State Support to the Air Transport Sector: Monitoring developments related to the Covid-19 crisis

22 April 2021

This document was prepared under the supervision of the Working Party on State Ownership and Privatisation Practices to monitor the evolving state support, and potential state ownership, in the air transport sector. The document supplements and complements the Working Party's existent "repository" of recent measures which is available online (https://www.oecd.org/corporate/Corporate-Governance-SOE-policy-responses-to-COVID-19-crisis.pdf).

This document was discussed at the Working Party's video meeting on 16-17 March 2021.
More information about the series is available at: www.oecd.org/corporate/soes.
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STATE SUPPORT TO THE AIR TRANSPORT SECTOR

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Introduction

This document was prepared in response to a decision by the Working Party on State Ownership and Privatisation Practices in October 2020 to monitor the evolving state ownership in various sectors of the economy, starting with air transportation. The document supplements and complements the Working Party's existent "repository" of recent measures which is available online (https://www.oecd.org/corporate/Corporate-Governance-SOE-policy-responses-to-COVID-19-crisis.pdf).

The document is based on available online databases, information volunteered by Working Party delegates in response to a questionnaire and desk research by the Secretariat on the basis of publicly disclosed information. Questionnaire responses have been received from the public authorities in the following 29 countries: Argentina; Australia; Belgium; Brazil; Croatia; Czech Republic; Estonia; Finland; France; Germany; Greece; Hungary; Iceland; Ireland; Israel; Italy; Japan; Latvia; Lithuania; Mexico; Netherlands; New Zealand; Norway; Singapore; Spain; Sweden; Switzerland; Turkey and the United States. Chile and Colombia have notified the OECD Secretariat that in their jurisdictions no action has been taken to support companies in the air transport sector.

The cut-off date for information included in the report was 7 April 2021.

The economic environment and corporate performance

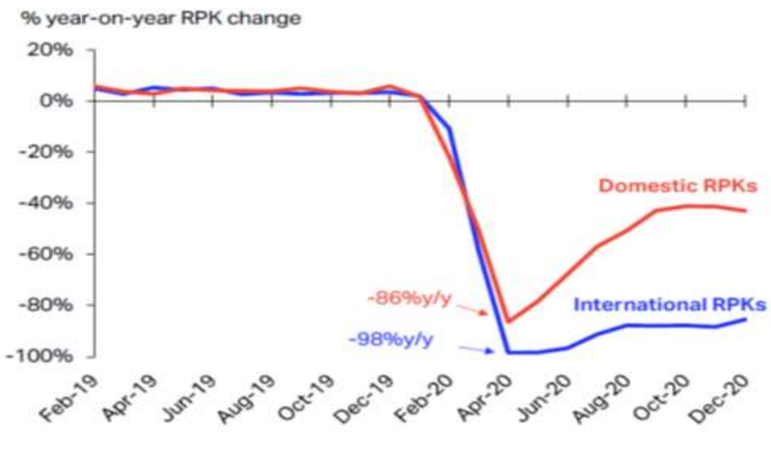
"Two types of carrier have the best chance of survival. Those with sound business models and strong balance sheets, such as Ryanair in Europe, Southwest in America and AirAsia, are all low-cost carriers ready for a rebound. And legacy carriers, mostly propped up by governments, will keep their grip on long-haul flying when it returns."

The Economist, 13 February 2021

The year 2020 brought an unprecedented challenge to the airline industry. As a direct consequence of the pandemic the year saw closed borders, strict travel controls, and depressed travel confidence. The traffic volume, measured by revenue passenger kilometres (RPKs) plunged by a dramatic 66% compared with 2019 (Figure 2.1) – eight times faster than during the year following the 9/11 attacks, which was previously considered as the most severe aviation crisis in history[1].

International markets have been impacted to a greater extent than domestic routes since many countries closed their borders or imposed travel regulations to limit the virus spread. In December, international RPKs were still down 85.3% year-on-year – just a 13 percentage points improvement from the low point of the crisis in April. In contrast, domestic markets saw RPK contraction reduced by half over the same period. However, despite these differences, the bigger picture remains that the air travel recovery has paused across both domestic and international markets towards the year end.

Figure 0.1. Year on year change in airline traffic (by revenue passenger kilometres)



Source: IATA Monthly Statistics.

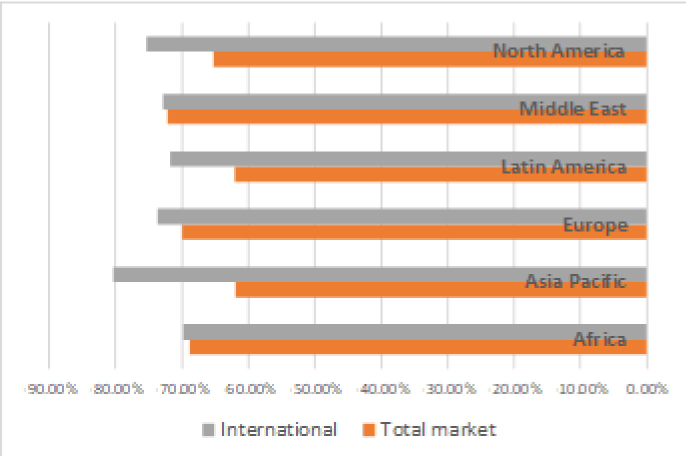
[1] IATA (2020), "Passenger volumes did not improve in December", *Air Passenger Market Analysis,* December 2020.

Every region of the world is strongly affected, though to differing degrees that reflect *inter alia* the degree to which their airline sector depends on cross-border traveling (Figure 2.2). For this reason the airlines in the Middle East were the worst hit (with a decline in the overall market of 72% in 2020), and the relatively least affected was Asia-Pacific (with a decline of 62%). Within Asia the large Chinese market for domestic air travel held up particularly well owing to the country's success in pushing back the pandemic and reopening the economy.

