

State aid: Spain needs to recover around €167 million of incompatible aid from postal operator Correos

Spain now has to recover around €167 million from Correos.

Spain has entrusted Correos with the universal postal service obligation, which consists of the delivery of basic postal services throughout the country at affordable prices and at certain minimum requirements, for example the number of deliveries per week.

On 11 February 2016, the European Commission opened an [in-depth investigation](#) to examine whether a number of State support measures granted to Correos as compensation for carrying out this public service obligation were in line with EU State aid rules.

The Commission examined the support measures under [EU State aid rules on public service compensation](#), adopted in 2011. According to the rules, Member States can grant State aid to companies to compensate them for the extra cost of providing a public service, subject to certain criteria. In particular, this requires that companies entrusted with such services are not overcompensated. Avoidance of overcompensation minimises distortions of competition and guarantees an efficient use of public resources.

The Commission's assessment showed that:

- Correos was overcompensated by approximately €166 million for providing universal postal service in Spain during the period 2004-2010.
- Specific tax exemptions granted since 2004 to Correos gave it an undue advantage amounting to approximately to €0.9 million in total.

The Commission therefore concluded that the aid granted through these two measures was incompatible with the internal market and ordered Spain to recover the undue amounts from Correos.

During its in-depth investigation, the Commission also assessed two other support measures and found that:

- Capital injections granted to Correos between 2004 and 2006 were made on terms that a private player operating under market conditions would have accepted, in compliance with the market economy investor principle (MEIP). The Commission therefore concluded that this measure does not constitute State aid within the meaning of EU rules.
- Compensation granted to Correos since 2004 for the delivery of electoral material predates the accession of Spain to the EU. The Commission therefore concluded that this measure constitutes existing aid which does not need to be recovered.

Background

Correos is the largest provider of postal services in Spain, including universal services, courier services and other services related to postal services and associated activities, such as money transfer operations. Correos is a wholly State-owned company and has been entrusted with the delivery of the universal postal service since 1998.

The Spanish postal service market has been fully liberalised since 2011 in accordance with the [Postal Directive](#), and Correos operates in full competition with other relevant postal service providers.

The Commission received two complaints alleging that Correos had benefitted from several illegal and incompatible State aid measures.

As a matter of principle, EU State aid rules require that incompatible state aid is recovered in order to remove the distortion of competition created by the aid. There are no fines under EU State aid rules and recovery does not penalise the company in question. It simply restores equal treatment with other companies

The non-confidential version of the decision will be made available under the case number SA.37977 in the [State Aid Register](#) on the Commission's [competition website](#) once any confidentiality issues have been resolved. New publications of State aid decisions on the internet and in the Official Journal are listed in the [State Aid Weekly e-News](#).