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Case No: 94134
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Decision No 193/25/COL

Ministry of Industries
Skúlagata 4
101 Reykjavík
Iceland

Subject: Renewal of and amendments to the production grant scheme for private news and current affairs media

1 Summary

- (1) The EFTA Surveillance Authority (“ESA”) wishes to inform Iceland that, having assessed the renewal of and amendments to the production grant scheme for private news and current affairs media (“the media outlets”) (“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 17 November 2025.²

3 Description of the measure

3.1 Background

- (3) On 14 September 2021, ESA approved by Decision No 206/21/COL (“the initial decision”) an Icelandic grant scheme for news and current affairs media (“the scheme”).³ The scheme aims at improving the conditions for operating private media outlets in Iceland, by providing direct grants for the production of news, news-related content and coverage of social issues. The initial scheme was in force until 31 December 2022. The scheme was then renewed on 31 August 2023 until 1 January 2025, as approved by ESA Decision No 125/23/COL (“the renewal decision”).⁴ The Icelandic authorities aim to renew the scheme for an additional period, until 31 December 2025. The Icelandic authorities published public consultations for the prolongation and amendments to the scheme on 9 October 2024 and on 20 February 2025.⁵

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 Documents No 1574673, 1574672, 1574671, 1574670 and 1574669.

³ ESA [Decision No 206/21/COL](#), *production grant scheme for private media outlets*.

⁴ ESA [Decision No 125/23/COL](#), *renewal of and amendments to the production grant scheme for private news and current affairs media*.

⁵ Framlenging á stuðningi til einkarekinna fjölmiðla of 9 October 2024, available online [here](#) and stuðningur til einkarekinna fjölmiðla of 20 February 2025, available online [here](#). According to the

- (4) The details of the scheme are laid out in the initial decision and the renewal decision. As explained in the initial decision, most of the private media outlets in Iceland would face financial difficulties without the support, which would lead to them either having to cease their activity or having to reduce their costs.⁶ The Icelandic authorities consider that a decrease in the number of media outlets, in particular the number of local media outlets, would be detrimental to media diversity in Iceland. Furthermore, reducing costs would affect the quality of the media, which are already operating with a limited number of editorial staff or a lower number of editions.⁷
- (5) As explained in the initial decision,⁸ in January 2018, a committee appointed by the Icelandic Minister for Education and Culture delivered a report on the conditions for operating media outlets. The committee concluded that the media services in Iceland were diverse considering the limited population. However, the conditions for the operation of private media were difficult. The committee found that this should be of concern to the public and a reason to implement measures to create better conditions for the media service providers.⁹ The Icelandic authorities have confirmed that these considerations remain relevant today. According to Statistics Iceland (*Hagstofa Íslands*), media revenues from user payment and advertising decreased by 4% from 2022 to 2023 in Iceland if calculated at constant prices based on an index of 100 in 2023.¹⁰ Based on the same statistics, revenues from user payment and advertising for daily and weekly newspapers decreased by 50% between 2010 and 2023, and by 24% between 2022 and 2023. Furthermore, revenues from user payment and advertising for other newspapers and magazines decreased by almost 30% between 2010 and 2023 and by 8% between 2022 and 2023.¹¹ The Icelandic authorities have indicated that these are the most recent available statistics. Additionally, the Icelandic authorities have confirmed, based on extensive dialogue with the sector, including input received in response to the public consultation launched in February 2025 (see paragraph (3)), that the media sector is still facing difficulties on a comparable scale in 2025.¹²
- (6) Media outlets currently benefit from a lower VAT rate of 11% that applies to radio and television subscription fees, as well as the sale, including subscriptions, of magazines and newspapers in printed and electronic version.¹³ Local media might

Icelandic authorities, after the public consultation of 9 October 2024, the process was put on hold due to the dissolution of the Icelandic Government on 13 October 2024, with a new government being formed following elections held on 30 November 2024. The new government then published a new public consultation related to the scheme on 20 February 2025. Due to a difficult political context in parliament in the spring of 2025, very few legal proposals were adopted by the Icelandic Parliament in the first half of 2025.