The drop in air traffice has given rise to public policy challenges that go beyond on isolated effects on the preservation of flag carriers and priorities air hubs. For instance, it also threatens to trigger a labour market crisis. Globally, around 65 million jobs are dependent on the aviation industry, including 2.7 million airline jobs. Within the first three months of severe travel restrictions IATA identified 25 million of these jobs as being at risk[2].

Figure 0.2. Growth in air passenger traffic in 2020 (% increase relative to 2019)

(Measured by passenger revenue kilometres, according to domicile of airlines)



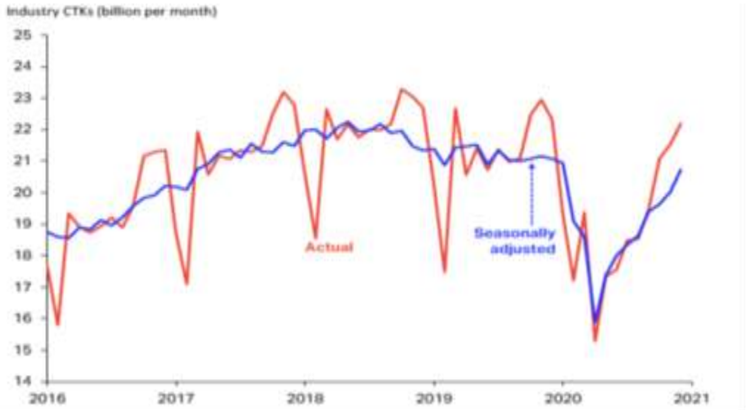
Source: IATA Monthly Statistics.

Contrary to the air passenger services, air transport experienced a strong rebound in the second half of 2020, reflecting mostly the resumption of international trade after the lifting of restrictions that had been in place for most of the second quarter. Industry-wide cargo tonne-kilometres (CTKs) declined by only 0.5% year-on-year in December, the best growth performance since November 2019 (Figure 2.3). However, the year as a whole was very depressed, with industry-wide CTKs falling by 10.6% relative to 2019. This is the fastest rate of annual decline since data collection started, and slightly worse than what was seen following the world financial crisis in 2009[3].

[2] For further information see https://www.iata.org/en/pressroom/pr/2020-04-07-02/.

[3] IATA (2020), "Robust end to 2020 for air cargo", *Air Cargo Market Analysis,* December 2020.

Figure 0.3. Air cargo volume (by cargo-tonne kilometres)



Sources: IATA Economics, IATA Monthly Statistics

With regards to the air transport sector's financial health – and need for state support – a policy brief by the International Transport Forum in the spring of 2020 estimated that airlines had pre-crisis cash reserves allowing them to survive an average two months of crisis conditions. Unaided, many airlines would therefore have gone out of business already before some of the travel restrictions were lifted in May and June[4]. This created a rationale for emergency support in the months following the crisis. In the current situation (early 2021), where the outlook has shifted to a normalisation of air travel at the very earliest in 2022, the focus has shifted toward longer-term structural support to provide prioritised segments of the air transport sector sufficient resilience to withstand sustained pressures.

[4] International Transport Forum (2020), "Restoring air connectivity under policies to mitigate climate change", Covid-19 Transport Policy Brief, 20 May 2020.

Overview of "yesteryear's" corporate landscape

This section takes stock of the corporate landscape in the air transport sector immediately prior to the Covid-19 related crisis, with the purpose of illustrating the worldwide distribution of companies and their relative economic size. It focuses mostly on companies that are (or were, at the end of 2019) listed in stock markets, about which information is readily available from electronic databases. This is in places supplemented with the authors' research from public sources. It further focuses on two main sectors of operations: (i) passenger airlines; and (ii) airports and related services. Air freight companies are not covered because of limited data availability. Such companies are generally not traded in stock exchanges, most often because they are part of larger corporate conglomerates such as integrated logistics operators and conventional airlines.

a) Airlines

The history of airlines in OECD countries is full of examples of both privatisation and nationalisation. There were mostly established as private companies, but were in many cases at some point in their history wholly or partially nationalised – either in order to stave off their collapse, or for more 'ideological' reasons to establish state control over sectors of strategic interest. As of today, relatively few airlines are 100% state owned. Where it occurs it is mostly either because they are so heavily lossmaking that private investors cannot be attracted, or because they are tasked with overriding public policy objectives (e.g. assigned a role in national development strategies). Today, in most OECD countries a national airline tends to be either privately owned, or a listed company in which the state holds a sufficiently high stake to either effectively exercise control or to block unwanted decisions by the other shareholders. The latter model has the advantage, from the viewpoint of governments, of combining continued state influence with a higher efficiency arising from subjecting the companies to the rigours of stock-market rules and having more easy access to raising capital.

i) Listed companies

As of end-2019 there were an estimated 95 listed international and regional airlines in the world, ranging from the transitional "flag carriers" to budget airlines and niche operators. Of these companies, 40 are domiciled in Asian countries (not including Western Asia), 23 are located in the Western Hemisphere, 16 are in Europe, and another 16 in the rest of the world – mostly in the Middle East.

The extent of state ownership is to some extent a matter of definitions: a number of companies have the state as a significant minority investors, and in some cases the investor is a foreign sovereign government or SOE. Examples of the latter include significant Emirati investments in Air Berlin and Qatari investments in International Consolidated Airlines[5]. In other companies two governments may act as joint block-holders,

[5] The latter is the parent company of British Airways, Iberia and Aer Lingus.

as is the case with Air France-KLM (the governments of France and the Netherlands), SAS Scandinavian Airlines (Denmark and Sweden) and Cathay Pacific (Qatar and a Chinese SOE).

