



EUROPEAN COMMISSION

Brussels, 28.7.2023
C(2023) 5271 final

PUBLIC VERSION

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Subject: State Aid SA.106115 (2023/N) – Italy – Aid for newspaper and periodical publishers

Excellency,

1. PROCEDURE

- (1) By electronic notification of 23 January 2023, registered by the Commission on the same day, Italy notified the above-mentioned measure ('the notified measure'), under Article 107(3)(c) of the Treaty of the Functioning of the European Union ("TFEU"). The Italian authorities subsequently provided clarifications and additional information on 8 March 2023, on 28 April 2023, and on 10 July 2023.
- (2) Italy exceptionally agrees to waive its rights deriving from Article 342 TFEU, in conjunction with Article 3 of Regulation 1/1958 ⁽¹⁾, and to have this Decision adopted and notified in English.

⁽¹⁾ Regulation No 1 determining the languages to be used by the European Economic Community, OJ 17, 6.10.1958, p. 385.

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ITALIA

2. DETAILED DESCRIPTION OF THE MEASURE

2.1. The objective of the notified measure

- (3) The Italian authorities explain that the aid aims to support production and dissemination of printed newspapers and periodicals for beneficiaries facing financial difficulties because of increasing energy and raw material (paper) prices. The measure therefore enhances publishers' ability to produce, develop and disseminate printed newspapers and publications. Moreover, the measure also aims to support media pluralism, by ensuring accessibility to news for all parts of the population, including groups of people that have difficulty embracing digitalisation.
- (4) The Italian authorities underline that the decline in the overall publishing sector (including a sharp reduction in revenues and a decrease in the readers' willingness to pay for information), which has persisted for more than a decade, has had a particularly severe impact on the newspapers and periodicals publishing sector. The Italian authorities explain that between 2010 and 2020, newspapers and periodicals published in Italy lost a total of EUR 2.4 billion in revenue, decreasing from a total turnover of EUR 4.4 billion to EUR 2 billion. The decrease of revenues affected both the revenues from sold copies and those from advertising revenues ⁽²⁾. In addition, the Italian authorities also refer to the intense technological changes in the media sector that dramatically altered the habits of readers and imposed on publishers' digital business models. The Italian authorities explain that the presence of the large digital platforms has led, on the one hand, to a progressive increase in the weight of the latter in the news media sector and, on the other hand, to a parallel decline in revenues for traditional publishers, especially because of the news aggregation functions. The AGCOM ⁽³⁾ pointed out as early as 2015 ⁽⁴⁾ that the high amount of information available free of charge online led to a decrease in the users' willingness to pay and has triggered a spiral towards a dramatic reduction in resources for traditional publishers.
- (5) The above-described decrease in revenues has been compounded with the difficulties caused by the COVID-19 pandemic and the recent aggression against Ukraine by Russia. The Italian authorities explain that the production costs of newspapers and periodicals publishers increased substantially in recent years, due to rising energy and paper prices. Between 2020 and 2021, energy prices increased by 222.35% and between 2021 and 2022 the increase was 142.27% ⁽⁵⁾. The increase of energy prices had a widespread negative effect on the manufacturing sector and especially the energy-intensive sectors, such as paper

⁽²⁾ See AGCOM report '*Focus on the accounts of undertakings active in daily and periodical publishing for the five-year period 2016-2020*', of 4 February 2022.

⁽³⁾ Autorità per le garanzie nelle comunicazioni.

⁽⁴⁾ See AGCOM survey on '*Information and the Internet in Italy – Business models, consumption, professions*'.

⁽⁵⁾ Information based on data of the Italian power exchange.

production ⁽⁶⁾. The Italian authorities explain that the average price increase for printing paper between 2020 and 2022 reached 86 % ⁽⁷⁾.

- (6) The Italian authorities underline that the notified measure supports the publishing companies to continue to develop their activities in this sector. The notified measure aims to ensure media pluralism by widening the offer available or at least by avoiding a reduction of the offer, to an extent necessary for the development of democratic societies and the economies of the Member States as well as of the Union. Moreover, the measure ensures accessibility to news for all parts of the population, including groups of people that have difficulty embracing digitalisation. The Italian authorities confirm that the aid will therefore be paid out only on condition that the recipient allocates the amount to the maintenance of the distribution of printed copies, in order to favour the quantity and quality of the general information offered in Italy and to avoid a reduction of the volume of the publications as well as of the number of employed journalists. The Italian authorities furthermore explain that the reference in the measure to the copies sold is a significant parameter for calculating the contribution, which is thus compared to the level of satisfaction of the information product by the buyers.

