Commission approves €800 million Italian scheme to compensate airports and ground-handling operators for the damage suffered due to the coronavirus outbreak

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The European Commission has approved, under EU State aid rules, a €800 million Italian scheme to compensate airports and ground-handling operators for the damage suffered due to the coronavirus outbreak and the travel restrictions that Italy and other countries had to implement to limit the spread of the virus.

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. This €800 million scheme will enable Italy to compensate them for the damage suffered as a direct result of the travel restrictions that Italy and other countries had to implement to limit the spread of the virus. We continue working in close cooperation with Member States to find workable solutions to mitigate the economic impact of the coronavirus outbreak, in line with EU rules.”

The Italian scheme

Italy notified to the Commission an aid measure to compensate airports and ground-handling operators for the damage suffered during the period between 1 March and 14 July 2020 due to the coronavirus outbreak and the travel restrictions in place.

Under the scheme, the aid will take the form of direct grants. The measure will be open to all airports and ground-handling operators with a valid operating certificate delivered by the Italian civil aviation authority.

A claw-back mechanism will ensure that any public support received by the beneficiaries in excess to the actual damage suffered will have to be paid back to the Italian State.

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 for the damages directly caused by exceptional occurrences, such as the coronavirus outbreak.

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 Italian measure will compensate damages that are directly linked to the coronavirus outbreak, and that it is proportionate, as the compensation will not exceed what is necessary to make good the damage, in line with Article 107(2)(b) TFEU.

On this basis, the Commission approved the measure under 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.63074 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.

(European Commission)