For the purpose of this section SOEs are defined as companies in which one or more governments act as the ultimate beneficiary shareholders of at least 25% of the voting shares. Ownership by public sector institutional investors is not included when the nature of their involvement is seen as passive equity investment. An example of the latter is Korean Air Lines which is not considered as an SOE despite a significant minority shareholding by a public sector pension fund.

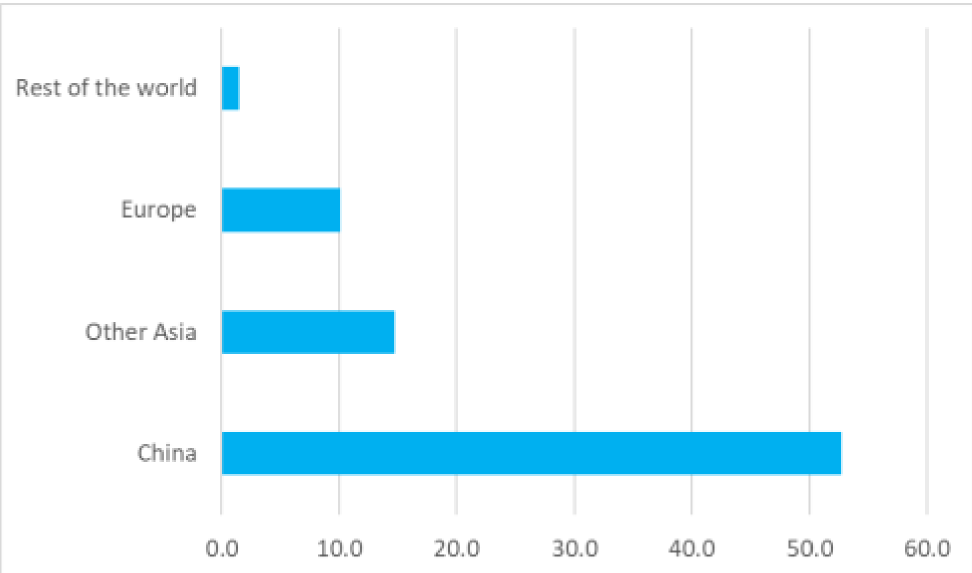
By this definition 22 of the worlds listed airlines are considered as state-owned, with another 7 having significant minority stakes by the domestic or foreign governments. The 29 companies have a combined market capitalisation of around US$ 79 billion. Ten of these are domiciled in Asian countries (not including Western Asia) and 8 within Europe (including Russia and Turkey). However, these numbers say little about the relative economic importance of the companies. Indeed, some of the state-owned companies in this category are weakly capitalised legacy carriers with a limited role in carrying passengers to and from the national capitals.

When comparing companies by their market capitalisation a different picture emerges (Figure 4.1). In value terms, China's state-owned airlines (including in Hong Kong) are by far the largest players, followed at some distance by the rest of Asia and Europe. At the end of 2019 China's listed state-owned airlines had a combined market capitalisation exceeding US$ 52 billion. Moreover, the world's largest three state-owned listed enterprises (in terms of market capitalisation) are Chinese and as can be seen from Table 4.1 below, these three companies would also appear on a global top-10 of all airlines, regardless of ownership.

The reason that the European continent appears prominently in the chart is mostly due to the size of the national flag carriers in France/Netherlands, Russia and Turkey. In the "other Asia" group the most prominent airlines in this regard are Singapore Airlines and Cathay Pacific. Other Asian airlines, whilst highly visible in international air passenger transportation, did at the time of the data collection (end-2019) generally not have a high market capitalisation.

Figure 0.1. State-owned listed airlines, by region

Market capitalisation, US$ bn.



Note: Includes companies with a state ownership share exceeding 25%.

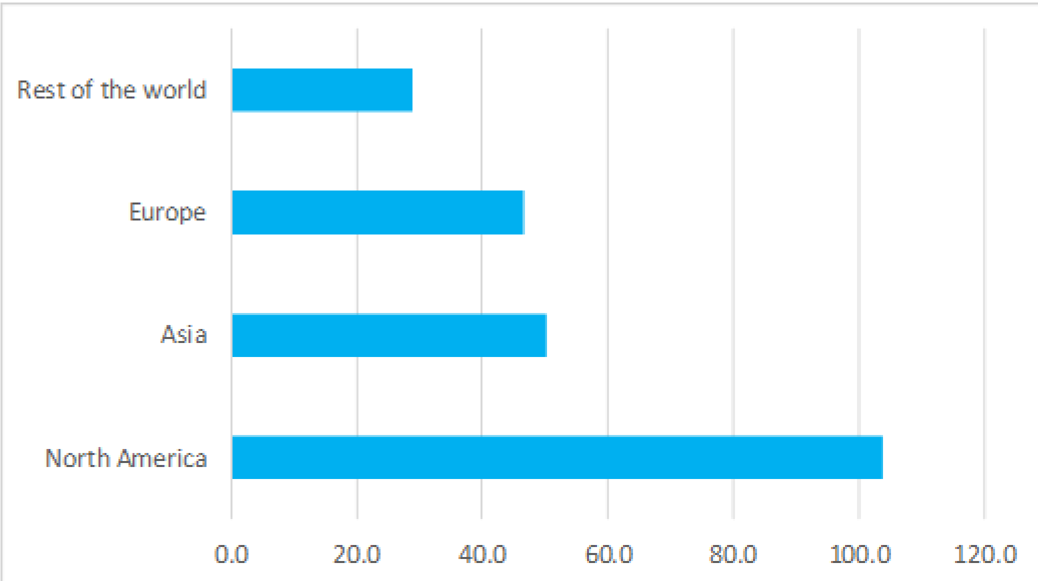
Source: FactSet, Bloomberg and author’s calculations.

