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Case No: 93162
Document No: 1497320
Decision No 210/24/COL

Ministry of Culture and Business Affairs
Sölvhólgata 7
101 Reykjavík
Iceland

Subject: Dubbing and Subtitling Fund in Iceland

1 Summary

(1) The EFTA Surveillance Authority (“ESA”) wishes to inform Iceland that, having assessed the notified establishment of the Icelandic Dubbing and Subtitling Fund (“the measure”), it considers that it constitutes State aid within the meaning of Article 61(1) of the EEA Agreement and decides not to raise objections¹ to the measure, as it is compatible with the functioning of the EEA Agreement, pursuant to its Article 61(3)(c). ESA has based its decision on the following considerations.

2 Procedure

(2) The Icelandic authorities notified the measure on 28 November 2024.²

3 Description of the measure

3.1 Background

(3) The Icelandic Media Act (“the Media Act”) requires domestic media service providers to dub or subtitle all audiovisual programmes to Icelandic.³ In addition, the Icelandic authorities have, in their 2024-2027 Action Plan, placed emphasis on ensuring access to a rich language environment for everyone, especially children in their language acquisition phase.⁴

(4) The aforementioned legal requirement is intended to protect the Icelandic language and ensure access of all social groups to media programmes, with a special focus

¹ Reference is made to Article 4(3) of Part II of Protocol 3 to the Agreement between the EFTA States on the Establishment of a Surveillance Authority and a Court of Justice.

² Document No 1502412.

³ Articles 29(2) and 30 of the Icelandic Media Act No [38/2011](#). Article 29(2) requires media service providers to either dub or subtitle all foreign programmes that are made available on linear or on-demand media services into Icelandic. The Article contains an exception for the broadcasting of song lyrics, as well as the live coverage of news. In these cases, media service providers should present a summary of the information in Icelandic. Article 30 requires media service providers to make all programmes more accessible to people with disabilities, including by providing subtitles in Icelandic.

⁴ Parliamentary resolution on an action plan for the years 2024-2026. The action plan is available [here](#).

on children and people with hearing and visual impairments.⁵ Media service providers have, however, pointed out that the obligation is significantly burdensome due to its costs,⁶ and the Association of Rights Holders in the Television and Film Industry (i. *Félag rétthafa í sjónvarps- og kvíkmyndaiðnaði*) has estimated that the television and film industry spends approximately ISK 300 million (approximately EUR 2 million) yearly on dubbing and subtitling of foreign audiovisual media.⁷ The media service providers have also noted that foreign media providers operating on the Icelandic market are exempt from these obligations, which distorts the competitive position of Icelandic audiovisual media.⁸

- (5) Additionally, the private media service providers in Iceland have for some time taken the view that their operating conditions are extremely difficult.⁹ The number of employees working in the media industry has decreased since 2013, when about 2 000 people worked in the sector.¹⁰ By 2020, that number was down to about 900, which is an approximately 55% decrease since 2013.¹¹
- (6) In December 2016, the Icelandic authorities appointed a committee to examine the operating conditions for media service providers in Iceland and propose solutions to address challenges they identified. In January 2018, the committee delivered a report on the operating conditions of the media service providers in Iceland (“the 2018 Report”).¹² The 2018 Report concluded that even though the conditions for the operation of media services in Iceland were in many ways diverse, it was obvious that there were difficult conditions for the operation of audiovisual media. The 2018 Report showed operating losses for most of the media companies it assessed.¹³
- (7) The 2018 Report proposed to establish a dubbing and subtitling fund where media service providers covered by the dubbing and subtitling obligation under the Media Act can apply for reimbursements to partly cover the costs of these activities.¹⁴ The 2018 Report concludes that such a measure would both strengthen the position of the Icelandic language and improve the operating conditions of the media service providers covered by the obligation.
- (8) At present, private media service providers can receive aid for the coverage of news, current affairs media and social issues in Iceland under the Media Act (the Media Support Scheme).¹⁵ Media service providers are also subject to the lower VAT rate of 11% for radio and television subscription fees, as well as the sale, including by subscription, of magazines, newspapers and countryside- and district

⁵ Document No 1502412.

