

Ministry of Trade, Industry and Fisheries
PO Box 8090 Dep
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Norway

Subject: COVID-19 - Aid scheme for the event industry

1 Summary

- (1) The EFTA Surveillance Authority (“ESA”) wishes to inform Norway that, having assessed the liquidity scheme for undertakings within the event industry (“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)(b). ESA has based its decision on the following considerations.

2 Procedure

- (2) The Norwegian authorities notified the measure on 17 March 2021.²

3 Description of the measure

3.1 Background

- (3) As recognised in the Commission’s Communication on the Temporary Framework for state aid measures to support the economy in the current COVID-19 outbreak (“the [Temporary Framework](#)”),³ the COVID-19 outbreak has caused a major shock to global and national economies.
- (4) In response to the COVID-19 pandemic, the Norwegian Government has imposed strict measures relating to, amongst other things, events. Numerous events have been cancelled or downscaled in order to comply with containment measures and recommendations imposed by the public authorities, in response to the pandemic. For the event industry, a set of mandatory restrictions have been imposed:
- For outdoor events, a maximum limit of 600 participants, provided participants are divided into groups/cohorts of up to 200.
 - For indoor events, the maximum limit is 200 participants if the event has fixed seats, and maximum 50 participants without fixed seats.
 - In all cases, there must be a one metre distance between each participant.

¹ Reference is made to Article 4(3) of the 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 1188288, No 1188290 (confidential), No 1188292 (confidential) and No 1188294.

³ Communication from the Commission – Temporary framework for State aid measures to support the economy in the current COVID-19 outbreak of 19 March 2020, OJ C 91, 20.3.2020, p. 1, amended five times, (i) on 3.4.2020, OJ C 112, 4.4.2020, p. 1, (ii) on 8.5.2020, OJ C 164, 13.5.2020, p. 3, (iii) on 29.6.2020, OJ C 218, 2.7.2020, p. 3, (iv) on 13.10.2020, OJ C 340, 13.10.2020, p. 1, and (v) on 28.01.2021, OJ C 34, 01.02.2021, p 6.

- (5) The organisation of all kinds of business oriented events has been made challenging due to these restrictions. The restrictions have not only affected the organisers themselves, but also the undertakings providing services in connection with such events (subcontractors, etc.).
- (6) As a result of the restrictive measures, there has been a significant downturn in the activity in the event industry since March 2020. Even events that were organised (and so not cancelled altogether) during this time have suffered a severe loss of income, due to the various restrictions and limitations.

3.2 Objective

- (7) The objective of the measure is to provide liquidity for undertakings in the event industry, for the development of projects that can help event organisations to adjust and adapt to the current situation and changes in the market.
- (8) Aid may also be provided for feasibility studies⁴ for new activities in order to transfer or direct the undertaking's activities to other kinds of industries and activities than the event industry. It will mainly involve finding new costumers for the services they already offer, or the development of new services related to those already provided.

3.3 National legal basis

- (9) The national legal basis is a Parliamentary Decision and a letter of assignment to Innovation Norway from the Ministry of Trade, Industry and Fisheries, setting out the guidelines for grants and the administration of the scheme.⁵

3.4 Aid granting authority and administration of the measure

- (10) The measure will be administered by Innovation Norway,⁶ which will be responsible for assessing applications for aid and taking decisions regarding the award of aid.
- (11) The aid will be disbursed in three instalments: (i) 30% upfront, (ii) 50% mid-way, and (iii) 20% when Innovation Norway receives all the required documentation for the application. The application deadline will be 7 April 2021.

3.5 Beneficiaries

- (12) The beneficiaries of the measure are undertakings of all sizes operating within the events industry, namely those carrying out the following economic activities:
- i. catering activities ([NACE 56.210](#))
 - ii. film, video and television production ([NACE 59.110](#))
 - iii. programming services ([NACE 62.010](#))
 - iv. specialised design activities ([NACE 74.1](#))

⁴ See 'feasibility study' as defined in [GBER Article 2\(87\)](#), "the evaluation and analysis of the potential of a project, which aims at supporting the process of decision-making by objectively and rationally uncovering its strengths and weaknesses, opportunities and threats, as well as identifying the resources required to carry it through and ultimately its prospects for success".

⁵ Prop. 79 S (2020–2021) page 90:

<https://www.regjeringen.no/contentassets/576cc7cd17d24286b2e7171a94b27053/no/pdfs/prp202020210079000dddpdfs.pdf>.

⁶ <https://www.innovasjon Norge.no>.

- v. rental and leasing activities ([NACE 77](#))
- vi. private security activities ([NACE 80.1](#))
- vii. organisation of conventions and trade shows ([NACE 82.3](#))
- viii. other business support service activities not elsewhere classified ([NACE 82.990](#))
- ix. services related to entertainments activities ([NACE 90.020](#)).