2.2. Legal basis

- (7) The title of the measure is “*Extraordinary contribution to support newspaper and periodical publishers, recognised for each paper copy sold in 2021*”. The legal basis of the measure consists of the following:
- Article 1(375) to (377) of Law No. 234 of 30 December 2021;
 - Prime Ministerial Decree of 28 September 2022 pursuant to Article (1)375 to (377) of Law No. 234 of 30 December 2021;
 - Decree (draft) laying down the implementing provisions for the receipt of the contributions referred to in Articles 3 and 5 of the Prime Ministerial Decree of 28 September 2022 pursuant to Article 1 (375) to (377) of Law No 234 of 30 December 2021 (Extraordinary Fund for Publishing Support Measures).
- (8) The Italian authorities explained that the measure was established in December 2021 by Law No. 234 of 30 December 2021. After the adoption of that Law, the Italian authorities also published on 25 January 2022 an explanatory document on the Italian Parliament’s website ⁽⁸⁾. That document contains detailed information about the measure. The implementing decree (Prime Ministerial Decree of 28

⁽⁶⁾ See Study by Confindustria on the general increase in energy prices since 2021: The impact of the energy price race on production costs: sectors compared to Italy, France and Germany (15 June 2022). In addition, the Communication from the Commission on the Temporary Crisis and Transition Framework for State Aid measures to support the economy following the aggression against Ukraine by Russia (“TCTF”) (OJ C 101, 17.3.2023, p. 3) recognises that the paper production sector is a sector particularly affected by the crisis (see Annex of the TCTF).

⁽⁷⁾ Data from Commercial Chamber of Milan, Monza, Brianza and Lodi.

⁽⁸⁾ This explanatory document ‘Dossier of 27 December 2021’ has been published on the website of the Chamber of Deputies.
(see: http://documenti.camera.it/leg18/dossier/pdf/ID0016dvol2.pdf?_1681470291656)

September 2022 pursuant to Article (1) (375) to (377) of Law No. 234 of 30 December 2021) was adopted in September 2022. The Italian authorities explained that the adoption of the implementing decree was preceded by extensive consultations with trade associations and trade unions representing the sector ⁽⁹⁾. These consultations started immediately after the adoption of Law No. 234 of 30 December 2021. Moreover, from December 2021, the measure was widely discussed in the press.

- (9) The granting of the aid is conditional upon the notification of the Commission's decision approving the notified measure ⁽¹⁰⁾. The Italian authorities have committed to publishing the text of the measure as well as the information related to the beneficiaries of aid at the website <https://www.informazioneeditoria.gov.it/it/>.

2.3. Duration

- (10) Aid may be granted under the notified measure as from the notification of the Commission's decision approving the notified measure until 31 December 2024 at the latest.

2.4. Budget

- (11) The budget of the notified measure is EUR 28 million. The notified measure is financed from the general budget of the State.
- (12) The aid is calculated based on the number of paper copies of newspapers and periodicals sold by the beneficiaries in 2021. Where the available resources are insufficient in relation to the applications accepted, they will be distributed among the beneficiaries proportionally to the contribution requested that is theoretically due.

2.5. Form of the aid

- (13) The notified measure is an aid scheme. Aid under the scheme takes the form of direct grants.

2.6. Granting authority

- (14) The granting authority is the Department for Information and Publishing of the Prime Minister's Office.

⁽⁹⁾ The Italian authorities explain that all trade unions that are the most representative at national level were heard during these consultations, including among others the Confindustria Radio Televisioni, Federazione Italiana Editori Giornali, FNSI – Federazione Nazionale Stampa Italiana, Associazione Italiana Editori Giornali and FNSI – Federazione Nazionale Stampa Italiana.

