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# State aid: Commission approves €455 million Swedish guarantee scheme to support airlines affected by coronavirus outbreak

The European Commission has approved a Swedish loan guarantee scheme to support airlines affected by the coronavirus outbreak. The scheme was approved under the State aid [Temporary Framework](#) adopted by the Commission on 19 March 2020, as [amended on 3 April 2020](#).

Executive Vice-President Margrethe **Vestager**, in charge of competition policy, said: *“The coronavirus outbreak is having an unprecedented impact on the aviation sector in Europe and worldwide. This SEK 5 billion, or approximately €455 million, Swedish loan guarantee scheme will support airlines affected by the coronavirus outbreak. It aims at providing airlines operating in Sweden with liquidity in these difficult times. We continue to work with Member States to ensure that national support measures can be put in place in a coordinated and effective way, in line with EU rules.”*

## The Swedish measure

Sweden notified to the Commission a SEK 5 billion (approximately €455 million) loan guarantee scheme to support airlines affected by the coronavirus outbreak under the [Temporary Framework](#).

The support, which will take the form of State guarantees on loans, will be accessible to all airlines which hold a Swedish commercial aviation licence at least as of 1 January 2020, except those operating non-scheduled passenger air transport services as their main activity.

The Swedish authorities estimate that approximately 20 airlines will be eligible for loan guarantees under the scheme. This includes carriers operating scheduled passenger air transport services, as well as smaller airlines operating ambulance flights and helicopter companies performing inspection services.

The scheme aims at limiting the risks associated with issuing loans to those airlines which are most severely affected by the economic impact of the coronavirus outbreak. This will ensure that those airlines have sufficient liquidity, hence ensuring the continuation of their activities during and after the current crisis.

The Commission found that the Swedish measure is in line with the conditions set out in the Temporary Framework. In particular: (i) the underlying loan amount per airline is linked to its liquidity needs for the foreseeable future, (ii) the guarantees may only be provided until the end of this year, (iii) the guarantees are limited to a maximum duration of six years, (iv) the guarantee coverage for each loan and the guarantee premiums do not exceed the levels foreseen by the Temporary Framework.

The Commission concluded that the measure is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of the Member State, in line with Article 107(3)(b) TFEU and the conditions set out in the Temporary Framework.

On this basis, the Commission approved the measure under EU State

aid rules.

## Background

The Commission has adopted a 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. The Temporary Framework, as [amended on 3 April 2020](#), provides for the following types of aid, which can be granted by Member States:

(i) **Direct grants, equity injections, selective tax advantages and advance payments** of up to €100,000 to a company active in the primary agricultural sector, €120,000 to a company active in the fishery and aquaculture sector and €800,000 to a company active in all other sectors to address its urgent liquidity needs. Member States can also give, up to the nominal value of €800,000 per company zero-interest loans or guarantees on loans covering 100% of the risk, except in the primary agriculture sector and in the fishery and aquaculture sector, where the limits of €100,000 and €120,000 per company respectively, apply.

(ii) **State guarantees for loans taken by companies** to ensure banks keep providing loans to the customers who need them. These state guarantees can cover up to 90% of risk on loans to help businesses cover immediate working capital and investment needs.

(iii) **Subsidised public loans to companies** with favourable interest rates to companies. These loans can help businesses cover immediate working capital and investment needs.

(iv) **Safeguards for banks that channel State aid to the real economy** that such aid is considered as direct aid to the banks' customers, not to the banks themselves, and gives guidance on how to ensure minimal distortion of competition between banks.

(v) **Public short-term export credit insurance** for all countries, without the need for the Member State in question to demonstrate that the respective country is temporarily “non-marketable”.

(vi) **Support for coronavirus related research and development**

**(R&D)** to address the current health crisis in the form of direct grants, repayable advances or tax advantages. A bonus may be granted for cross-border cooperation projects between Member States.

(vii) **Support for the construction and upscaling of testing facilities**

to develop and test products (including vaccines, ventilators and protective clothing) useful to tackle the coronavirus outbreak, up to first industrial deployment. This can take the form of direct grants, tax advantages, repayable advances and no-loss guarantees. Companies may benefit from a bonus when their investment is supported by more than one Member State and when the investment is concluded within two months after the granting of the aid.

(viii) **Support for the production of products relevant to tackle the coronavirus outbreak**

in the form of direct grants, tax advantages, repayable advances and no-loss guarantees. Companies may benefit from a bonus when their investment is supported by more than one Member State and when the investment is concluded within two months after the granting of the aid.

(ix) **Targeted support in the form of deferral of tax payments and/or suspensions of social security contributions** for those sectors, regions or for types of companies that are hit the hardest by the outbreak.

(x) **Targeted support in the form of wage subsidies for employees**

for those companies in sectors or regions that have suffered most from the coronavirus outbreak, and would otherwise have had to lay off personnel.

The Temporary Framework enables Member States to combine all support measures with each other, except for loans and guarantees for the same loan and exceeding the thresholds foreseen by the Temporary Framework. It also enables Member States to combine all support measures granted under the Temporary Framework with existing

possibilities to grant de minimis to a company of up to €25,000 over

three fiscal years for companies active in the primary agricultural sector, €30,000 over three fiscal years for companies active in the fishery and aquaculture sector and €200,000 over three fiscal years for companies active in all other sectors. At the same time, Member States have to commit to avoid undue cumulation of support measures for the same companies to limit support to meet their actual needs.

Furthermore, the Temporary Framework complements the many other possibilities already available to Member States to mitigate the socio-economic impact of the coronavirus outbreak, in line with EU State aid rules. On 13 March 2020, the Commission adopted a [Communication on a Coordinated economic response to the COVID-19 outbreak](#) setting out these possibilities. For example, Member States can make generally applicable changes in favour of businesses (e.g. deferring taxes, or subsidising short-time work across all sectors), which fall outside State Aid rules. They can also grant compensation to companies for damage suffered due to and directly caused by the coronavirus outbreak.

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.56812 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](#).

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