⁶ See the initial decision, paragraphs 4, 7-8 and 11.

⁷ See the initial decision, paragraph 11.

⁸ See the initial decision, paragraphs 3 and 4.

⁹ Rekstrarumhverfi fjölmiðla – Tillögur nefndar um bætt rekstrarumhverfi einkarekinna fjölmiðla. Menntamálaráðuneyti 2018. Available online: [Rekstrarumhverfi fjölmiðla 25. janúar 2018.pdf](#).

¹⁰ Hagstofa Íslands. News 18 December 2024. Available online: [here](#). Revenues from other sources and public grants are excluded from this statistic.

¹¹ Ibid.

¹² As an example, the Union of Icelandic Journalists stated that the operating environment for private media in Iceland has greatly deteriorated in recent years, among others due to digital platforms capturing a larger share of the advertising market and fewer customers being willing to pay for news-related content, in addition to pointing to the presence of a large public broadcaster in the advertising market. Additionally, Skessuhorn, a regional newspaper in West Iceland, stated that the aid prolonged its operational lifespan.

¹³ Article 14(2) of the Icelandic Act on Value Added Tax No [50/1988](#).

also benefit from the public regional development scheme.¹⁴ However, the continued decline in the media sector referenced in paragraph (5) shows that further measures are necessary to create better operating conditions and to ensure the viability of private media outlets. By doing so, the scheme will support media pluralism in Iceland and the dissemination by private media outlets of news, current affairs content and coverage of social issues.

3.2 The notified amendments

- (7) The scheme will be renewed from the time of ESA's approval of the measure until 31 December 2025. As under the initial scheme, the aid will be disbursed as a single annual payment, in this case before 31 December 2025, and will cover up to 25% of the operational expenses¹⁵ that were incurred by the beneficiaries during the previous year, in this case during the period from 1 January 2024 to 31 December 2024. Therefore, each beneficiary will receive a single payment covering up to 25% of its operational expenses incurred in 2024 (except for local regional media, for which the aid intensity may be higher, see paragraph (8)).
- (8) The Icelandic authorities have amended the scheme so that each beneficiary will be eligible for aid covering a maximum of 22% of the total budget of the scheme, as opposed to 25% previously. The aim of this amendment is to distribute the funds more evenly among the aid beneficiaries and to increase the aid amount awarded to smaller beneficiaries. Additionally, as already for 2023,¹⁶ local regional media¹⁷ outside the capital area¹⁸ will receive an additional grant equivalent to 20% of the amount they would have received under the scheme, which means that the aid intensity for those beneficiaries may be higher than 25%. According to the Icelandic authorities, the aim of this amendment (i.e. of the additional grant of 20%) is to further strengthen local media and democratic debate in rural areas. There are only few professional local media outlets in Iceland and in many cases, the editorial board consists of only one or two persons. Furthermore, not every relevant area in Iceland is covered by a local medium. The annual budget of the scheme is estimated to be around ISK 500 million (approximately EUR 3.4 million), which includes the additional grant of 20% (see paragraph (13)).
- (9) The Icelandic authorities have confirmed that the criteria for receiving aid under the scheme will otherwise remain the same.

¹⁴ The public regional development scheme supports small local media. In 2024, eleven media outlets received grants from the [regional development scheme](#), with each of them receiving ISK 1 136 363 ISK (approx. EUR 7 875). According to the Icelandic authorities, the public regional development scheme is not considered a State aid measure. ESA will not assess this measure further in this decision.

¹⁵ See the initial decision, paragraphs 25-27. In the initial decision, the operational expenses are described as (i) direct labour expenses incurred for the work of journalists and reporters, editors and assistant editors, camera operators, photographers, folding persons and proof readers in relation to the gathering and distribution of news, current affairs content and the coverage of social issues, and (ii) direct payments for contractual work to parties referred to in (i), for the gathering and distribution of news, current affairs content and the coverage of social issues.

¹⁶ See the renewal decision, paragraph 14.