⁽¹⁰⁾ Article 3(2) of the Prime Ministerial Decree of 28 September 2022 pursuant to Article (1)(375) to (377) of Law No. 234 of 30 December 2021 provides that the granting of the aid shall be subject to the authorisation of the competent European Authorities. Article 3(1) of Decree (draft) laying down the implementing provisions for the receipt of the contributions referred to in Articles 3 and 5 of the Prime Ministerial Decree of 28 September 2022 pursuant to Article 1 (375) to (377) of Law No 234 of 30 December 2021 (Extraordinary Fund for Publishing Support Measures) contains the same suspension clause.

2.7. Beneficiaries, aid amounts and cumulation of aid

- (15) The beneficiaries of the notified measure are companies that hold the ATECO code⁽¹¹⁾ corresponding to publishing activities for newspapers and periodicals (ATECO classification code “58 Editorial Activities”, with the following specifications: 58.13 “Publishing of newspapers” and 58.14 “Publishing of magazines and periodicals”).
- (16) The aid amount is determined on the basis of the number of paper copies of newspapers sold by the beneficiary in 2021, including by subscription, at non-exclusive points of sale, excluding printed copies sold in bulk⁽¹²⁾. It corresponds to EUR 0.05 per paper copy. The objective of the measure is to contribute to the preservation and development of the news media sector and in particular its diversity. As explained in recital (6), the reference to the number of sold paper copies is just to determine a basis for the calculation of the aid which is a parameter for the overall relevance and production costs of the news medium. Even if cumulated with an aid measure dedicated to the reimbursement of costs, like in the aid scheme of a tax credit for newspapers and periodicals for expenditure incurred in 2021 and 2022⁽¹³⁾, the aid of 30 % of incurred paper costs in addition with EUR 0.05 cannot lead to overcompensation. The paper costs for the newspapers with the lowest paper volume (local newspapers) is EUR 0.22 per copy.
- (17) The Italian authorities confirm that the notified measure will not be used to provide aid in favour of undertakings in difficulty within the meaning of the Commission’s Guidelines on State aid for rescuing and restructuring firms in difficulty⁽¹⁴⁾.

2.8. Eligibility criteria and procedure for assessment of eligibility

- (18) Publishers of newspapers and periodicals that are established in a Member State of the European Union or in the European Economic Area and are registered in the ROC (Register of Communication Operators) at the Authority for Guarantees in Communications⁽¹⁵⁾ may benefit from the notified measure, provided that they employ at least three journalists and have fulfilled their obligations related to social security contributions.
- (19) The granting of the aid follows a formalised assessment of the applications, without any element of discretion. The applicant publishers must submit their

⁽¹¹⁾ ATECO stands for “ATtività ECOnomica” (economic activity). It is a code used by the Italian Chamber of Commerce to identify the economic activities of undertakings.

⁽¹²⁾ Bulk sale means the sale of several copies to a single entity (see Art. 1(3) Decree (draft) laying down the implementing provisions for the receipt of the contributions referred to in Articles 3 and 5 of the Prime Ministerial Decree of 28 September 2022 pursuant to Article 1 (375) to (377) of Law No 234 of 30 December 2021 (Extraordinary Fund for Publishing Support Measures)).

⁽¹³⁾ Case SA.103737, C (2022) 7875 final, OJ C 449, 25.11.2022, p. 1.

⁽¹⁴⁾ OJ C 249, 31.7.2014, p. 1.

⁽¹⁵⁾ It is also required to indicate the possession, in the Register of Companies, of the classification code "58 EDITORIAL ACTIVITIES" with the following specifications: 58.13 (publishing of newspapers) and 58.14 (publishing of magazines and periodicals).

applications to the Department for Information and Publishing of the Prime Minister's Office. In their applications, the applicants must certify, under their own responsibility, that they fulfil the eligibility criteria and to provide audited information on the paper copies sold in 2021. The Department for Information and Publishing, after the examination of the applications, will set up a list of grants approved. Subsequent random checks will verify compliance with the eligibility conditions, including the fulfilment of the conditions linked to the grant on how the aid shall be used. If, as a result of the checks carried out, the Department of Information and Publishing finds that one or more of the eligibility requirements laid down are not met, the aid should be recovered.

- (20) The Italian authorities have committed to publishing the text of the measure as well as the information related to the beneficiaries of aid at the website <https://www.informazioneeditoria.gov.it/it/>.