The world’s largest privately owned listed airlines are, perhaps unsurprisingly, concentrated in North America. Defining “privately owned” as companies with less than 10% state ownership, there were 58 listed, privately owned airlines at end 2019. They had a combined market capitalisation of US$ 230 billion, of which almost half (US$ 104 billion) accounted for by North American companies (Figure 4.2). The airlines in Asia and Europe came in second and third place, with a market capitalisation of US$ 50 billion and US$ 47 billion respectively.

In terms of numbers of companies, by far the largest number is found in Asia which has 24 privately owned listed airlines, spread across the region with no one country standing out. They include a number of budget and regional airlines, many of which are not particularly well capitalised. In North America there are 16 companies, of which 12 in the United States, 2 in Canada and 2 in Mexico. In Europe there were 9 privately owned listed airlines (including Lufthansa, whose status as “private” is now subject to change), of which the largest by far in value terms was the Irish budget carrier Ryanair (Table 4.2).

Figure 0.2. Privately owned listed airlines, by region

Market capitalisation, US$ bn.



Note: Includes companies with a state ownership share of less than 10%.
Source: FactSet, Bloomberg and author’s calculations

Table 4.1 provides an overview of the largest listed individual airline companies within each of the ownership categories. As alluded earlier, among biggest 10 state-owned companies in the world China figures prominently as a host country, with no less than four of the largest 6 being domiciled in Mainland China. Among the privately owned companies the United States dominate, with four of the largest five airlines being domiciled there. The world’s two largest listed airline companies in terms of value (at end-2019) were Southwest Airlines and Delta Air. The world’s highest-valued state-owned airline, Air China, was the fourth largest in the world followed by China Southern Airlines which was number six.

Table 0.1. Largest listed airlines in the world at end-2019 (by market capitalisation)

Company name	Domicile	State ownership share	Market capitalisation (US$ million)
Top-10 state-owned companies			
Air China	China	59.6%	15,908
China Southern Airlines	China	47.8%	13,304
China Eastern Airlines	China	50.0%	10,920
Singapore Airlines	Singapore	54.8%	9,768
Cathay Pacific Airways	Hong Kong, China	40.0%	6,403
Hainan Airlines Holding	China	31.3%	4,099
Air France KLM	France	28.3%	2,770
Aeroflot-Rossiyskiye Avialinii	Russia	51.2%	2,456
Turk Hava Yollari	Turkey	49.1%	2,171
China Airlines	Chinese Taipei	44.0%	2,028
Top-10 privately owned companies			
Southwest Airlines Co	United States	-	28,268
Delta Air Lines Inc.	United States	-	27,008
Ryanair Holdings PLC	Ireland	-	23,214
United Airlines Holdings Inc.	United States	-	14,399
American Airlines Group Inc.	United States	-	10,412
Interglobe Aviation Ltd[6]	India	-	9,081
ANA Holdings Inc.	Japan	-	7,888
Qantas Airways Ltd	Australia	-	7,684
Spring Airlines Co Ltd	China	-	7,240
Deutsche Lufthansa AG	Germany	-	6,993

Note: State-owned enterprises include companies with a state ownership exceeding 25%. Privately owned enterprises include companies with a state ownership of less than 10%.
Source: FactSet, Bloomberg and author's calculations.

ii) Unlisted companies

Table 4.2 provides an illustrative sample of the world's unlisted airline companies. First, it is relatively rare for economically significant airlines to be privately owned without being traded in stock markets. Where it occurs the companies tend to be either created recently and still in the hands of the owners/entrepreneurs (e.g. Lion Air) or jointly held by a consortium of private investors (e.g. Aegean Airlines). A special category of unlisted companies are those that have retained an independent corporate identity but are in fact subsidiaries of listed companies. These are in the table represented by the subsidiaries of the IAG Group and Lufthansa.

Conversely, the number of countries whose flag carriers are closely held by the state is legion. Mostly they are charged with providing only a few connections from the national capital to key foreign destinations and/or essential domestic air connections. Table 4.2 lists some of the larger companies that offer a broader palette of air services. As mentioned earlier they include (but are not limited to) two distinct categories of companies. Some airlines are so heavily lossmaking that they would be hard to list in stock markets – let alone privatise – but are retained in state ownership because of their public utility. Other airlines are profitable (or were profitable, pre Covid-19) but remain wholly owned by the state because they are

[6] Parent company of the Indian budget airline IndiGo.

assigned public policy roles that might be harder to pursue in the presence of minority investors. The latter category arguably includes the flag carriers in the Persian Gulf countries whose operations are perceived as integral to their home countries' national development strategies.

Table 0.2. Unlisted flag carriers and other large airlines (selected companies, end-2019)

State-owned enterprises		Private enterprises	
Company:	**Nationality:**	**Company name:**	**Nationality**
Aerolinas	Argentina	Bulgaria Air	Bulgaria
Air Baltic	Latvia	Aegean Airlines	Greece
Air India	India	Lion Air	Indonesia
Air Ukraine	Ukraine	Asiana	Korea
Czech Airlines	Czech Republic	Virgin Atlantic	United Kingdom
Emirates	Dubai	*Of which: subsidiaries of listed companies:*	
Etihad	Abu Dhabi	British Airways	United Kingdom
LOT	Poland	Iberia	Spain
Royal Air Maroc	Morocco	Aer Lingus	Ireland
South African Airways	South Africa	Austrian Airlines	Austria
TAP Air	Portugal	Swiss	Switzerland
Qatar Airways	Qatar	Air Brussels	Belgium

Source: public disclosure, websites and author's research.

b) Airport operators

Public ownership in the airports sector is significantly more widespread than among airlines, and in addition to the state itself it also involves regional and municipal authorities. As a general rule the physical infrastructure (or at any rate the land) of an airport is public property and the airport company is charged with managing and operating the assets. Models differ considerably across countries and even cities. Some airport operators are not even fully corporatized, taking the form of public sector agencies or statutory corporations closely held by the government. Others are fully state-owned enterprises to which the stewardship of the public asset is entrusted. In a number of OECD countries one such state-owned airport company is entrusted with the operations of several airports which may be owned by either the state or local public authorities.