¹⁷ According to the Icelandic authorities, "local regional media" refers to regional, district, neighbourhood, or town media outlets whose content focus is local and mainly appeals to users who have connections to the medium's distribution area.

¹⁸ The capital area refers to the following municipalities: Reykjavík, Kópavogur, Hafnarfjörður, Garðabær, Mosfellsbær, Seltjarnarnes and Kjósarhreppur.

3.3 Objective

- (10) The objective of the measure is to provide direct aid in order to support media pluralism in Iceland and the dissemination by private media outlets of news, current affairs content and material covering social issues.

3.4 National legal basis

- (11) The national legal basis is comprised of the Icelandic Media Act No 38/2011 (“the Media Act”)¹⁹ and the Regulation on Operating Support for Private Media No 1115/2025.²⁰

3.5 Aid granting authority

- (12) The responsible ministry is the Icelandic Ministry of Culture, Innovation and Higher Education. As under the initial scheme, an independent allocation committee (“the Allocation Committee”) remains the aid granting authority. The Allocation Committee will be responsible for the processing of applications, and the Icelandic Media Commission will administer the applications and provide its expert opinion during the process.²¹

3.6 Budget and duration

- (13) The annual budget is estimated to be around ISK 500 million (approximately EUR 3.4 million²²), compared to ISK 487 million (including the additional grant of 20%) for 2023.²³ This annual budget includes the administrative costs for processing applications.
- (14) The scheme will enter into force following ESA’s approval and expires on 31 December 2025.

4 Presence of State aid

- (15) 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 shall, in so far as it affects trade between Contracting Parties, be incompatible with the functioning of this Agreement.”
- (16) 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.
- (17) In the initial decision and in the renewal decision, ESA concluded that the scheme constitutes State aid within the meaning of Article 61(1) of the EEA Agreement.²⁴ The renewal of the scheme, with its minor amendments, does not alter the previous

¹⁹ The Icelandic Media Act [No 38/2011](#).

²⁰ The Icelandic Regulation on Operating Support for Private Media [No 1115/2025](#).

²¹ See the initial decision, paragraphs 17-18, and the renewal decision, paragraphs 10-13.

²² Based on an ISK/EUR exchange rate of 146.60. The exchange rate is based on the [Euro foreign exchange reference rates](#) of the European Central Bank on 11 November 2025.

²³ See the renewal decision, paragraph 14.

²⁴ See the initial decision, paragraph 45 and the renewal decision, paragraph 19.

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

5 Lawfulness of the aid

- (18) 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.”
- (19) The Icelandic authorities have notified the measure and have confirmed that no aid has been or will be granted prior to ESA’s approval.²⁵ They have therefore complied with the obligations under Article 1(3) of Part I of Protocol 3 SCA.

6 Compatibility of the aid

- (20) 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.
- (21) Article 61(3)(c) of the EEA Agreement provides that ESA may declare compatible “aid to facilitate the development of certain economic activities or of certain economic areas, where such aid does not adversely affect trading conditions to an extent contrary to the common interest”. Therefore, in order to declare the aid compatible, first, the aid must be intended to facilitate the development of certain economic activities or of certain economic areas and, second, the aid must not adversely affect trading conditions to an extent contrary to the common interest.²⁶
- (22) ESA has previously found the scheme to be compatible with Article 61(3)(c) of the EEA Agreement.²⁷ In ESA’s view, neither the proposed renewal until 31 December 2025, nor the proposed amendments affect this assessment of the compatibility of the scheme with the functioning of the EEA Agreement, as carried out in the initial decision.
- (23) ESA notes that the renewed scheme is of limited duration and covers part of the operational expenses that were incurred in the period from 1 January 2024 to 31 December 2024 (see paragraph (7)). Moreover, the scheme is identical to the renewed scheme adopted under the renewal decision, apart from (i) a slight increase in the annual budget, which remains, however, limited in absolute numbers, (ii) the lowering of the maximum amount of aid per beneficiary from 25% to 22% of the annual budget, and (iii) the increase in aid amount of 20% for local regional media (see paragraphs (8) and (9)). Amendments (ii) and (iii) are aimed at distributing a larger portion of the aid to smaller media outlets, and are in line with the objective of the measure of facilitating media diversity.

