

DECISIONS

COMMISSION DECISION (EU) 2021/149

of 17 November 2020

on State aid SA.50707 2019/C (ex 2018/FC) – Spain – Air Nostrum fleet renewal

(notified under document C(2020) 7913)

(Only the Spanish version is authentic)

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union, and in particular the first subparagraph of Article 108(2) thereof,

Whereas:

1. PROCEDURE

- (1) On 26 February 2018, the Commission received a complaint by Ryanair alleging that unlawful State aid had been granted by the Government of the Region of Valencia to the Spanish regional airline Air Nostrum Líneas Aéreas del Mediterráneo SA (hereafter 'Air Nostrum') with respect to the renewal of its fleet. That complaint was registered under State aid case number SA.50707 (2018/FC).
- (2) On 17 April 2018, the Commission informed Spain about the receipt of a complaint about alleged State aid granted to Air Nostrum. Spain submitted its first comments on 18 May 2018. The Commission asked for further information by two requests sent on 11 June 2018 and 3 October 2018, to which Spain replied on 27 July 2018 and 27 December 2018 respectively. On 8 April 2019, the Commission asked Spain whether the aid granted for 2018 had already been paid out in the meantime. In its letter of 26 April 2019, the Government of the Region of Valencia indicated that the alleged aid had not been paid out. On 2 July 2019, the Commission services met three representatives of the Government of the Region of Valencia. On 26 July 2019, Spain sent additional information about the alleged aid measure.
- (3) By decision of 28 October 2019 (hereafter the '2019 Opening Decision'), the Commission decided to open the formal investigation procedure laid down in Article 108(2) TFEU. The formal investigation procedure was registered under the case number SA.50707 (2019/C).
- (4) The 2019 Opening Decision was published in the *Official Journal of the European Union* on 20 December 2019 ⁽¹⁾. The Commission invited interested parties to submit their comments on the measure in question within one month of the publication date.
- (5) On 26 December 2019, the Commission received comments on the 2019 Opening Decision from Spain. On 13 January 2020 and 3 February 2020, the Commission received comments from third parties, namely Ryanair and Air Nostrum respectively. On 11 March 2020, the Commission provided additional information to Air Nostrum on the 2019 Opening Decision during a call with its legal representatives. On 30 April 2020, Spain replied to the comments of Ryanair.
- (6) By letter of 31 July 2020, Air Nostrum informed the Regional Government of Valencia about its decision to renounce the aid for the renewal of its fleet. By letter of 7 August 2020, Spain informed the Commission services of that renunciation and about its acceptance by the Spanish authorities. Spain emphasised in its letter of 7 August 2020 that the aid has never been paid out.

⁽¹⁾ OJ C 429, 20.12.2019, p. 4.

2. DESCRIPTION OF THE MEASURE

2.1. Background on the investigation and beneficiary

- (7) Air Nostrum is an airline company headquartered in Valencia, with about 1 400 employees in the Region of Valencia and a yearly turnover of more than EUR 400 million. Air Nostrum is the fourth-biggest company in Valencia, and the leading regional civil aviation company in Spain, operating under the name 'Iberia Regional Air Nostrum'.
- (8) In 2019, almost two-thirds of Air Nostrum's fleet consisted of the latest Bombardier CRJ-1000 aircraft. During the period 2009-2019 several expansions of Air Nostrum's fleet took place and its composition changed with a focus on decreasing the number of the older aircraft models (in particular the CRJ-200 and CRJ-900 models) and replacing them by the newer CRJ-1000 aircraft. The first two CRJ-1000 models were added to Air Nostrum's fleet in 2010. By the end of 2012, the fleet already included ten CRJ-1000 aircraft. In 2016, 2017 and 2018 more CRJ-1000 aircraft were added to Air Nostrum's fleet.

2.2. Potential State aid in favour of Air Nostrum

- (9) On 9 March 2017, Air Nostrum sent a letter to the Regional Government of Valencia informing the latter of its investment plans to expand and renew its fleet and requesting financial support for the acquisition of new, more environmentally-friendly, aircraft. Air Nostrum submitted an aid application for a non-repayable grant of maximum EUR 15 million.
- (10) The Regional Government of Valencia decided to financially support Air Nostrum's fleet renewal programme, through a direct grant of maximum EUR 9 million for the acquisition of ten CRJ-1000 aircraft, spread over three years (2018, 2019 and 2020). According to Spain, Air Nostrum's investments plans fitted the agenda of the Regional Government of Valencia to boost the economy and to improve the sustainable development of the region ^(?).
- (11) The aid was granted for the years 2018 and 2019. A nominative subsidy line of EUR 3 million per year, in favour of Air Nostrum, was included in the 2018 and 2019 budgets by the Regional Government of Valencia. Cooperation agreements between the Regional Government of Valencia and Air Nostrum (as required under the Spanish rules on direct subsidies for investments) were signed on 25 October 2018 and 31 May 2019. The payment of the aid for the years 2018 and 2019 has not yet taken place as confirmed by the Regional Government of Valencia (see recital 6).

3. REPEAL OF THE AID MEASURE

- (12) By letter of 31 July 2020, Air Nostrum informed the Regional Government of Valencia about its modified investment plans in the light of the Covid-19 pandemic outbreak. Air Nostrum renounced the aid for its fleet renewal, granted by the Regional Government of Valencia through the 2018 and 2019 cooperation agreements between the Regional Government of Valencia and Air Nostrum.
- (13) By resolution of 5 August 2020, the Ministry of Finance and Economics of Valencia approved Air Nostrum's renunciation of the aid for its fleet renewal.
- (14) In view of the renunciation of the aid by Air Nostrum on 31 July 2020, accepted by the Regional Government of Valencia, Spain informed the Commission services of the repeal of the aid measure, as well as the absence of any payment of the aid, on 7 August 2020 (see recital 6). As a consequence, the formal investigation procedure initiated in respect of the aid measure, amounting to EUR 9 million, has become without object.

^(?) The Ministry of Finance and Economics of Valencia adopted an 'Action Plan for the Transformation of the Valencian Economic Model 2017-2027' and a Strategic Plan on Subsidies for 2018-2020, having as strategic objective 'promoting change in the direction of an economic model based on knowledge, innovation and opening to the outside world', with as principles 'environmental, manufacturing and social sustainability'.

4. CONCLUSION

- (15) The procedure laid down in Article 108(2) TFEU has become without object due to the renunciation of the aid by Air Nostrum on 31 July 2020 and the repeal of the aid measure by Spain and should be closed,

HAS ADOPTED THIS DECISION:

Article 1

The formal investigation procedure initiated on 28 October 2019 under Article 108(2) TFEU in respect of the aid granted by Spain in favour of Air Nostrum has become without object and is hereby closed.

Article 2

This Decision is addressed to the Kingdom of Spain.

Done at Brussels, 17 November 2020.

For the Commission
Margrethe VESTAGER
Member of the Commission