3. ASSESSMENT OF THE MEASURE

3.1. Existence of aid

- (21) The qualification of a measure as aid within the meaning of Article 107 (1) TFEU requires that the following cumulative conditions be met: (i) the measure must be imputable to the State and financed through State resources; (ii) it must confer an advantage on its recipient; (iii) that advantage must be selective; and (iv) the measure must distort or threaten to distort competition and affect trade between Member States.
- (22) The notified measure is imputable to the State and is financed through State resources, since it is based on the legal acts referred to in recital (7) and administered by the Department for Information and Publishing of the Prime Minister's Office (a public authority) and is financed through State resources since it is financed from the national budget.
- (23) The notified measure confers an advantage on the beneficiaries in the form of direct grants (see recital (13)) and relieves them from costs they would normally have to bear. The measure thus provides those beneficiaries an advantage that they would not obtain under normal market conditions.
- (24) The measure directs funds only to certain publishers, namely those that fulfil the eligibility criteria of the measure, defined as publishers of newspapers and periodicals, established in a Member State of the European Union or in the European Economic Area, registered in the ROC at the Authority for Guarantees in Communications, that employ at least three journalists and have fulfilled their obligations related to social security contributions (see recital (18)). Therefore, the advantage is selective.
- (25) The notified measure is liable to distort competition, since it strengthens the competitive position of its beneficiaries. It also affects trade between Member States, since some beneficiaries are active in sectors in which intra-Union trade exists, and some publishers likely eligible under this measure are active in several Member States.

- (26) The notified measure therefore constitutes State aid within the meaning of Article 107(1) TFEU.

3.2. Lawfulness of the measure

- (27) By notifying the measure before putting it into effect ⁽¹⁶⁾, the Italian authorities have respected their obligations under Article 108(3) TFEU.

3.3. Compatibility assessment

- (28) There are no existing frameworks or guidelines that can be applied to assess this kind of aid measures. For this reason, the Commission considers that the assessment of the compatibility of the measure with State aid rules needs to be based directly on Article 107(3)(c) TFEU, which states that “*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*” may be considered to be compatible with the State aid rules.
- (29) In its compatibility assessment, the Commission will check whether the conditions of Article 107(3)(c) TFEU are met. In order to be declared 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 ⁽¹⁷⁾.

3.3.1. Compliance with other provisions of Union law

- (30) State aid which contravenes provisions or general principles of Union law cannot be declared compatible ⁽¹⁸⁾.
- (31) The measure is not discriminatory in that the eligibility criteria ensure equal treatment of applicants, including foreign publishers. The measure does not create barriers to the freedom to provide services, nor is it discriminatory with regard to foreign publishers, as publishers of newspapers and periodicals that are established in the European Economic Area are eligible for the aid, if they meet the eligibility conditions (see recital (18)). The Commission has not received any information identifying any breach of Union law that would prevent the notified measure from being declared compatible with the internal market. It does not result from the notification that the measure or the conditions attached to it, or the economic activities facilitated by the measure, could entail a violation of a relevant provision of Union law.
- (32) In light of the above, the Commission considers that the notified measure does not infringe relevant provisions or general principles of Union law and moreover, the objective of the aid measure is in line with the fundamental principles referred to in recital (41) of this Decision.

⁽¹⁶⁾ See recital (8) of this decision.

⁽¹⁷⁾ Judgment of 22 September 2020, Case C-594/18 P, *Austria v Commission*, EU:C:2020:742, para. 19.

⁽¹⁸⁾ Judgment of 22 September 2020, *Austria v Commission*, C-594/18 P, EU:C:2020:742, para. 44.