⁶ Document No 1502412.

⁷ <https://vb.is/frettir/ojfn-samkeppni-vid-netflix/>.

⁸ Document No 1502412.

⁹ Document No 1502412.

¹⁰ Hagstofa Íslands, “Starfandi fækkar í menningargreinum”, available online [here](#).

¹¹ *Ibid.*

¹² Rekstrarumhverfi fjöldiðla – Tillögur nefndar um bætt rekstrarumhverfi einkarekinna fjöldiðla. Menntamálaráðuneyti 2018. The 2018 Report is available [here](#).

¹³ The 2018 Report, p. 15. The report considered the period 2014 to 2016.

¹⁴ The 2018 Report, p. 7.

¹⁵ See ESA Decision No 206/21/COL and ESA Decision No 125/23/COL. Private media service providers also received temporary aid for the coverage of news, current affairs media and social issues during the COVID-19 pandemic. See ESA Decision No 087/20/COL.

newspapers in printed and electronic version.¹⁶ Other sales by media operators are taxed at the rate of 24% VAT, including the sale of advertising. The only public media service provider to which the dubbing and subtitling requirement under the Media Act applies, Ríkisútvarpið (“RÚV”), receives aid as compensation for the provision of a service of general economic interest. This aid covers RÚV’s net costs.¹⁷

3.2 Objective

(9) The objective of the measure is to increase the prominence of the Icelandic language. By partly covering the extra costs incurred in carrying out the dubbing and subtitling requirement in the Media Act, the measure aims to enable private media service providers to purchase a wider range of foreign children’s programmes for subsequent dubbing or subtitling into Icelandic. The measure therefore seeks to alleviate the costs of dubbing and subtitling, which could otherwise impede the purchase of new and diverse foreign children’s programmes. By covering parts of the costs of subtitling for children’s programmes in Icelandic, the measure also aims to enable the private media service providers to show a wider range of content in Icelandic.

3.3 National legal basis

(10) The national legal basis will be regulations on the allocation of grants from the Dubbing and Subtitling Fund.¹⁸ The regulations will be based on Article 42 of the Icelandic Public Finances Act¹⁹ and the Icelandic Regulation on Ministerial grants.²⁰

3.4 Aid granting authority

(11) The aid granting authority is the Icelandic Ministry of Culture and Business Affairs (“the Ministry of Culture and Business Affairs”).²¹ The Icelandic Media Commission (“the Media Commission”) will administer the applications.²²

3.5 Beneficiaries

(12) The beneficiaries of the scheme are private audiovisual media service providers that provide children’s programmes.²³

(13) The private media service providers must be registered or have a licence for audio and video broadcasting media in line with Chapter IV of the Media Act.

¹⁶ Document No 1502412.

¹⁷ See ESA Decision No 318/13/COL.

¹⁸ For 2024, the grant is governed by Regulation of 11 October 2024 No 1148 on the Allocation of Grants from the Dubbing and Subtitling Fund (Icelandic title: Reglur um úthlutun styrkja úr Talsetningar- og textunarsjóði fjölmíðlaveitna). The Icelandic authorities will adopt a new regulation yearly.

¹⁹ Article 42 of the Icelandic Public Finances Act No [123/2015](#).

²⁰ The Icelandic Regulation on Ministerial Grants No [642/2018](#).

²¹ Document No 1502412.

²² Document No 1502412.

²³ The limitation of the scheme to private media service providers reflects the fact that RÚV, as the only public media service provider to which the dubbing and subtitling requirement applies, is in a different legal and factual situation. As noted in section 3.1, RÚV receives aid as compensation for the provision of a service of general economic interest.