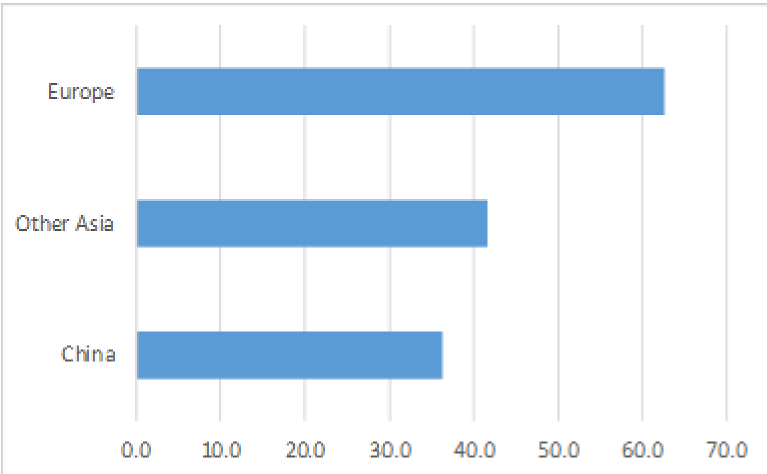
Where airport operators are listed in stock markets, or closely-held private companies, they normally operate in a form of public-private partnership, either leasing the airport assets or holding a concession contract. In some cases such concessionaires are foreign airport companies expanding their operations internationally. For example, both Fraport (Frankfurt, Germany) and Groupe ADP (Paris, France) are state-owned airport companies with a large number of foreign subsidiaries. Other airport operators (e.g. in some Asian countries) are owned by the national airline companies. Some public utilities companies not primarily associated with air transport (e.g. France's Vinci) also operate airport concessions.

For these reasons and analysis of stock-market listed airport companies provide, at best, a piecemeal picture of the sector. As can be seen from Figures 4.3 and 4.4, among listed airport companies the state-owned sector is actually much larger than the private one, with a combined market capitalisation of US$ 149 billion at end-2019. The largest concentration of such companies (in value terms) is found in Europe, with a total market cap at US$ 63 billion. This reflects in part, as already mentioned, that some of the European state-owned operators have developed into multinational conglomerates. Other state-owned listed companies in this sector are found mostly in China (US$ 36 billion) and South East Asia (US$ 42 billion).

Also in terms of the number of companies does Europe come out on top. Out of a global total of 24, there are 10 state-owned listed airport operators in Europe (including Turkey), compared with 7 in South East Asia and 5 in China. The remaining 2 are found in New Zealand and Saudi Arabia. There are no state-owned listed airport companies in the Western Hemisphere.

Figure 0.3. Listed state-owned airport companies by region

Market capitalisation, US$ bn.

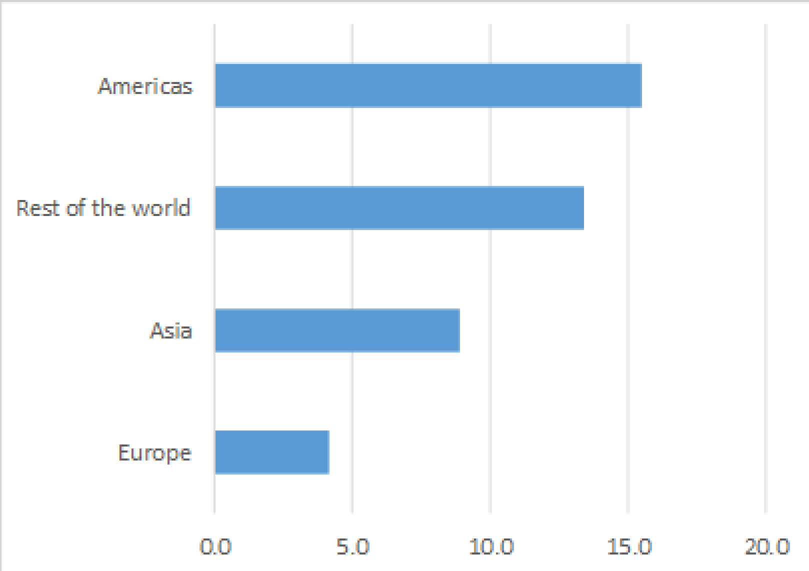


Note: Includes companies with a state ownership share exceeding 25%.
Source: FactSet, Bloomberg and author's calculations.

As of 2019 there were 20 private listed airport companies worldwide – not including corporate groups managing airports only as part of their business activities. Of these 9 were domiciled in Asia, 6 in Europe and 4 in the western hemisphere. In value terms the picture looks somewhat different (Figure 4.4) because of the very large size of the airport in Sydney, Australia as well as three regional airport companies in Mexico.

Figure 0.4. Listed privately owned airport companies, by region

Market capitalisation, US$ bn.



Note: Includes companies with a state ownership share of less than 10%.
Source: FactSet, Bloomberg and author's calculations.

Further to was mentioned above, state owned companies predominate in the airport sector (Table 3.3). Among the world's 10 largest listed companies, only two (Sydney Airport and Mexico's Aeroportuario del Pacifico) are privately owned. The two largest SOEs in the sector, Airports of Thailand and the Spanish Aena, are both national operators managing a large number of individual airports. Two of the other companies in the top-10 are, as mentioned earlier, internationally active conglomerates.