3.3.2. *Facilitation of the development of an economic activity*

- (33) In accordance with Article 107(3)(c) TFEU, compatible aid under that provision of the Treaty must facilitate the development of certain economic activities ⁽¹⁹⁾.
- (34) The objective of the measure is to support the production, development and dissemination of printed newspapers and periodicals. Moreover, the measure is intended to support media pluralism and preserve accessibility to news (see recital (3)).
- (35) By granting aid to publishers of printed newspapers and periodicals, the notified measure enhances the ability of the beneficiaries to produce, develop and disseminate printed publications, sustaining and developing media pluralism for the benefit of the population and society as a whole. This allows such publishers to develop their activity of production, development and dissemination of printed newspapers and periodicals, thereby incentivising their purchase by consumers, thus widening the catchment area and the size of the newspapers and periodicals publishing market.
- (36) Moreover, the measure is put in place at a time of particular hardship as to the situation for printed press worldwide, where declining revenues since years put in peril the very production of printed newspapers and periodicals. Publishers of newspapers and periodicals therefore experience increasing difficulty in carrying out their tasks, which are essential for a democratic society ⁽²⁰⁾. This crisis in the publishing sector has been deepened due to the substantial increase of energy and raw material prices in recent years (see recital (5)). The notified measure therefore aims at providing support to this sector under strain, so that it can continue and develop its activities.
- (37) State aid has an incentive effect if it incentivises the beneficiary to change its behaviour towards the development of a certain economic activity pursued by the aid and if the change in behaviour would not occur without the aid.
- (38) The aid has an important incentive effect for undertakings to maintain and develop activities aimed at producing printed publications which they otherwise might not undertake or reduce or discontinue. In the absence of aid, these activities would not be carried out or would be carried out to a lesser extent. The notified measure aims to ensure media pluralism by widening the offer available or at least by avoiding a reduction of the offer, to an extent necessary for the development of democratic societies and the economies of the Member States as well as of the Union. This takes place where commercial news media are under increasing financial strain to carry on the business of traditional publishing based on professional journalism. Moreover, the measure ensures accessibility to news

⁽¹⁹⁾ Judgment of 22 September 2020, Case C-594/18 P, *Austria v Commission*, EU:C:2020:742, para. 19.

⁽²⁰⁾ See, for example, Council conclusions of 27 November 2020 on safeguarding a free and pluralistic media system, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions On the European democracy action plan, 3.12.2020, COM(2020) final, and Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Europe's Media in the Digital Decade: An Action Plan to Support Recovery and Transformation, 3.12.2020, COM(2020) 784 final.

for all parts of the population, including groups of people that have difficulty embracing digitalisation. The Italian authorities explained that the calculation of the amount of the aid is based on the number of paper copies sold in 2021 by the beneficiaries. These figures (number of printed copies sold in the past) can be used as an estimate of production volume and related costs that the beneficiaries would incur in the subsequent financial year and therefore can be used to determine the amount of aid to be granted. Since production costs of newspapers are re-incurring, past costs could provide an indication for future costs. The aid gives an incentive to publishers to develop their activities, despite the difficult economic situation, caused by the increase of energy and raw material costs. Further, the grant of the aid will be linked with the condition that the recipient allocates the amount to the maintenance of the production and distribution of printed copies, in order to favour the current level of quantity and quality of the general information offered in Italy and to avoid a reduction of the volume of the publications as well as of the number of employed journalists.

- (39) In view of the above, the Commission considers that the notified measure facilitates the development of the economic activity of the newspapers and periodicals publishing sector, as required by Article 107(3)(c) TFEU.

3.3.3. Positive effects of the aid

- (40) Media in general play an important role in social cohesion, where printed press contributes to ensuring a wide coverage of the population, especially in rural areas, and can serve population groups that have difficulties embracing digitalisation, for instance because of age.
- (41) Independent and diverse professional journalistic reporting at national, regional and local levels is commonly considered a prerequisite for democracies, inclusive societies and well-functioning economies. Media freedom and media pluralism are also enshrined in the EU Charter of Fundamental Rights ⁽²¹⁾.
- (42) The notified measure aims to ensure that newspapers and periodicals are widely available for the entire population. Given the financial difficulties currently affecting the sector (see recitals (4) and (5)), the Commission considers that the sector may develop only if support is given in order to promote its activity, where the dissemination of printed newspapers and periodicals could be at risk of ceasing to exist without such support.
- (43) The measure enhances the beneficiaries' ability to disseminate printed publications, whereby it contributes to the preservation and promotion of the diversity and pluralism of the media sector. It also contributes to the development of the sector.

⁽²¹⁾ See Article 11 of the Charter of Fundamental Right of the European Union (OJ C 326, 26.10.2012, p. 391–407).