3.6 Aid instrument, intensity, eligible costs, overlap with other schemes

- (14) The aid is granted as operating aid through direct grants. The eligible costs are the costs of dubbing and subtitling in Icelandic of children's programmes that are made available on a subscription media (linear and on-demand) with more than 2 000 subscribers.²⁴ The minimum number of subscribers is to ensure that the aid is granted for programmes that are likely to be viewed by a reasonably significant audience. However, the number is kept low to not exclude newly established undertakings. As the Icelandic authorities do not keep any official record of viewing numbers, limiting the measure to subscription media enables the Icelandic authorities to ensure that the aid is provided to media service providers with an actual audience.
- (15) The aid will be awarded equally between the eligible beneficiaries, meaning the amount of aid is the same for all aid beneficiaries, based on the eligible costs. However, aid can only be granted for a maximum of 80% of the eligible costs.
- (16) Aid may not be cumulated with State aid in relation to the same eligible costs if such cumulation would exceed the highest relevant aid intensity or aid amount fixed in the specific circumstances of each case by a block exemption regulation, by *de minimis* aid or by a decision adopted by ESA.
- (17) There are certain differences in the measure between aid granted in 2024, and aid granted in 2025 onwards. For aid granted in 2024, the material must have been premiered in the past 12 months, calculated from the date of the deadline for the application for reimbursement.
- (18) From 2025 onwards, 80% of the aid amount will be paid out upon the approval of the aid. The remaining 20% will be paid out after a report on the execution of the project has been received by the Media Commission. However, the aid may be paid out in full upon the approval of the application if the total amount of aid is less than ISK 1 million. Additionally, the aid beneficiary must inform the Media Commission of any relevant amendments.

3.7 Budget and duration

- (19) The maximum annual budget of the measure is ISK 60 million (approximately EUR 392 000).
- (20) The duration of the measure is from 11 October 2024 to 31 December 2027.²⁵

4 Presence of State aid

4.1 Introduction

- (21) Article 61(1) of the EEA Agreement reads as follows: "Save as otherwise provided in this Agreement, any aid granted by EC Member States, EFTA States or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods

²⁴ Linear media content follows a predetermined programming schedule, as opposed to on-demand media content which consumers may follow in accordance with their own schedule.

²⁵ The date of 11 October 2024 refers to the date of adoption of Regulation No 1148 on the Allocation of Grants from the Dubbing and Subtitling Fund (see section 3.3). The Icelandic authorities have confirmed that the aid will only be granted after approval of the measure by ESA.

shall, in so far as it affects trade between Contracting Parties, be incompatible with the functioning of this Agreement.”

(22) The qualification of a measure as aid within the meaning of this provision requires the following cumulative conditions to be met: (i) the measure must be granted by the State or through State resources; (ii) it must confer an advantage on an undertaking; (iii) favour certain undertakings (selectivity); and (iv) threaten to distort competition and affect trade.

4.2 Presence of State resources

(23) The measure must be granted by the State or through State resources.

(24) The scheme will be financed from the State budget and is therefore provided through State resources within the meaning of Article 61(1) of the EEA Agreement. The Media Commission is responsible for the administration of the measure, and the Ministry of Culture and Business Affairs adopts the final decision on grants. The measure is therefore imputable to the State.

4.3 Conferring an advantage on an undertaking

(25) The measure must confer on the undertakings an advantage that relieves them of charges that are normally borne from their budget.

(26) The measure provides the beneficiaries with an economic advantage that they would not have obtained under normal market conditions, by reimbursing part of their costs incurred for dubbing and subtitling under the Media Act. As the beneficiaries are engaged in economic activities by providing audiovisual media services, as well as being active on the advertisement market,²⁶ an advantage is conferred on undertakings.

4.4 Selectivity

(27) The measure must be selective in that it favours “certain undertakings or the production of certain goods”.

(28) The measure is selective, because the grant will be awarded only to certain undertakings in the Icelandic media sector, namely private audiovisual media service providers that provide children’s programmes, as indicated in section 3.5 above.

4.5 Effect on trade and distortion of competition

(29) The measure must be liable to distort competition and to affect trade between the Contracting Parties to the EEA Agreement.