Table 0.3. Largest 10 listed airport operating companies (by market capitalisation, end-2019)

Company	Country	Market cap. (mill. US$)	State owned? (Y/N)	Percentage state ownership
Airports of Thailand	Thailand	31,359	Y	70.0
Aena	Spain	25,343	Y	51.0
Shanghai International Airport	China	23,507	Y	53.3
Sydney Airport Holdings	Australia	13,418	N	-
Aeroports de Paris	France	12,834	Y	58.6
Copenhagen Airports	Denmark	6,776	Y	39.2
Grupo Aeroportuario del Pacifico	Mexico	5,969	N	-
Fraport AG	Germany	5,733	Y	51.6
Flughafen Zürich	Switzerland	5,471	Y	38.4
Guangzhou Baiyun International Airport	China	5,437	Y	51.0

Note: Companies with more than 25% state ownership are considered as state-owned.
Source: FactSet, Bloomberg and author's calculations.

Measures to support corporate sector financial accounts and balance sheets

A number of general Covid related government measures affect the air transport sector alongside with the rest of the economy, being motivated mostly justified by a need to mitigate the social fallout from the crisis. But the air transport sector has moreover attracted particular attention. The public policy interest in preventing the insolvency and failure of companies in this sector derives from two additional considerations: (i) the transportation of passengers and freight is essentially a public utility, the absence of which would induce significant economic and societal losses; and (ii) the competitiveness of the domestic business sector may depend on maintaining a national air carrier (or carriers) and at least one international air transport hub. In many other sectors both considerations could arguably be satisfied by nurturing a strong post-crisis business environment, encouraging the emergence of new competitors to take the place of those that have succumbed to the crisis. However, in air transportation significant economies of scale are assumed, so governments face the risk that operators that are allowed to fail may never be replaced.

The following sections take stock of government interventions to support the corporate economy which affect the air transport sector, regardless of whether they are broadly-based on targeted at specific sectoral activities. Now as before, “air transport” is defined as including passenger airlines; airports and related services; and air freight operators.

a) General or economy-wide support schemes

The extent to which governments have supported or subsidised their national air transport sectors is – even assuming a complete and comprehensive data set – notoriously difficult to quantify. For starters, should recapitalisations in the hope of a later recovery of share prices be considered as support – especially as several such transactions are undertaken in unison with private investors? And should economy-wide support measures to the corporate sector and toward safeguarding employment be included if they are available to companies in the air transport sector?

The submissions from the 29 countries mentioned in the first sector differ slightly in this respect, but as a general rule measures are included that entail undertaken or committed transactions in the form of state loans; state guarantees for commercial loans (or a percentage of the loan amount); direct grants and fiscal transfers to the companies; “in-kind” contributions such as wavers of fees, tax deferral, and employment furlough schemes; hybrid debt instruments, including convertible bonds and warrants; and equity injections and other direct recapitalisation. Again as a general rule, industry-schemes targeting air transport are included if they include some such transactions, whereas economy-wide schemes are not. The national questionnaire responses are reproduced in Annex 1 to this report.

The Working Party's "repository of recent measures" released in January 2021 shed some further light on the extent of industry schemes[7]. Until now the support of air transport companies has mostly taken place in one of three contexts: (i) purely ad-hoc interventions targeting one company perceived as being of 'national interest'; (ii) support of individual companies in the broader context of overall corporate schemes; and (iii) industry programmes available to all companies with the air transport sector (or segments of the sector). Examples of countries that have announced sectorial schemes include, but are not limited to, Australia, Brazil, Korea, United Kingdom and the United States. Some such schemes specifically target airlines, but in practice most countries that have supported their airline(s) have also extended support to airport companies and in some cases to related service providers.

A special case arises in the European Union where state aid is under normal circumstance either banned or curtailed by the Single Market rules. It has been decided that the European Commission will temporarily dispense from some of the state aids rules applying to recapitalisation and subordinated debt to companies in need, subject to certain conditions established by the "EU Temporary Framework" of May 2020. It also allows for Member States to design national measures in line with additional policy objectives, such as further enabling the green and digital transformation. Conditions bear on (further details are provided in Box 4.1):

- Necessity, appropriateness and size of intervention;
- State's entry in the capital of companies and remuneration;
- Exit of the State from the capital of the companies concerned: setting timeline of six to seven years for large companies with significant recapitalisation aid;
- Governance; beneficiaries may not pay dividends, engage in share buy-backs or pay out bonuses.
- Prohibition of cross-subsidisation and acquisition ban: may not engage in corporate takeovers while being subject to the recapitalisation measures.

The Temporary Framework also introduces more favourable conditions for undertakings where private investors contribute together with the State to the capital increase of companies. Eighteen of the countries reviewed in this chapter are subject to these rules, owing to membership of either the EU or the European Economic Area.

Box 0.1. Excerpt from the EU Temporary Framework: Recapitalisation measures

On types of recapitalisation measures:

Member States can provide COVID-19 recapitalisation measures using two distinct sets of recapitalisation instruments:

a) equity instruments, in particular, the issuance of new common or preferred shares; and/or
b) instruments with an equity component (referred to as 'hybrid capital instruments'), in particular profit participation rights, silent participations and convertible secured or unsecured bonds.

The State intervention can take the form of any variation of the above instruments, or a combination of equity and hybrid capital instruments. Member States may also underwrite the above instruments in the context of a market offering, under the condition that any resulting State intervention in a beneficiary meets the conditions set out in this section 3.11 of the Communication. The Member State must ensure that the selected recapitalisation instruments and the conditions attached thereto are appropriate to

[7] OECD (2021), "Tackling COVID-19: Policy Responses Concerning SOEs and Related Rescue Operations", 11 January 2021, http://www.oecd.org/corporate/Corporate-Governance-SOE-policy-responses-to-COVID-19-crisis.pdf.

address the beneficiary's recapitalisation needs, while at the same time being the least distortive to competition.

On the amounts:

In order to ensure proportionality of the aid, the amount of the COVID-19 recapitalisation must not exceed the minimum needed to ensure the viability of the beneficiary, and should not go beyond restoring the capital structure of the beneficiary to the one predating the COVID-19 outbreak, i.e. the situation on 31 December 2019. In assessing the proportionality of the aid, State aid received or planned in the context of the COVID-19 outbreak shall be taken into account.

