



State aid: Commission approves €1.5 billion Dutch scheme to compensate public transport companies for damages suffered due to coronavirus outbreak

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The European Commission has approved, under EU State aid rules, a Dutch scheme of around €1.5 billion to compensate companies providing regional and long-distance public passenger transport services in the Netherlands for the damage suffered due to the coronavirus outbreak and the emergency containment measures introduced in the Netherlands to limit the spread of the virus.

Executive Vice-President Margrethe **Vestager**, in charge of competition policy, said: *"Continuing to provide transport services to citizens is essential during the coronavirus outbreak. This €1.5 billion scheme enables the Netherlands to compensate regional and long-distance public transport providers for the damage suffered due to the emergency measures put in place to limit the spread of the virus. We continue working with all Member States to ensure that national support measures can be put in place as quickly and effectively as possible, in line with EU rules."*

The Dutch government has put in place emergency measures necessary to limit the spread of the coronavirus such as the closure of schools and childcare centres, the closing of various economic activities such as cafes and restaurants, extended home office arrangements, social distancing rules and restrictions on gatherings and events. This has severely affected regional and long-distance public transport services, as passenger numbers in local public transport fell to levels as low as 90% of 2019 numbers, resulting in a significant drop in revenues. At the same time, transport operators continued to incur various costs, as throughout the pandemic they provided a sufficient frequency of passenger transport services and thereby ensured mobility of people without access to alternative means of transport. The situation was exacerbated by additional costs incurred by transport operators in relation to measures aimed at containing the spread of the contagion, such as enhanced sanitary and hygiene measures. All of this led to serious liquidity problems, which risk driving many of the transport operators out of the market.

The Dutch scheme is designed to compensate each operator providing public transport services based on a contract with regional or national authorities for the damages suffered while fulfilling their contractual obligations under the circumstances determined by the coronavirus outbreak and the resulting containment measures. Under the scheme, transport companies will be entitled to compensation in the form of direct grants for damages incurred between 15 March and 31 August 2020. The Netherlands will ensure that no individual transport operator receives more in compensation than it suffered in damages and that any payment in excess of the actual damage is recovered.

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 the damages 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 a significant economic impact. As a result, exceptional interventions by the Member States to compensate for the damages linked to the outbreak are justified.

The Commission found that the Dutch aid scheme will compensate damages that are directly linked to the coronavirus outbreak. It also found that the measure is proportionate, as the envisaged 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 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) Subsidised 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.58738 in the [State aid case 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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