(30) The measure strengthens the financial position of certain undertakings in the Icelandic media sector, while other undertakings in the same sector do not receive such aid. The media market is open to competition from abroad, with Icelandic

²⁶ According to the 2018 Report p. 29, it is estimated that the advertisement market in Iceland in the form of publications represents approximately ISK 11 billion annually, and that around 45% of the advertisement funds are directed to broadcast media (radio and television).

media facing growing competition with foreign media, including television stations and streaming services.²⁷

(31) The measure is therefore liable to distort competition and to affect trade between the EEA States.

4.6 Conclusion

(32) The measure constitutes State aid within the meaning of Article 61(1) of the EEA Agreement.

5 Aid scheme

(33) ESA notes that the legal basis of the measure is an act which does not require further implementing measures for the granting of the aid, and which identifies the beneficiaries in a general and abstract manner.²⁸ The aid is therefore granted on the basis of an aid scheme.

6 Lawfulness of the aid

(34) Pursuant to Article 1(3) of Part I of Protocol 3 to the Agreement between the EFTA States on the Establishment of a Surveillance Authority and a Court of Justice (“Protocol 3 SCA”): “The EFTA Surveillance Authority shall be informed, in sufficient time to enable it to submit its comments, of any plans to grant or alter aid. … The State concerned shall not put its proposed measures into effect until the procedure has resulted in a final decision.”

(35) The Icelandic authorities have notified the measure and have yet to let it enter into force. They have therefore complied with the obligations under Article 1(3) of Part I of Protocol 3 SCA.

7 Compatibility of the aid

7.1 Introduction

(36) In derogation from the general prohibition of State aid laid down in Article 61(1) of the EEA Agreement, aid may be declared compatible if it can benefit from one of the derogations enumerated in the Agreement. The Icelandic authorities invoke Article 61(3)(c) of the EEA Agreement as the basis for the assessment of the compatibility of the aid measure.

(37) For the EU Member States, Article 167 of the Treaty on the Functioning of the European Union (“TFEU”) gives recognition to the importance of promoting culture. Article 107(3)(d) TFEU provides that the European Commission may consider compatible with the common market “aid to promote culture and heritage conservation where such aid does not affect trading conditions and competition in the Union to an extent that is contrary to the common interest”.

(38) The EEA Agreement also recognises the need to strengthen cultural cooperation in Article 13 of Protocol 31 to the Agreement. The EEA Agreement does not contain a “cultural exemption” similar to Article 107(3)(d) TFEU, which provides for a specific possibility of exemption from the general incompatibility principle of Article

²⁷ The 2018 Report, page 34.

²⁸ See Article 1(d) of Part II of Protocol 3 SCA.

107(1) TFEU for aid granted to promote culture. Nevertheless, the Authority considers that, in line with its constant practice,²⁹ support granted to promote culture may be approved on the basis of Article 61(3)(c) of the EEA Agreement. In its assessment, ESA will apply the same criteria as those applied by the European Commission for the purposes of Article 107(3)(d) TFEU.³⁰ Therefore, in order for the aid to be declared compatible, i) the aid must be intended to facilitate the development of certain economic activities or of certain economic areas by promoting culture and heritage conservation, and ii) the aid must not affect trading conditions and competition to an extent that is contrary to the common interest.³¹

- (39) Under the first condition, ESA examines how the aid promotes culture and heritage conservation. Under the second condition, ESA weighs up the positive effects of the aid for the development of said activities and the negative effects of the aid in terms of distortions of competition and adverse effects on trade.
- (40) For most cases, these conditions are outlined in ESA's State aid guidelines. However, in this case, there are no existing State aid guidelines applicable to the measure at hand. ESA will therefore assess the Dubbing and Subtitling Fund directly under Article 61(3)(c) of the EEA Agreement.