3.3.4. The aid has limited negative effects on competition and trade

- (44) The measure provides financial support to certain publishers of printed newspapers and periodicals, thereby strengthening their market position. Therefore, the notified measure could distort competition and trade in the media market.
- (45) Article 107(3)(c) TFEU requires the assessment of any negative effects on competition and on trade in the relevant product markets, that is, in this case, the news media markets.
- (46) The negative effects of the measure on competition and trade must be sufficiently limited, so that the overall balance of the measure is positive. The Court has clarified that in order to assess whether a measure adversely affects trading conditions to an extent contrary to the common interest, the Commission must weigh the positive effect of the planned aid for the development of the activities that aid is intended to support against the negative effects that the aid may have on the internal market ⁽²²⁾.
- (47) When assessing the negative effects of an aid measure, the Commission assesses the impact on competition between undertakings in the market affected and on the location of the economic activity. Where aid is proportionate, its negative impact is in principle softened.
- (48) When designing the measure, the Italian authorities ensured that the negative effects of the measure are limited. Indeed, the measure is designed in such a manner that the State aid is (a) necessary, (b) appropriate as a policy instrument, (c) proportionate and (d) transparent.

3.3.4.1 Necessity of the notified measure

- (49) State aid should be targeted towards situations where aid can bring about a material improvement that the market alone cannot deliver. Aid may therefore be considered necessary in circumstances where the measure provides an incentive for publishers to increase the availability of newspapers and periodicals to the broad public.
- (50) There is a strong, global trend showing the decrease in the readers' willingness to pay for press products, in particular for printed press (see recital (4)). The sharp decrease in demand has been compounded with the difficulties caused by the COVID-19 pandemic and the Russian aggression against Ukraine. By providing aid in the form of a direct grant for publishers covering a part of certain production costs, the notified measure makes available resources for those publishers that they could use to develop their activities on the printed newspapers and periodicals. The notified measure is therefore necessary to sustain their ability to produce, develop and disseminate printed newspapers and periodicals.
- (51) Newspaper and periodicals publishers have limited possibilities to diversify their activities, or to modify or find new business models, and the financing of

⁽²²⁾ Judgment of 22 September 2020, *Austria v Commission*, C-594/18 P, EU:C:2020:742, para. 101.

publishing builds on a dual financing model made up of one strand consisting of subscriptions and sale of copies and another made up of advertising revenues. This system so far has been the foundation for a varied, free media landscape reflecting a diversity of opinions, which is considered fundamental for a democratic society. Currently, the challenges to this model are so serious that State aid is needed for publishers to be able to continue to create, develop and disseminate newspapers and periodicals, and for Member States to maintain media pluralism in the form of many, competing publishers.

- (52) It can therefore be concluded that the notified measure addresses a market failure that jeopardizes the ability of the newspapers and periodicals sector to continue to develop their activities and to adapt to market developments. The measure is therefore necessary.

3.3.4.2 Appropriateness of the notified measure

- (53) An aid measure will not be considered compatible with the internal market if it is not appropriate, i.e., if the same outcome is achievable through other, less distortive policies or aid instruments.
- (54) The financing system of the newspaper-publishing sector, as described in recital (51), and the absence of alternative business models and very limited possibilities to diversify their activities, gives limited possibilities for newspaper publishers to fundamentally improve their profitability and increase their revenues while continuing to produce quality editorial content. At the same time, the very existence of a free media landscape producing quality editorial content is dependent on this financing model. In this situation, the same outcome cannot be achieved through other less distortive measures than State aid. The aid is therefore appropriate.
- (55) The Commission therefore considers the aid measure to be an appropriate instrument for developing the aided economic activity which cannot be achieved through other less distortive means.

3.3.4.3 Proportionality of the notified measure

- (56) An aid measure is proportionate if the aid amount per beneficiary is limited to the minimum needed to achieve the objective pursued of supporting the economic activity concerned.
- (57) The notified measure specifically targets publishers of newspapers and periodicals and contributes to ensuring that the dissemination of newspapers and periodicals can continue.
- (58) Compared to the substantial financial downturn in the media sector (see recital (4)), the contribution which amounts to EUR 0.05 per printed copies published (see recital (16)), is unlikely to exceed the minimum needed to achieve the objective of helping the beneficiaries to maintain and develop their activities. The Italian authorities explained that the average production costs per copy are between EUR 0.22 and 0.57 per copy of daily newspapers and up to EUR 0.98 for a national weekly newspaper. The system of monitoring (recital (19)) ensures that no overcompensation occurs. Even in combination with aid specifically designed

to support paper costs (see recital (16)), the aid will not go beyond the costs of paper for a publisher.