²⁵ Document No 1574673.

²⁶ Judgment of 22 September 2020, *Austria v Commission (Hinkley Point C)*, C-594/18 P, EU:C:2020:742, paragraphs 18-20.

²⁷ See the initial decision, paragraphs 53-96 and the renewal decision, paragraphs 22-31.

- (24) Furthermore, ESA notes that the measure continues to facilitate the development of the media sector by supporting media outlets that are facing financial difficulties. The measure aims to maintain media pluralism and the production of quality content. The measure therefore aims to uphold the democratic function of the media sector.
- (25) By covering parts of the operational costs, the measure provides media outlets with an incentive to engage in such activities which go beyond what normal market forces would produce. The production of quality media content is labour-intensive, and the media sector is in decline and facing financial difficulties (see paragraph (5)). The support aims to enable the media outlets to cover the costs incurred to maintain a high proportion of quality editorial content. ESA notes in this regard that the support will facilitate the possibility of the media outlets to increase or retain their staff.
- (26) In its initial decision, ESA found the scheme necessary, appropriate and proportional to reach the objectives of maintaining a diverse media landscape and upholding the role of the media of ensuring a democratic control.²⁸ ESA finds that neither the prolongation nor the minor amendments are liable to change the compatibility assessment in the initial decision. In particular, ESA finds that the continued decline in the media sector as stated in paragraph (5) means that the initial assessment of the necessity, appropriateness and proportionality of the aid is still applicable. Regarding the proportionality of the scheme, ESA notes that the amendment stating that one undertaking can receive aid equal to a maximum of only 22% of the annual budget (instead of 25% previously) and the additional grant for local regional media (see paragraph (8)) ensure that aid under the scheme is distributed to a larger number of undertakings and limit the maximum aid granted to a single beneficiary. Furthermore, the 20% increase for local regional media helps ensure the continued operation of local media, which play an important role for society, but are in a particularly vulnerable situation (see paragraph (8)). ESA further notes that the total aid intensity remains low also for local regional media, as they will only receive a 20% increase in aid, compared to the maximum original aid intensity of 25% of their eligible costs. Moreover, the annual budget of the scheme has only been slightly increased and remains limited.
- (27) ESA concluded in the initial decision that the measure would only lead to very limited distortions of competition. This is due to the measure primarily supporting private media outlets that are small and local in nature, as well as having a limited budget and limiting the aid to 25% of the eligible costs of the beneficiaries.²⁹ As explained in paragraphs (8) and (26), the 25% aid intensity ceiling remains in place, apart from a 20% increase for local regional media.
- (28) Additionally, ESA stated that the production of content on news, current affairs content and coverage of social issues is in general subject to limited cross-border trade due to the inherent national character of such products.³⁰ ESA considers that the renewal and the minor amendments do not change its conclusion in the initial decision that the distortion of competition and adverse effect on trade arising from the measure are very limited.

²⁸ See the initial decision, paragraphs 75-90.

²⁹ See the initial decision, paragraphs 71-74 and 93-94.

³⁰ See the initial decision, paragraphs 72 and 93.

- (29) In conclusion, ESA finds that the measure facilitates the development of private media outlets and that the positive effects of the measure outweigh the possible distortions of competition and adverse impact on trade. Therefore, the aid facilitates the development of certain economic activities and does not unduly affect trading conditions to an extent contrary to the common interest.

6.1 Transparency

- (30) The Icelandic authorities have confirmed that any aid award exceeding EUR 100 000 will be published in the [transparency register](#).
- (31) Therefore, the measure fulfils the transparency requirements.

7 Conclusion

- (32) On the basis of the foregoing assessment, ESA considers that the renewal of and amendments to the production grant scheme for private news and current affairs media constitute State aid within the meaning of Article 61(1) of the EEA Agreement. Since ESA has no doubts that the 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 measure.
- (33) 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

Stefan Barriga
College Member

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