7.2 Promotion of culture and heritage conservation

7.2.1 Promotion of culture and heritage conservation

- (41) The measure must contribute to the promotion of culture and heritage conservation.
- (42) Linguistic diversity is an important element of cultural diversity. It follows from previous case law that promoting the use of one of the languages of an EEA State also serves as promotion of culture.³² The measure contributes to the promotion of the Icelandic language. In particular, the measure contributes to maintaining a diversity of children's programmes in Icelandic, as further explained in section 7.2.2.
- (43) ESA therefore considers that the measure constitutes aid to facilitate the development of a certain economic activity, as required by Article 61(3)(c) of the EEA Agreement.

7.2.2 Incentive effect

- (44) State aid is only compatible with the functioning of the EEA Agreement if it has an incentive effect and so effectively facilitates the development of certain economic

²⁹ Norway: Decision No 32/02/COL of 20.2.2002, No 169/02/COL of 18.9.2002, No 186/03 of 29.10.2003, No 179/05/COL of 15.7.2005, No 342/06/COL of 14.11.2006, No 430/08/COL of 2.7.2008, No 774/08/COL of 10.12.2008, No 289/09/COL of 1.7.2009 as well as Decision No 180/09/COL of 31.3.2009; Iceland: Decisions No 114/99/COL of 4.6.1999, No 380/00/COL of 18.12.2000, No 390/06/COL of 13.12.2006, No 255/09/COL of 10.6.2009 and No 262/12/COL of 4.7.2012; Liechtenstein: Decision No 192/00/COL of 27.9.2000, No 267/06/COL of 20.9.2006 and No. 395/11/COL of 14.12.2011. See also Part IV: Sector Specific Rules, State Aid for Films and Other Audiovisual Works (["2014 Film and Audiovisual Guidelines"](#)), paragraph 10.

³⁰ See, for example, the European Commission's Decision in Case SA.25457, N 161/2008 – Spain Promotion of the Basque language in 2008 (OJ C 88, 17.4.2009, p.1).

³¹ See, in relation to Article 107(3)(c) TFEU, whose wording has similarities with that of Article 107(3)(d) TFEU, judgment of the Court of Justice of 22 September 2020, *Austria v Commission (Hinkley Point C)*, C-594/18 P, EU:C:2020:742, paragraphs 18–20.

³² Judgement of the Court of Justice of 5 March 2009, *UTECA*, C-222/07, paragraphs 27–33, and Part IV: Sector Specific Rules, State Aid for Films and Other Audiovisual Works (["2014 Film and Audiovisual Guidelines"](#)), paragraph 24.

activities. To establish whether the measure has an incentive effect, it must be demonstrated that it changes the behaviour of the undertakings concerned in such a way that it engages in an activity which it would not carry out without the aid or which it would carry out in a restricted or different manner.

- (45) The measure has an incentive effect by incentivising private media service providers in Iceland to make available more children's programmes and thereby increase children's access to audiovisual programmes in Icelandic compared to a situation without the aid. As stated in paragraph 4-8, private media service providers in Iceland are facing significant challenges, including a decrease in the number of employees in the sector and with many media service providers facing operating losses.
- (46) It is therefore likely that media service providers would have to limit their operating costs in the future in a situation without the aid, by reducing the purchasing of foreign programmes. By purchasing fewer foreign programmes (including children's programmes), private media service providers would likely save costs, including those associated with the dubbing and subtitling obligation under the Media Act. Limiting the number of foreign programmes being purchased would mean that Icelandic children would have access to a narrower range of programmes. As the foreign programmes would be required to be dubbed or translated into Icelandic, the children would also have access to a narrower range of programmes in their own language. By reimbursing part of the costs associated with the dubbing and subtitling obligation under the Media Act, the measure incentivises private media service providers in Iceland to purchase foreign children's programmes that need to be dubbed or translated into Icelandic, and which they may otherwise have chosen not to purchase for cost saving reasons.
- (47) Equally, the measure covers parts of the operational costs for media service providers making available children's content in Icelandic, by covering the costs of subtitling. The measure therefore reduces the risk of the media service providers having to reduce their costs by making available fewer children's programmes in Icelandic.
- (48) In view of the above, ESA considers that in the absence of the notified measure, the development of the economic activities at issue, i.e. the making available of a wider range of children's programmes in Icelandic, would not have been facilitated. Therefore, the aid measure has an incentive effect.