- (59) Based on the above, the Commission considers that the aid granted under the notified measure is proportionate.

3.3.4.4 Transparency

- (60) As a further safeguard against undue distortions of competition, Member States, the Commission, economic operators, and the public must have easy access to all relevant acts and to pertinent information about the aid awarded thereunder.
- (61) The Italian authorities have committed to publishing the text of the measure as well as the information related to the beneficiaries of aid at the website <https://www.informazioneeditoria.gov.it/it/>. Therefore, the measure complies with the transparency requirement.

3.3.5. Weighing the positive effects of the aid with any negative effects in terms of distortions of competition and adverse effects on trade

- (62) A carefully designed State aid measure should ensure that the overall balance of the effects of the measure is positive in terms of avoiding adversely affecting trading conditions to an extent contrary to the common interest.
- (63) As shown in section 3.3.3, on the positive side of the balance, the Commission notes that the measure can be expected to have a positive effect on the aided economic activity of the newspaper publishing sector. It can thereby contribute to maintaining and developing media pluralism, which is essential for the functioning of a democratic society.
- (64) Aid may be necessary where, from a public interest perspective, the media market, without State support, is unable to deliver the desired output which is deemed necessary in order to ensure media pluralism to an extent necessary for the development of democratic societies and the economies of the Member States as well as of the Union. Moreover, the measure ensures accessibility to news for all parts of the population, including groups of people that have difficulty embracing digitalisation. The situation in Italy is similar to the widely acknowledged global trend of financial distress for newspaper publishers (as explained in recital (4)).
- (65) In order not to undermine the positive effects of the notified aid measure, the granting of the aid is determined on the basis of fair, objective, pre-determined and transparent selection criteria set out in legislation (recitals (18) and (19)).
- (66) On the negative side of the balance, as explained in section 3.3.4, support to publishers of newspapers and periodicals could distort competition and trade in the media market. However, the Italian authorities have designed the notified measure in such a way as to minimise the potential distortion of competition arising from the measure and to limit the adverse effects on trade. In this regard, the Commission notes that the measure is open to all publishers of newspapers and periodicals that fulfil the eligibility criteria, thereby avoiding favouring unduly certain publishers. In any case, printed media products are in general

subject to very limited cross-border trade due to the inherent national character of such products, as newspaper publishing are primarily local, regional, or national.

- (67) It follows from recitals (56) to (59) that the aid is considered proportionate and well targeted to the market failure it aims to address, which softens the negative impact on competition and trade that the aid might have. Moreover, the measure is necessary and appropriate to achieve the development of the economic activity at stake. Therefore, the overall impact on competition is deemed to be positive and the negative effects on competition, if any, should be very limited.

3.3.5.1 Conclusions on the balancing test

- (68) In light of the above, the Commission considers that the negative effects on competition and trade are limited. They are outweighed by the positive effects of the aid, namely facilitating the development of the economic activity of the printed newspapers and periodicals publishing sector and, moreover, contributing to promoting media pluralism, which is essential for the functioning of a democratic society.
- (69) Therefore, the aid facilitates the development of certain economic activities, while not adversely affecting trading conditions to an extent contrary to the common interest, as required by Article 107(3)(c) TFEU.

4. CONCLUSION

The Commission has accordingly decided not to raise objections to the aid on the grounds that it is compatible with the internal market pursuant to Article 107(3)(c) of the Treaty on the Functioning of the European Union.

If this letter contains confidential information which should not be disclosed to third parties, please inform the Commission within fifteen working days of the date of receipt. If the Commission does not receive a reasoned request by that deadline, you will be deemed to agree to the disclosure to third parties and to the publication of the full text of the letter in the authentic language on the Internet site: <http://ec.europa.eu/competition/elojade/isef/index.cfm>.

Your request should be sent electronically to the following address:

European Commission,
Directorate-General Competition
State Aid Greffe
B-1049 Brussels
Stateaidgreffe@ec.europa.eu

Yours faithfully,

For the Commission

Margrethe VESTAGER
Executive Vice-President

