European Commission

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State aid: Commission approves €12 million Danish scheme to compensate damages caused by cancellations of large public events due to COVID-19 outbreak

The European Commission has found a DKK 91 million (€12 million) Danish aid scheme to compensate organisers for the damage suffered due to the cancellation of large events with more than 1,000 participants due to the COVID-19 outbreak to be in line with EU State aid rules.

This is the first and only State aid measure notified by a Member State to the Commission in relation to the COVID-19 outbreak so far. The Commission approved the scheme under EU State aid rules within 24 hours of receiving the notification from Denmark. The Commission stands ready to work with all Member States to ensure that possible national support measures to tackle the outbreak of the COVID-19 virus can be put in place in a timely manner, in line with EU rules. To this end, the Commission has established a dedicated contact point for Member States to provide them with guidance on possibilities under EU rules.

Executive Vice President Margrethe **Vestager**, in charge of competition policy, said: "*With the scheme, Denmark will compensate the organisers of events cancelled due to the COVID-19 outbreak for the losses suffered. This is the first State aid measure notified to us by a Member State in relation to the COVID-19 outbreak. We stand ready to work with all Member States to ensure that possible national support measures to tackle the outbreak of the virus can be put in place as quickly and effectively as possible, in line with EU rules.*"

On 11 March 2020, Denmark notified the Commission of its intention to set up a DKK 91 million (€12 million) aid scheme to compensate organisers of events with more than 1,000 participants or targeted at designated risk groups, such as the elderly or vulnerable people, irrespective of the number of participants, which had to be cancelled or postponed due to the COVID-19 outbreak. Under the scheme, operators would be entitled to be compensated for the losses suffered as a consequence of the cancellations or postponment the events, for which, for example, tickets were already sold.

The Commission assessed the measure under article 107(2)(b) of the Treaty on the Functioning of the European Union (TFEU), which enables the Commission to approve State aid measures granted by Member States to compensate specific companies or specific sectors (in the form of schemes) for the damages directly caused by exceptional occurrences.

The Commission considers that the COVID-19 outbreak qualifies as an exceptional occurrence, as it is an extraordinary, unforeseeable event having a significant economic impact. As a result, exceptional interventions by the Member States to compensate for the damages linked to the outbreak are justified.

The Commission found that the Danish aid scheme will compensate damages that are directly linked to the COVID-19 outbreak. In this respect, the scheme will contribute to address the economic damage caused by the COVID-19 virus in Denmark. It also found that the measure is proportionate as the foreseen compensation does not exceed what is necessary to make good the damage.

The Commission therefore concluded that the scheme is in line with EU State aid rules as it will contribute to mitigate the negative consequences of COVID-19 for Danish businesses, without unduly distorting competition in the Internal Market.

Background

Financial support from EU or national funds granted to health services or other public services to tackle the COVID-19 situation falls outside the scope of State aid control. The same applies to any public financial support given directly to citizens.

When State aid rules are applicable, Member States can design ample aid measures to support specific companies or sectors suffering from the consequences of the COVID-19 outbreak in line with the existing EU State aid framework. In this respect, for example:

- Public support measures that are available to all companies such as for example the extension of payment deadlines for corporate tax do not fall under

State aid control, as they do not provide a selective advantage to specific companies vis-à-vis others in comparable situations. These measures can be implemented by Member States without the need of the Commission's approval under EU State aid rules.

- EU State aid rules and more specifically the Rescue Aid and Restructuring Guidelines, which are based on article 107(3)(c) TFEU, enable Member States to help companies cope with liquidity shortages and needing urgent rescue aid. In this context, Member States can, for example, put in place dedicated support schemes for Small and Medium Enterprises (SMEs) including to cover their liquidity needs for a period of up to 18 months. Some Member States already have this type of schemes in place. For example, in February 2019, the Commission approved a €400 million support scheme in Ireland to cover acute liquidity and rescue and restructuring needs of SMEs as a Brexit preparedness measure.
- Article 107(2)(b) TFEU enables Member States to compensate companies for the damages directly caused by natural disasters and exceptional occurrences.

In case of particularly severe economic situations, such as the one currently faced by Italy, EU State aid rules allow Member States to grant support to remedy a serious disturbance to their economy. This is foreseen under article 107(3)(b) TFEU.

The non-confidential version of the decision will be made available under the case number SA.56685 in the State aid register on the Commission's competition website once any confidentiality issues have been resolved. New publications of State aid decisions on the internet and in the Official Journal are listed in the State Aid Weekly e-News.

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