7.2.3 Compliance with relevant EEA law

- (49) If a State aid measure, the conditions attached to it (including its financing method when the financing method forms an integral part of the State aid measure), or the activity it finances entail a violation of relevant EEA law, the aid cannot be declared compatible with the functioning of the EEA Agreement.³³

³³ Judgments of the Court of Justice of 19 September 2000, *Germany v Commission*, C-156/98, EU:C:2000:467, paragraph 78; 22 December 2008, *Régie Networks*, C-333/07, EU:C:2008:764, paragraphs 94–116; 22 September 2020, *Austria v Commission (Hinkley Point C)*, C-594/18 P, EU:C:2020:742, paragraph 44; 14 October 2010, *Nuova Agricast*, C-390/06, EU:C:2008:224, paragraphs 51–51.

(50) ESA has no indications that the measure, the conditions attached to it, or the activity it finances entail a violation of relevant EEA law.

7.3 Whether the aid adversely affects trading conditions to an extent contrary to the common interest

7.3.1 Introduction

(51) ESA has not only identified positive effects of the planned aid for the development of the abovementioned economic activities and economic areas, but also possible negative effects that it may have in terms of distortions of competition and adverse effects on trade. These positive and negative effects must then be weighed up.

7.3.2 Markets affected by the aid

(52) The markets affected by the aid are the national audiovisual media service markets in Iceland.

7.3.3 Positive effects of the aid

(53) The aid contributes to the promotion of culture by extending the reach of the Icelandic language, see paragraphs 41 to 43.

(54) According to the Icelandic authorities, the aim is that the aid will lead to more diversity in children's audiovisual media and prevent the cost of dubbing and subtitling from hindering the media service providers from making available new and diverse children's content.

7.3.4 Limited negative effects of the aid

7.3.4.1 Introduction

(55) Article 61(3)(c) of the EEA Agreement requires an assessment of any negative effects on competition and on trade. The aid must not adversely affect trading conditions to an extent contrary to the common interest.

(56) The measure has a limited budget of less than EUR 400 000 annually. Icelandic is a small language, with only 325 256 people holding Icelandic citizenship as of 1 October 2024, limiting the effects of the measure on trade.³⁴

(57) As a result, ESA considers that the notified measure will only lead to very limited distortions of competition resulting from aid to private media service providers.

7.3.4.2 Necessity of the aid

(58) A State aid measure is necessary if it is targeted towards situations where aid can bring about a material improvement that the market cannot deliver itself.

(59) As mentioned in paragraphs 4-8, private media service providers in Iceland have faced a decrease in the number of employees in the sector and many entities are facing operating losses. The legal obligation to provide dubbing or subtitling for all audiovisual content³⁵ means that media service providers have no way of limiting or avoiding the costs in situations where dubbing or subtitling the programmes

³⁴ Document No 1502412.

³⁵ With the exception of the broadcasting of song lyrics, as well as the live coverage of news.

would not be profitable. Additionally, given the small number of children speaking Icelandic, media service providers' ability to attract more customers is limited.

(60) For these reasons, ESA finds that the measure is necessary to cover the extra costs incurred to maintain the obligation of the media service providers to dub or subtitle audiovisual children's programmes in Icelandic.

7.3.4.3 Appropriateness of the aid

(61) EEA EFTA States can make different choices with regard to policy instruments and State aid control does not impose a single way to intervene in the economy. However, State aid under Article 61(1) of the EEA Agreement can only be justified by the appropriateness of a particular instrument to contribute to the development of the targeted economic activities or areas.

(62) ESA normally considers that a measure is an appropriate instrument where the EEA EFTA State can demonstrate that alternative policy options would not be equally suitable to contribute to the development of economic activities or areas and where it can demonstrate that alternative, less distortive, aid instruments would not deliver equally efficient outcomes.

