European Commission - Press release

State aid: Commission approves €120 million Greek support to compensate Aegean Airlines for damages suffered due to coronavirus outbreak

Brussels, 23 December 2020

The European Commission has found a Greek grant of €120 million to Aegean Airlines to be in line with EU State aid rules. The measure aims at compensating the airline for the losses directly caused by the coronavirus outbreak and the travel restrictions imposed by Greece and other destination countries to limit the spread of the coronavirus.

Executive Vice-President Margrethe **Vestager**, in charge of competition policy, said: "*The aviation industry is one of the sectors that has been hit particularly hard by the coronavirus outbreak. This measure will enable Greece to compensate Aegean Airlines for the damage directly suffered due to the travel restrictions necessary to limit the spread of the coronavirus. We continue working with Member States to find workable solutions to support companies in these difficult times, in line with EU rules*."

Aegean Airlines is a Greek-based airline, which in 2019 transported about 15 million passengers. Before the coronavirus outbreak, Aegean operated flights from its main hub in Athens and from other Greek airports to 155 domestic and international destinations in 44 countries. Since the start of the coronavirus outbreak, Aegean has suffered a significant reduction of its services, resulting in high operating losses.

Greece notified to the Commission an aid measure to compensate Aegean Airlines for the damage suffered from 23 March 2020 to 30 June 2020 resulting from the containment measures and travel restrictions introduced by Greece and other destination countries to limit the spread of the coronavirus. The support will take the form of a €120 million direct grant, which does not exceed the estimated damage directly caused to the airline in that period.

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 sectors for damage directly caused by exceptional occurrences.

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

The Commission found that the Greek measure will compensate the damage suffered by Aegean Airlines that is directly linked to the coronavirus outbreak. It also found that the measure is proportionate, as the aid does not exceed what is necessary to make good the damage.

On this basis, the Commission concluded that the Greek damage compensation measure 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 case of particularly severe economic situations, such as the one currently faced by all Member States and the UK due the coronavirus outbreak, EU State aid rules allow Member States to grant support to remedy a serious disturbance to their economy. This is foreseen by Article 107(3)(b) TFEU of the Treaty on the Functioning of the European Union.

On 19 March 2020, the Commission adopted a State aid Temporary Framework based on Article 107(3)(b) TFEU 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, 8 May, 29 June and 13 October 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; (ii) State guarantees for loans taken by companies; (iii) Subsidized public loans to companies, including subordinated loans; (iv) Safeguards for banks that channel State aid to the real economy; (v) Public short-term 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; (xi) Targeted support in the form of equity and/or hybrid capital instruments; (xii) Support for uncovered fixed costs for companies facing a decline in turnover in the context of the coronavirus outbreak.

The Temporary Framework will be in place until the end of June 2021. As solvency issues may materialise only at a later stage as this crisis evolves, for recapitalisation measures only the Commission has extended this period until the end of September 2021. With a view to ensuring legal certainty, the Commission will assess before those dates if it needs to be extended.

The non-confidential version of the decision will be made available under the case number SA.59462 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.

IP/20/2521

Press contacts:

Arianna PODESTA (+32 2 298 70 24)
Giulia ASTUTI (+32 2 295 53 44)

General public inquiries: Europe Direct by phone 00 800 67 89 10 11 or by email