On exit strategies:

Beneficiaries other than SMEs that have received a COVID-19 recapitalisation of more than 25% of equity at the moment of intervention must demonstrate a credible exit strategy for the participation of the Member State, unless the State's intervention is reduced below the level of 25% of equity within 12 months from the date of the granting of the aid.

The exit strategy shall lay out:

a) the plan of the beneficiary on the continuation of its activity and the use of the funds invested by the State, including a payment schedule of the remuneration and of the redemption of the State investment (together 'the repayment schedule'); and
b) the measures that the beneficiary and the State will take to abide by the repayment schedule.

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If six years after the COVID-19 recapitalisation the State's intervention has not been reduced below 15% of beneficiary's equity, a restructuring plan in accordance with the Rescue and Restructuring Guidelines must be notified to the Commission for approval. The Commission will assess whether the actions contemplated in the restructuring plan ensure the beneficiary's viability, also with a view of EU objectives and national obligations linked to the green and digital transformation, and the exit of the State without adversely affecting trade to an extent contrary to the common interest. If the beneficiary is not a publicly listed company, or is an SME, the Member State may decide to notify a restructuring plan only if the State's intervention has not been reduced below the level of 15% of equity seven years after the COVID-19 recapitalisation.

Source: European Commission, https://ec.europa.eu/competition/state_aid/what_is_new/TF_informal_consolidated_version_as_amended_28_january_2021_en.pdf

b) State support to airlines[8]

The national measures described in Annex 1 can be said to fall into three broad categories, namely (i) immediate mitigation of an emergency situation; (ii) handling of the unfolding crisis; and (iii) medium-term measures aimed at shaping companies up for post-crisis recovery. Some forms of "in-kind" assistance such as relieving airlines of landing fees and certain kinds of taxation can be said to fall largely in category (i) as they were implemented quickly with an eye to averting corporate collapse. Other forms, such as furlough schemes to avoid mass unemployment are mostly a crisis alleviation measure falling within category (ii). However, the three categories may in practice often not be entirely separable. For example,

[8] This section does not include reference to a recapitalisation of Air France – KLM by the French state that was announced on 6 April, on account that the transaction has not yet taken place and the details of the financing package are not yet fully clarified.

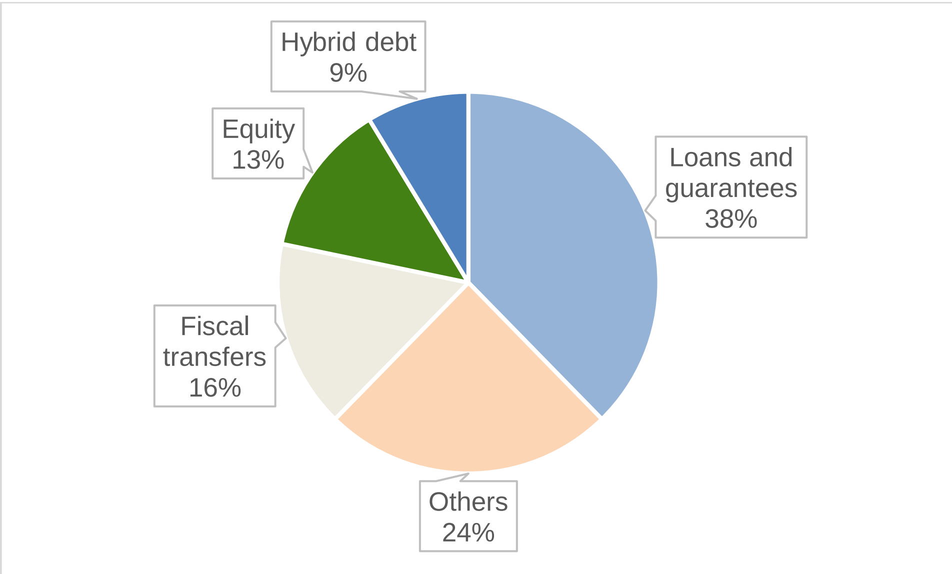
the measures such as state loans and loan guarantees clearly fall within both categories (i) and (ii), and if they are tied to warrants or other forms of potential debt-equity swaps they also have ramifications for the post crisis corporate recovery.

Among the 29 questionnaire respondents reviewed for this report, 26 have undertaken support measures aimed at the airline industry since early March 2020. Several implemented multiple measures – targeting either different companies, or assisting the same company in more than one way – and Annex 1 includes evidence of 69 individual schemes and interventions[9]. By far the largest number of transactions (26 in total) have so far consisted of state loans and state guarantees for commercial loans. Figure 4.1 provided an overview of the type of measures implemented. In second place come measures such as in-kind support to the airlines, wage support schemes and deferral of taxes and fees (denoted as “Others” in the Figure), followed by outright grants and fiscal transfers to the airlines. So far, less than a fourth of the measures implemented have consisted either of stock purchases by the state or of hybrid debt instruments that have the potential to change the state’s ownership in the future.

The support measures have targeted state-owned as well as private airlines. A total 41 measures targeted private firms (mostly in countries where there is no state ownership in the sector) which another 28 cases of SOEs receiving assistance. Some forms of assistance (e.g. loan guarantees and wage support) have been made generally available, but some others seem to have targeted SOEs in particular. Perhaps not unsurprisingly this is particularly the case when it comes to direct capital injections: out of 9 such transactions 8 went to companies in which the state was already either the owner or a significant shareholder.

