European Commission - Press release

State aid: Commission approves €350 million Finnish support to Finavia in the context of the coronavirus outbreak

Brussels, 17 March 2021

The European Commission has approved, under EU State aid rules, three Finnish measures, with an overall budget of €350 million, to support airport operator Finavia in the context of the coronavirus outbreak.

Executive Vice-President Margrethe **Vestager**, in charge of competition policy, said: "*Finavia, as many other companies active in the aviation sector, has been hit very hard by the outbreak and has been suffering significant losses as a result of the travel restrictions that Finland and other countries had to impose to limit the spread of the virus. This €350 million support package will enable Finland to support the airport operator in different forms, namely a capital injection, a subordinated loan and a measure to partly compensate the company for the damages directly linked to the outbreak. We continue working in close cooperation with 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 Finnish measures

Finavia is a major airport operator in Finland. It manages 21 airports, including the airport of Helsinki.

In 2020, Finavia experienced significant losses, due to the significant drop in travel demand and the travel restrictions that Finland and other countries had to impose to limit the spread of the coronavirus. These factors continue deteriorating the financial situation of Finavia, putting the company's equity and liquidity position at risk.

Finland notified to the Commission three measures in favor of Finavia, namely (i) a €249 million **capital injection**,(ii) a €33 million **subordinated loan,** both under the State aid Temporary Framework, and (iii) a €68 million a **measure to compensate** the company for the damage directly suffered as a result of the coronavirus outbreak under Article 107(2)(b) of the Treaty on the Functioning of the European Union (TFEU).

The Finnish support measures under the Temporary Framework

The Commission assessed the **capital injection and subordinated loan** in favour of Finavia under the State aid Temporary Framework, in line with the notification by Finland.

With respect to the **capital injection**, the Commission found that recapitalisation measure notified by Finland is in line with Article 107(3)(b) TFEU and the conditions set out in the Temporary Framework. In particular, as regards:

- **Conditions on the necessity, appropriateness and size of the intervention:** the measure will not exceed the minimum needed to ensure the viability of Finavia and will not go beyond restoring its capital position before the coronavirus, even taking into account the damage compensation and the subordinated loan that the company will receive.
- **Conditions on the State's entry, remuneration and incentives to exit from the capital of the company**: the recapitalisation aid will prevent an insolvency of Finavia, which would have serious consequences on Finnish employment, connectivity and foreign trade. Finland will receive an appropriate remuneration for the investment. There are appropriate mechanisms to incentivise Finavia to redeem the State's equity participation obtained as a result of the recapitalization.
- **Conditions regarding governance and acquisition ban**: until at least 75% of the recapitalisation is redeemed (i) a strict limitation of the remuneration of Finavia's management, including a ban on bonus payments, is applied, and (ii) the company is prevented from acquiring a stake of more than 10% in competitors or other operators in the same line of business.
- **Public transparency and reporting**: Finavia will have to publish information on the use of

the aid received, including on how the use of the aid received supports its activities in line with EU and national obligations linked to the green and digital transformation.

With respect to the **subordinated loan**, the Commission also found that the measure is in line with the conditions set out in the Temporary Framework. In particular, (i) the loan will last for maximum six years; (ii) it will be granted before 31 December 2021; and (iii) the interest rate will ensure minimum remuneration, in line with the conditions of the Temporary Framework.

The Commission concluded that the subordinated loan and capital injection are necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State, in line with Article 107(3)(b) TFEU and the general principles as set out in the Temporary Framework.

On this basis, the Commission approved the measures under EU State aid rules.

The damage compensation measure

The damage compensation measure will take the form of a €68 million capital injection to compensate Finavia for the direct damage suffered from 16 March to 30 June 2020 due to the coronavirus outbreak and the measures that Finland and other countries had to impose to contain the spread of the virus.

The aid measure also includes a claw-back mechanism, whereby any possible public support in excess of the actual damage received by the beneficiary will have to be paid back to the Finnish State. The risk of the State aid exceeding the damage is therefore excluded.

The Commission assessed the measure under Article 107(2)(b) TFEU, which enables the Commission to approve State aid measures granted by Member States to compensate specific companies or sectors for the damages 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 damages linked to the outbreak are justified.

The Commission found that the Finnish aid will compensate damage that is directly linked to the coronavirus outbreak. It also found that the measure is proportionate as the compensation does not exceed what is necessary to make good the damage.

On this basis, the Commission concluded that the Finnish 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 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, 13 October 2020 and 28 January 2021, 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 December 2021. With a view to ensuring legal certainty, the Commission will assess before this date if it needs to be extended.

The non-confidential version of the decision will be made available under the case number SA.59132 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 Competition 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/21/1210

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