(63) ESA finds that there are no other appropriate measures to achieve the goal of having a diverse range of programmes in Icelandic. This is due to the challenges faced by private media service providers as explained in paragraphs 4-8, and the fact that the dubbing and subtitling requirement introduces an extra cost with no reasonable way of reducing that cost without limiting the amount of programmes made available.

(64) In view of the above, ESA considers that the measure is an appropriate instrument to facilitate the development of the economic activities at issue.

7.3.4.4 Proportionality of the aid

(65) State aid is proportionate if the aid amount per beneficiary is limited to the minimum needed to incentivise the additional investment or activity in the area concerned.

(66) The aid is limited to 80% of the eligible costs. The total aid amount is limited as the annual budget of the scheme is only ISK 60 million (approximately EUR 392 000). The maximum ceiling of 80% together with the budgetary limits ensure that the individual aid intensities will be limited to the minimum needed to incentivise the activity.

(67) Therefore, ESA considers the measure to be proportionate.

7.3.4.5 Conclusion on limited negative effects

(68) In light of the above elements, ESA concludes that any negative effects of the aid on competition and on trade are limited.

7.3.5 *Balancing positive and negative effects of the aid*

(69) For the aid to be compatible with the functioning of the EEA Agreement, the limited negative effects of the aid measure in terms of distortion of competition and adverse impact on trade between Contracting Parties must be outweighed by positive effects, in terms of contribution to the facilitation of the development of economic

activities or areas. It must be verified that the aid does not adversely affect trading conditions to an extent contrary to the common interest.

(70) On the negative side, ESA notes that the measure is liable to strengthen the competitive position of the supported media service providers, as opposed to their competitors. However, ESA considers that the notified measure is designed in such a way to minimise the potential distortion of competition arising from the measure and to limit the adverse effects on trade. In this regard, ESA notes that the measure: (i) has a small budget, (ii) affects a small market, and (iii) has a limited duration (three years). Moreover, ESA observes that any potential strengthening of the competitive position of the supported media service providers vis-à-vis foreign media service providers is limited by the fact that foreign media providers operating on the Icelandic market are exempt from the requirement of dubbing and subtitling under the Media Act (see section 3.1 above). Additionally, the only public media service provider to which the requirement applies is in a factually and legally different situation as it receives aid as compensation for the provision of a service of general economic interest (see section 3.1 above).

(71) Furthermore, it follows from sections 7.3.4.3 and 7.3.4.4 above that the measure is considered proportionate and appropriate, which reduces the negative impact on competition and trade that the aid might have. The support is also considered to be necessary and appropriate to facilitate the development of the economic activity at stake. Therefore, the measure is considered to have a limited distortive effect on competition.

(72) On the positive side of the balance, ESA notes that the measure will ensure access to a more diverse range of programmes in Icelandic, ensuring the promotion of the Icelandic language.

(73) ESA concludes that the positive effects of the measure outweigh possible distortions of competition and adverse impact on trade. Therefore, the aid does not unduly affect trading conditions to an extent contrary to the common interest.

7.4 Transparency

(74) The Icelandic authorities have confirmed that the aid award, should it exceed EUR 100 000, will be published in the [transparency register](#).

(75) Therefore, the measure fulfils the transparency requirements.

8 Conclusion

(76) On the basis of the foregoing assessment, ESA considers that the Dubbing and Subtitling Fund constitutes State aid with the meaning of Article 61(1) of the EEA Agreement. Since ESA has no doubts that this aid is compatible with the functioning of the EEA Agreement pursuant to its Article 61(3)(c), it has no objections to the implementation of the Dubbing and Subtitling Fund.

(77) The Icelandic authorities have confirmed that the notification does not contain any business secrets or other confidential information that should not be published.

For the EFTA Surveillance Authority,

Yours faithfully,

Arne Røksund
President
Responsible College Member

Árni Páll Árnason
College Member

Stefan Barriga
College Member

Melpo-Menie Joséphidès
Countersigning as Director,
Legal and Executive Affairs

This document has been electronically authenticated by Arne Roeksund, Melpo-Menie Josephides.