



EUROPEAN COMMISSION APPROVES €455 MILLION SWEDISH GUARANTEE SCHEME TO SUPPORT AIRLINES

News / Airlines, Finance



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.

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