



## Commission approves €10.4 billion Dutch and French aid measures to provide liquidity support to the Air France-KLM Group during the coronavirus pandemic

Brussels, 10 July 2024

The European Commission has approved, under EU State aid rules, Dutch and French support measures of €10.4 billion in favour of the Air France-KLM Group. The two measures were initially approved on [4 May 2020](#) and on [13 July 2020](#) by the Commission under the State aid [COVID Temporary Framework](#), but these Commission decisions were subsequently annulled by the General Court on [20 December 2023](#) and [7 February 2024](#).

Air France-KLM Group means the Air France-KLM Holding including its subsidiaries, in particular KLM and its subsidiaries and Air France and its subsidiaries.

### The Commission's investigation

The French aid measure consisted in a guarantee on bank loans of €4 billion and a loan of €3 billion. The Dutch aid measure consisted in a guarantee on bank loans of €2.4 billion and a loan of €1 billion.

On [4 May 2020](#) and on [13 July 2020](#), the Commission approved these two measures notified by France and the Netherlands respectively. The Commission found the measures to be compatible with EU State aid rules, in particular with Article 107(3)(b) of the Treaty on the Functioning of the European Union and the conditions set out in the [COVID Temporary Framework](#).

On [20 December 2023](#) and [7 February 2024](#), the General Court annulled the two Commission's decisions. In its judgements, the General Court considered that the Commission erred in considering Air France and KLM to be the sole beneficiaries of respectively the French and Dutch State aid measures. The Commission has appealed both General Court judgments.

In the present decision, the Commission has re-assessed the measures with the Air France-KLM Group as the beneficiary of both the French and Dutch measures and come to the conclusion that they would also be compatible with the COVID [Temporary Framework](#) or directly with the Treaty.

With respect to the French State loan, the Commission found that it was in line with the principles set out in the EU Treaty, applying the COVID [Temporary Framework](#) by analogy, as it is well targeted to remedy a serious disturbance in the economy. In this way, the Commission found that this measure was in line with Article 107(3)(b) TFEU, in particular as (i) the remuneration was appropriate for a subordinated loan instrument, increasing over time to encourage early reimbursement; (ii) the loan was granted before 31 December 2020, (iii) the amount of the loan was below two thirds of the Air France-KLM Group wage bill; (iv) the maximum duration of the loan was 6 years; and (v) Air France-KLM Group was not in difficulty on or before 31 December 2019.

With respect to the French State guarantee, the Commission's assessment concluded that this measure was in line with the conditions of the Temporary Framework, in particular: (i) the guarantee premium was in line with conditions under the Temporary Framework, increasing over time to encourage early reimbursement; (ii) the guarantee was granted before 31 December 2020; (iii) the loan backed by the guarantee was below the limits of the Temporary Framework; (iv) the maximum duration of the guarantee was 6 years and did not cover more than 90% of the underlying loans; and (v) the Air France-KLM Group was not in difficulty on or before 31 December 2019.

With respect to the Dutch State guarantee, the Commission's assessment concluded that this measure was in line with the conditions of the Temporary Framework, in particular: (i) the guarantee premium was in line with conditions under the Temporary Framework, increasing over time to encourage early reimbursement; (ii) the guarantee was granted before 31 December 2020; (iii) the loan backed by the guarantee was below the limits of the Temporary Framework; (iv) the maximum duration of the guarantee was 6 years and did not cover more than 90% of the underlying loans; and (v) Air France-KLM Group was not in difficulty on or before 31 December 2019.

With respect to the Dutch State loan, the Commission found that this measure was in line with the

Temporary Framework, in particular: (i) the remuneration was in line with the conditions under the Temporary Framework, increasing over time to encourage early reimbursement; (ii) the loan was granted before 31 December 2020, (iii) the amount of the loan was below the limits of the Temporary Framework; (iv) the maximum duration of the loan was 5.5 years; and (v) Air France-KLM Group was not in difficulty on or before 31 December 2019.

In addition, the Commission made sure that the combination of all the Dutch and the French measures did not lead to an incompatible cumulation of aid, as the combined amounts remain below the relevant ceilings set out in the Temporary Framework.

The Commission concluded that the measures contributed to managing the economic impact of the coronavirus in France and the Netherlands. They were necessary, appropriate and proportionate to remedy a serious disturbance in the economy of these Member States, in line with Article 107(3)(b) TFEU and the Temporary Framework.

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

## Background

On [19 March 2020](#), the Commission adopted the State aid COVID [Temporary Framework](#) 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. As announced in [May 2022](#), the COVID Temporary Framework [has not been extended](#) beyond the set expiry date of 30 June 2022, with some exceptions.

The non-confidential version of the decision will be made available under the case numbers SA.57082 and SA.57116 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 COVID 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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## Quotes:

*"The Air France-KLM Group is a major network airline playing a key role in both the Dutch and French economies. As a result of the imposition of travel restrictions to limit the spread of the coronavirus, the Air France-KLM Group suffered a significant reduction of its services, which resulted in high operating losses. Following the General Court judgments annulling the initial decisions, the Commission has found that EUR 10.4 billion in liquidity support to the Air France-KLM Group complies with State aid rules. The Air France-KLM Group required the State guarantee and the State loan to obtain vital liquidity to face the difficult coronavirus period and they were granted in line with the Temporary Framework, irrespective of the definition of the beneficiary."*

Margrethe Vestager, Executive Vice-President in charge of competition policy - 10/07/2024

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