- (13) The beneficiaries must have suffered a decline in turnover of 30% on average for the period of August through December 2020. The loss in turnover is compared to the average turnover in August through December 2019.
- (14) The Norwegian authorities also consider it appropriate to include undertakings that entered the market in the beginning of 2020 under the scheme. These undertakings made business investments prior to the announcement of the COVID-19 pandemic and implementation of containment measures in Norway. They are also facing severe economic challenges and a liquidity shortage due to the pandemic and related containment measures. The Norwegian authorities consider that there is a need to include such undertakings, in order to ensure that disruptions caused by the COVID-19 outbreak do not undermine their viability.
- (15) In order to qualify for aid, applicants without reference months in 2019 are required to document a loss of turnover of at least 30% on average for the previous two months before application, compared to the average turnover in January and February 2020. Using the average turnover in January and February 2020 as the reference aims to ensure equal treatment between all undertakings eligible for funding. The Norwegian authorities consider that the risk of abuse will be limited, as only undertakings with economic activity (turnover), before the restrictions came into place, are eligible.
- (16) To be eligible, beneficiaries cannot have been in difficulty on 31 December 2019 in the meaning of Article 2(18) of the General Block Exemption Regulation (“GBER”),⁷ but beneficiaries may have entered into such difficulty thereafter as a result of the COVID-19 outbreak. However, the limitation does not apply to small or micro undertakings that have not already received rescue aid or restructuring aid.⁸

3.6 Aid instrument, award criteria, eligible costs and aid intensity

- (17) The aid is in the form of direct grants.

⁷ 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), referred to at point 1j of Annex XV to the EEA Agreement, as amended by Commission Regulation (EU) 2017/1084 of 14 June 2017 amending Regulation (EU) No 651/2014 as regards aid for port and airport infrastructure, notification thresholds for aid for culture and heritage conservation and for aid for sport and multifunctional recreational infrastructures, and regional operating schemes for outermost regions and amending Regulation (EU) 702/2014 as regards the calculation of eligible costs (OJ L 156, 20.6.2017, p. 1), see Joint Committee Decision No 185/2017, and Commission Regulation (EU) 2020/972 of 2 July 2020 amending Regulation (EU) No 1407/2013 as regards its prolongation and amending Regulation (EU) No 651/2014 as regards its prolongation and relevant adjustments (OJ L 215, 7.7.2020, p. 3), see Joint Committee Decision No 115/2020.

⁸ See [Temporary Framework](#) paragraph 22 letter c bis.

- (18) Innovation Norway will base its decisions on the following award criteria; (i) that the objective of the relevant project fits within the purpose of the measure, (ii) that the project is cost-effective, and (iii) that the applicant has the capacity, capital and expertise to implement the project.
- (19) Furthermore, Innovation Norway will assess how the project will align with the vision and strategy of the applicant, as well as how it would contribute to necessary adjustments of the applicant to face the current challenges. Moreover, only the projects that are deemed viable will be granted aid.
- (20) The measure is limited to compensating the beneficiaries for parts of the following pre-defined eligible costs:
- i. Personnel costs to the extent that they incur in project related activities.
 - ii. Costs for tangible and intangible assets that are necessary for project implementation. These costs can amount to a maximum of 50% of the eligible costs.
 - iii. Costs for development, testing and implementation of new products or services.
 - iv. Costs for the purchase of project related services.
 - v. Costs for project related materials, goods and equipment.
 - vi. Costs for customising information and marketing tools.
 - vii. Costs for feasibility studies.
- (21) The maximum aid intensity under the measure is 80% for small and medium sized undertakings, and 70% for large undertakings. The maximum aid amount under the measure is NOK 3 million (approx. EUR 300 000) per beneficiary. However, aid for feasibility studies is limited to NOK 500 000 (approx. EUR 49 000) per beneficiary.

3.7 Cumulation

- (22) Aid awarded under the measure may be cumulated with other types of state aid that covers the same eligible costs provided that the provisions and cumulation rules of the other aid measures are respected. Aid granted under section 3.1 of the Temporary Framework may be cumulated with aid from other measures under section 3.1 of the Temporary Framework given that the maximum aid amount of EUR 1 800 000 per undertaking is respected.
- (23) In the event that the beneficiary has already received aid covering the same eligible costs in connection with the COVID-19 outbreak, such aid will be subtracted from the aid amount granted under the measure.

3.8 Budget and duration

- (24) The total budget of the measure is NOK 50 million (approx. EUR 4.8 million).
- (25) The measure is set to come into force following ESA's approval. The Norwegian authorities have confirmed that no aid will be granted under the measure after 31 December 2021.

4 Presence of state aid

- (26) 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.”
- (27) 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.
- (28) The measure is financed through Innovation Norway, a public body, and originates from the State budget.⁹ Therefore, the aid is granted by the State and/or through State resources and is imputable to the State.
- (29) The measure provides certain undertakings an advantage in the form of direct grants. Therefore, the measure confers on the beneficiaries an economic advantage, which the recipients could not have obtained under normal market conditions.
- (30) The measure is selective as it is only available to certain undertakings, specifically in the event industry.
- (31) The beneficiaries of the measure are active in sectors subject to intra-EEA competition and trade. Therefore, the measure is liable to distort competition and affect trade between the Contracting Parties to the EEA Agreement.
- (32) In light of the above, ESA concludes that the measure meets the cumulative conditions under Article 61(1) of the EEA Agreement and therefore constitutes state aid within the meaning of this provision.

