European Commission

Press release | 24 April 2020 | Brussels

# State aid: Commission approves Swedish public guarantee of up to €137 million to compensate airline SAS for damage caused by coronavirus outbreak

The European Commission has found a Swedish State guarantee of up to approximately €137 million on a revolving credit facility in favour of Scandinavian airline SAS to be in line with EU State aid rules. The measure aims at partly compensating the airline for the damage suffered due to the coronavirus outbreak.

Executive Vice-President Margrethe **Vestager**, in charge of competition policy, said: *"The aviation sector has been hit particularly hard by the coronavirus outbreak. The measure approved will enable Sweden to compensate SAS for part of the damage suffered due to the coronavirus outbreak through a public guarantee of up to €137 million. Putting in place the necessary support measures in a timely, coordinated and effective way, in line with EU rules, is of paramount importance in these challenging times."*

SAS is a major network airline operating in Sweden, Denmark and

Norway. SAS contributes to nearly 50% of the domestic connectivity of Sweden and accounts for almost 25% of Sweden's international traffic, with 6.7 million passengers carried annually to and within Sweden. Since the start of the coronavirus outbreak, SAS has suffered a significant reduction of its services, resulting in high operating losses.

On [11 April 2020](https://ec.europa.eu/commission/presscorner/detail/en/ip_20_748) the Commission approved a State guarantee scheme for airlines notified by Sweden. However, the significant drop in travel demand in relation to the coronavirus outbreak and to the emergency measures necessary to limit its spread continues deteriorating the airlines' financial situation. Sweden decided to complement the existing scheme by providing for compensation of the damage directly linked to the coronavirus outbreak to those airlines which are eligible for a State guarantee under the existing scheme, but which face difficulties in obtaining loans from credit institutions under the conditions prescribed in the approval decision of 11 April 2020.

Accordingly, Sweden notified to the Commission an aid measure to partly compensate SAS for the damage suffered due to the cancellation or re-scheduling of its flights as a result of the imposition of travel restrictions linked to the coronavirus.

The support will take the form of a State guarantee on a revolving credit facility in favour of SAS. Sweden will guarantee up to approximately€137 million of such revolving credit facility.

If SAS will ultimately not be eligible to receive a State guarantee for the loan under the already approved guarantee scheme for airlines, it will receive it under the present individual aid measure.

The exact damage suffered by SAS as a result of the outbreak will be quantified after the coronavirus crisis, based on the airline's operating accounts for the year 2020. The method used to quantify the damage will be subject to the Commission's prior approval. Furthermore, should the Swedish public support exceed the damage actually suffered by SAS due to the coronavirus outbreak a claw-back mechanism will be activated. In other words, all the public support received by SAS in excess of the actual damage suffered will have to be returned to

Sweden. The risk of the State aid exceeding the damage is therefore excluded.

The Commission assessed the measure under Article 107(2)(b) of the Treaty on the Functioning of the European Union (TFEU), which enables the Commission to approve State aid measures granted by Member States to compensate specific companies or specific sectors (in the form of schemes) for damage directly caused by exceptional occurrences.

The Commission considers that the coronavirus outbreak qualifies as an exceptional occurrence, as it is an extraordinary, unforeseeable event having a significant economic impact. As a result, exceptional interventions by the Member States to compensate for the damage linked to the coronavirus outbreak are justified.

The Commission found that the Swedish measure will compensate the damage suffered by SAS that is directly linked to the coronavirus outbreak. It also found that the measure is proportionate, as the foreseen compensation does not exceed what is necessary to make good the damage.

The Commission therefore concluded that the scheme is in line with EU State aid rules.

**Background**

Financial support from EU or national funds granted to health services or other public services to tackle the coronavirus situation falls outside the scope of State aid control. The same applies to any public financial support given directly to citizens. Similarly, public support measures that are available to all companies such as for example wage subsidies and suspension of payments of corporate and value added taxes or social contributions do not fall under State aid control and do not require the Commission's approval under EU State aid rules. In all these cases, Member States can act immediately.

When State aid rules are applicable, Member States can design ample aid measures to support specific companies or sectors suffering from the consequences of the coronavirus outbreak in line with the existing EU State aid framework. On 13 March 2020, the Commission adopted a Communication on a Coordinated economic response to the COVID-19 outbreak setting out these possibilities.

In this respect, for example:

- Member States can compensate specific companies or specific sectors (in the form of schemes) for the damage suffered due and directly caused by exceptional occurrences, such as those caused by the coronavirus outbreak. This is foreseen by Article 107(2)(b)TFEU.
- State aid rules based on Article 107(3)(c) TFEU enable Member States to help companies cope with liquidity shortages and needing urgent rescue aid.
- This can be complemented by a variety of additional measures, such as under the de minimis Regulation and the General Block Exemption Regulation, which can also be put in place by Member States immediately, without involvement of the Commission.

In addition to the existing possibilities already foreseen by existing EU State aid rules, on 19 March 2020, the Commission adopted a State aid Temporary Framework to enable Member States to use the full flexibility foreseen under State aid rules to support the economy in the context of the coronavirus outbreak. It was amended on 3 April 2020.

The Temporary Framework, based on Article 107(3)(b) TFEU, recognises that the entire EU economy is experiencing a serious disturbance. To remedy that, the Temporary Framework provides for the following types of aid: (i) Direct grants, selective tax advantages and advance payments; (ii) State guarantees for loans taken by companies from banks; (iii) Subsidised public loans to companies; (iv) Safeguards for banks that channel State aid to the real economy; (v) Public shortterm export credit insurance; (vi) Support for coronavirus related research and development (R&D); (vii) Support for the construction and upscaling of testing facilities; (viii) Support for the production of products relevant to tackle the coronavirus outbreak; (ix) Targeted support in the form of deferral of tax payments and/or suspensions of social security contributions; (x) Targeted support in the form of wage subsidies for employees.

The Temporary Framework will be in place until the end of December 2020. With a view to ensuring legal certainty, the Commission will assess before that date if it needs to be extended.

The non-confidential version of the decision will be made available under the case number SA.57061 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.

More information on the temporary framework and other action the Commission has taken to address the economic impact of the coronavirus pandemic can be found here.

## Press contact

### Arianna PODESTA

**Phone**

+32 2 298 70 24

**Mail**

arianna.podesta@ec.europa.eu

### Maria TSONI

**Phone**

+32 2 299 05 26

**Mail**

maria.tsoni@ec.europa.eu

**Giulia ASTUTI**

**Phone**

+32 2 295 53 44

**Mail**

giulia.astuti@ec.europa.eu

IP/20/748

**Share this page:**

| Twitter | Facebook | LinkedIn | E-mail |
| --- | --- | --- | --- |