from eligible costs under the measure.
- (29) The Swedish 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) of that framework, will be respected.

2.9. Monitoring and reporting

- (30) The Swedish 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 granting¹¹).

3. ASSESSMENT

3.1. Lawfulness of the measure

- (31) By notifying the measure before putting it into effect (recital (8)), the Swedish authorities have respected their obligations under Article 108(3) TFEU.

3.2. Existence of State aid

- (32) 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

¹⁰ 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), 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).

¹¹ Referring to information required in Annex III to Commission Regulation (EU) No 651/2014 and Annex III to Commission Regulation (EU) No 702/2014.

be selective in nature. Fourth, the measure must distort or threaten to distort competition and affect trade between Member States.

- (33) The measure is imputable to the State, since it is administered by the Swedish Tax Authority and it is based on the budget law. It is financed through State resources, since it is financed by public funds (recitals (8) to (10)).
- (34) The measure confers an advantage on its beneficiaries in the form of direct grants (recital (7)), and relieves those beneficiaries of costs which they would have had to bear under normal market conditions.
- (35) The advantage granted by the measure is selective, since it is awarded only to certain undertakings (recitals (13) to (17)), notably excluding those active in the financial sector, the agriculture, aquaculture and fishery sectors.
- (36) 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.
- (37) In view of the above, the Commission concludes that the measure constitutes aid within the meaning of Article 107(1) TFEU. The Swedish authorities do not contest that conclusion.

3.3. Compatibility

- (38) 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.
- (39) 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”*.
- (40) 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”*.
- (41) The measure aims at encouraging the revival of the event sector 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.
- (42) The measure is one of a series of measures conceived at national level by the Swedish authorities to remedy a serious disturbance in their economy. The measure contributes to encourage the planning of events for the second half of 2021 and contribute to preserve and stimulate the economy in a still uncertain situation. Furthermore, the measure has been designed to meet the requirements

of a specific category of aid (“Aid in the form of limited amount of aid”) described in section 3.1 of the Temporary Framework.

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

- The aid takes the form of direct grants (recital (7)).
The overall nominal value of the 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. The measure therefore complies with point 22(a) of the Temporary Framework.
- Aid is granted under the measure on the basis of a scheme with an estimated budget as indicated in recital (10). The measure therefore complies with point 22(b) of the Temporary Framework.
- Aid may not be granted under the measure to undertakings that were already in difficulty on 31 December 2019 (recital (15)). The measure therefore complies with point 22(c) 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.

(44) The Swedish authorities confirm that the aid under the measure is not conditioned on the relocation of a production activity or of another activity of the beneficiary from another country within the EEA to the territory of the Member State granting the aid. This is irrespective of the number of job losses actually occurred in the initial establishment of the beneficiary in the EEA (recital (5)).

(45) The Swedish authorities confirm that the monitoring and reporting rules laid down in section 4 of the Temporary Framework will be respected (recital (30)). The Swedish 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 (26) to (29)).

(46) 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