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. 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”): “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.”

⁹ Innovation Norway is a state-owned company. The Ministry of Trade, Industries and Fisheries has owns 51% of Innovation Norway, whilst county authorities have an ownership of 49% in Innovation Norway.

- (35) The Norwegian authorities 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) ESA can declare state aid compatible with the functioning of the EEA Agreement under its Article 61(3)(b) of the EEA Agreement, “to remedy a serious disturbance in the economy of an EC Member State or an EFTA State”.
- (37) The disturbance must affect the whole or an important part of the economy of the State concerned, and not merely that of one of its regions or part of its territory. This is in line with the requirement to interpret exceptions, such as Article 61(3)(b) of the EEA Agreement, strictly.
- (38) In the context of the current COVID-19 outbreak, the Commission adopted the Temporary Framework that sets out temporary state aid measures that it considers compatible under Article 107(3)(b) TFEU, which corresponds to Article 61(3)(b) of the EEA Agreement. The Commission confirms that the current situation, specifically the effects of the containment measures adopted by national authorities on their economies, justify that aid can be granted on the basis of Article 107(3)(b) TFEU. This type of aid is available for a limited period to remedy the liquidity shortage faced by undertakings to ensure that the disruptions caused by the COVID-19 outbreak do not undermine their viability.
- (39) In order to ensure uniform application of the state aid rules throughout the European Economic Area, in line with the objective of homogeneity established in Article 1 of the EEA Agreement, ESA applies the compatibility conditions set out in the Temporary Framework to state aid granted by the EEA EFTA States under Article 61(3)(b) in the context of the COVID-19 outbreak.

7.2 Limited amounts of aid

- (40) The measure is one of a series of measures conceived at national level by the Norwegian authorities to remedy a serious disturbance in their economy. The importance of the measure, in order to preserve employment and economic continuity, is widely accepted and the measure is of a scale which can be reasonably anticipated to produce the desired effects and contribute to the overall recovery of the Norwegian economy. Furthermore, the measure has been designed to meet the requirements of a specific category of aid (“Limited amounts of aid”), described in Section 3.1 of the Temporary Framework.
- (41) Under the current circumstances, temporary limited amounts of aid to undertaking that find themselves facing a sudden shortage or even unavailability of liquidity can be an appropriate, necessary and targeted solution.
- (42) The measure fulfils the criteria set out in paragraph 22 of the Temporary Framework, in particular:
- The maximum aid amount is set to NOK 3 million (approx. EUR 300 000) per undertaking, which is below the EUR 1.8 million threshold set in paragraph 22(a) of the Temporary Framework.

- The aid is granted on the basis of a scheme, with an estimated budget of NOK 50 million. Therefore, the measure complies with the condition in paragraph 22(b) of the Temporary Framework.
- The aid may not be granted to undertakings that were already in difficulty (within the meaning of the GBER) on 31 December 2019, which complies with paragraph 22(c) of the Temporary Framework.
- The aid will be granted no later than 31 December 2021, in compliance with the condition set out in paragraph 22(d) of the Temporary Framework.

(43) In addition, the Norwegian authorities have confirmed that all applicable rules on cumulation will be respected.

(44) The Norwegian authorities will publish relevant information on each individual aid grant in the national Norwegian state aid register¹⁰ within 12 months from the moment of granting, pursuant to paragraph 88 of the Temporary Framework.

(45) ESA therefore considers that the measure is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of an EEA EFTA State and that the requirements laid down in Section 3.1 of the Temporary Framework are complied with.

7.3 Reporting and monitoring

(46) The Norwegian authorities have confirmed that they will comply with all the monitoring and reporting provisions laid down in Section 4 of the Temporary Framework.

(47) The Norwegian authorities commit to submitting annual reports and also to provide ESA with a list of measures put in place based on schemes approved under the Temporary Framework by 31 December 2021.

(48) Furthermore, the Norwegian authorities commit to keep detailed records regarding the granting of aid provided for by the Temporary Framework. Such records, which must contain all information necessary to establish that the necessary conditions have been fulfilled, must be maintained for 10 years upon granting of the aid and be provided to ESA upon request.

(49) ESA therefore considers that the requirements laid down in Section 4 of the Temporary Framework are complied with.

8 Conclusion

(50) On the basis of the foregoing assessment, ESA considers that the measure constitutes state aid with the meaning of Article 61(1) of the EEA Agreement. Since ESA has no doubts that aid is compatible with the functioning of the EEA Agreement, pursuant to its Article 61(3)(b), it has no objections to the implementation of the measure.

(51) This decision does not contain any business secrets or other confidential information that should not be published.

¹⁰ <https://www.brreg.no/om-oss/oppgavene-vare/alle-registrene-vare/om-registeret-for-offentlig-stotte/>.

For the EFTA Surveillance Authority,

Yours faithfully,

Bente Angell-Hansen
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Responsible College Member

Frank J. Büchel
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Högni Kristjánsson
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For Carsten Zatschler
Countersigning as Director,
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*This document has been electronically authenticated by Bente Angell-Hansen,
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