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## **Commission approves €39,7 million Latvian measures to recapitalise Riga International Airport**

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The European Commission has approved Latvian plans to grant up to €39.7 million for the recapitalisation of the State Joint Stock Company Riga International Airport (Riga International Airport). The measures were approved under the State aid [Temporary Framework](#).

Executive Vice-President Margrethe Vestager, in charge of competition policy, said: “Airports are among the companies that have been hit particularly hard by the coronavirus outbreak. With this measure, Latvia will contribute up to €39.7 million to reinforce Riga International Airport’s equity and support the company face the economic effects of the outbreak. At the same time, the State aid will come with strings attached to limit undue distortions of competition. We continue working closely 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 Latvian recapitalisation measure**

Riga International Airport is a company fully owned by the Latvian State. Its core business is the provision of aviation services (handling of aircraft, passengers and cargoes) but it also provides non-aviation services such as the lease of premises and land, and car parks. Riga International Airport suffered substantial losses due to the coronavirus outbreak and the travel restrictions that Latvia and other countries had to

impose to limit the spread of the virus. These measures, together with the significant drop in travel demand, continue to deteriorate the financial situation of the company. As a result, Riga International Airport currently risks not being able to maintain its viability, with severe consequences for the connectivity of Latvia with the rest of Europe and third countries.

Latvia notified to the Commission, under the Temporary Framework, State recapitalisation measures in favour of Riga International Airport for up to €39.7 million, comprising:

- €35.2 million capital injection; and
- €4.5 million waived dividend payment for the 2019 financial year.

The Commission found that the recapitalisation measure notified by Latvia 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 measures will not exceed the minimum needed to ensure the viability of Riga International Airport and will not go beyond restoring its capital position before the coronavirus outbreak.
- **Conditions on the State's entry, remuneration and incentives to exit from the capital of the company:** The recapitalisation aid will maintain the viability of Riga International Airport, whose insolvency would have serious consequences on Latvian employment and the economy. Latvia will receive an appropriate remuneration for the investment and there are additional mechanisms to incentivise Riga International Airport to redeem the State's equity investment. Latvia submitted financial projections until fiscal year 2026 prepared by Riga International Airport to demonstrate the impact of the recapitalisation instruments. It also committed to work out a credible exit strategy within 12 months after the aid is granted, unless the State's intervention is reduced below the level of 25% of equity by then. If seven years after receiving the recapitalisation aid the State's intervention has not been redeemed, a restructuring plan for Riga International Airport will be notified to the Commission.
- **Conditions regarding governance:** Until the State has exited in full, Riga International Airport is subject to bans on dividends and share buybacks, other than in relation to the State. Moreover, until at least 75% of the recapitalisation is redeemed, a strict limitation of the remuneration of Riga International Airport's management, including a ban on bonus payments, is applied. These conditions aim at incentivising an exit of the State as soon as the economic situation will allow.
- **Acquisition ban:** Until at least 75% of the recapitalisation is redeemed, Riga

International Airport is in principle prevented from acquiring a stake of more than 10% in competitors or other operators in the same line of business.

- **Public transparency and reporting:** Riga International Airport will have to publish information on the use of the aid received, including on how the use of the aid received supports the company's activities in line with EU and national obligations linked to the green and digital transformations.

The Commission concluded that the recapitalisation measures are necessary, appropriate and proportionate to remedy a serious disturbance in the economy of the Member States: the measure aims at restoring the financial position and liquidity of Riga International Airport in the exceptional situation caused by the coronavirus pandemic, while maintaining the necessary safeguards to limit competition distortions.

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