

EU COMMISSION APPROVES EUR150M BRIDGING LOAN FOR AIRBERLIN

News / Airlines



The European Commission has endorsed under EU state aid rules Germany's plans to grant Air Berlin a temporary €150 million bridging loan. The measure will allow for the orderly wind-down of the insolvent airline Air Berlin without unduly distorting competition in the Single Market.

On 15 August, Germany notified the Commission of its intention to grant a bridging loan to Air Berlin. This followed Etihad, Air Berlin's main shareholder, withdrawing its financial backing for the loss-making company. The German public credit institution KfW will provide a credit facility of up to €150 million to Air Berlin over the next months.

The purpose of the loan is to allow Air Berlin to continue operations in the coming months, with the aim of maintaining its services while it concludes ongoing negotiations to sell its assets. At the end of the process, Air Berlin is expected to cease operating and exit the market.

Rescue and restructuring aid are among the most distortive types of state aid and can only be granted to companies once these have exhausted all other market options. The Commission's [guidelines on rescue and restructuring aid](#) allow Member States to support companies in difficulties, provided, in particular, that the public support measures are limited in time and scope and contribute to an objective of common interest.

The Commission has taken account of the fact that:

- the loan will be paid out in instalments under stringent conditions. In particular, Air Berlin has to demonstrate its liquidity needs on a weekly basis and new instalments will only be paid when all existing liquidity has been used.
- Germany committed to ensure that either the loan will be fully repaid, or Germany will submit a winding down plan for Air Berlin.

The Commission found that the measure will help to protect the interests of air passengers and to maintain air passenger services. At the same time, the strict conditions attached to the loan, its short duration and the fact that Air Berlin is expected to cease operations at the end of the process, will reduce to a minimum the distortion of competition potentially triggered by the state support. The Commission therefore concluded that the measure is compatible with EU state aid rules.

The non-confidential version of the decision will be made available under the case number [SA.48937](#) in the [State Aid Register](#) on the [DG 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](#).

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