Figure 0.1. Main types of state support to airlines since 1 March 2020

(by number of support measures or individual transactions)

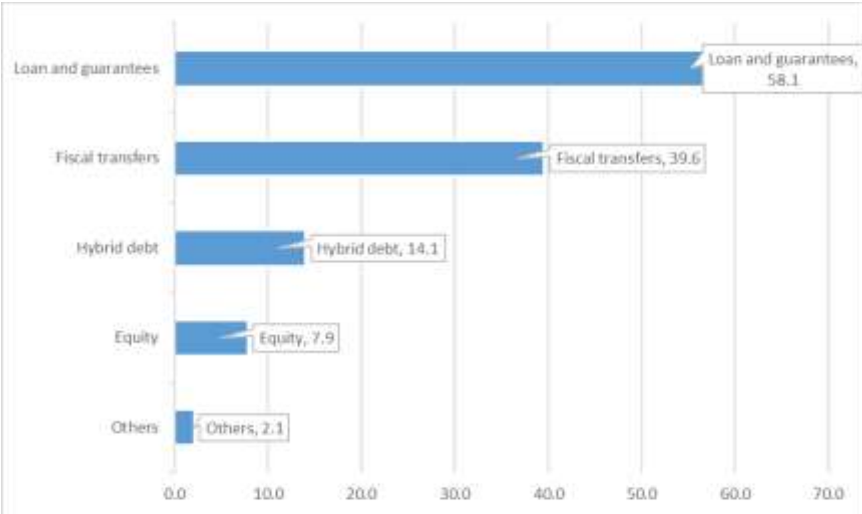


Source: Questionnaire responses and author’s calculations.

[9] The count is based on the following definition: a sector-wide initiative count only as one measure only provided it makes broadly similar assistance payments available to different companies. Different types of measures addressed at one single company are counted separately, except if they are essentially identical in nature (e.g. a loan followed up later with a second loan).

The amounts disbursed by governments so far have been very significant. According to Annex 1 and calculations by the authors, the combined value of all kinds of support in the 26 countries was EUR 122 billion. As was the case with the number of transactions the most prominent category is the state loans and guarantees, which amounted to more than EUR 58 billion, followed by grants and fiscal transfers to the tune of almost EUR 40 billion (Figure 4.2). The largest national combined support measures were implemented (in order of magnitude, starting from the top) in the United States, Germany, Spain[10], France and Japan. Some of the categories of support measures are described in more depth below.

Figure 0.2. Amounts of support disbursed or made available (EUR billion)[11]



Source: Questionnaire responses and author's calculations

i) Loans and loan guarantees

Out of the 26 governments in Annex 1 that have supported their airline industry, 15 have done so wholly or partly through loans and loan guarantees. In the **United States** loans totalling the equivalent of EUR 32 billion were made available to the airlines, first through the CARES Act (in March 2020) and subsequently through the CRRSAA Act (in December 2020). The loans, which must be redeemed within 10 years, are generally not convertible into common stock, but some recipients have been required to provide warrants or notes to the Federal Government.

In **Germany** a relatively complex support scheme has been established to support the airline industry. At the heart is the Economic Stabilisation Fund which has been established with a broader mandate to counteract the economic impact of Covid-19. The Fund has been providing capital, in the form of ordinary loans, convertible debt and (in the case of Lufthansa) equity capital, and the development bank KfW has provided supplementary loans. The main beneficiaries have been Lufthansa and the leisure travel company TUI. Separate from this the federal and regional authorities have made loans and subsidies available to the lost-cost carrier Condor. The combined value of the loan elements of these support packages is estimated at EUR 9.8 billion. The repayment horizon of the loans vary from 3 years (the KfW loans) to indefinite, subject to the EU state aid rules outlined earlier.

[10] Included in the Spanish figure is a EUR 10bn overall scheme for the "air transport sector". It is not clear how much of the money has been disbursed and to what companies.

[11] The figures are influenced by a very large disbursement (US$ 40 bn.) of wage support in the United States. It was chosen to categorise this as a fiscal transfer (70% of the amount) and a loan (30% of the amount).

The governments of **France** and the **Netherlands** have made large loans and loan guarantees available to Air France/KLM. In the case of France, a loan of EUR 4 billion and a state guarantee for additional EUR 3 billion were disbursed in May. The loan guarantees have a relatively short maturity of one year (with two consecutive one-year extension options exercisable); the guarantees loan has have a maturity of 4 years (with two consecutive one-year extension options exercisable by Air France-KLM). The Netherlands made a treasury loan of EUR 1 billion and a revolving credit facility of 2.4 billion (by 11 commercial banks, guaranteed by the state to 90%). So far an estimated EUR 940 million have been drawn under the two loan arrangements. The state loan has to be repaid within a period of 5½ years. In addition, each of the two governments has made loans to smaller airlines on their territory – namely Corsair in the case of France, and the Caribbean carrier Winair in the case of the Netherlands. The combined loans and guarantees disbursed so far by the two governments is estimated at EUR 8 billion.

In **Japan** a comprehensive package of measures including loans as well as tax concessions, exemptions from mandatory payments and employment support has been made available to the air transport sector. The loan element, which is available only to airlines, is equivalent to EUR 4.1 billion. It is the responsibility of the state-owned Development Bank of Japan.

The government of **Switzerland** (as is also the case with Austria and Belgium) has made financial support available to the national subsidiaries of German Lufthansa. Swiss International and the budget carrier Edelweiss Air benefit from credit guarantees to loans worth the equivalent of EUR 1.4 billion (of which the state guarantees 85%). The arrangement expires in 2025 with the possibility of two successive one-year extensions. The state has ensured a 'step-in right' according to which it is entitled to take over the collateral and the financing in case of default.

The **Swedish** government has put in place a credit guarantee programme for the airline industry estimated at a value of around EUR 500 million. Around one third of this was earmarked for the flag carrier SAS Scandinavian airlines, as part of a recapitalisation package that also included recapitalisation (described below) and likewise involved the government of Denmark. Of a similar magnitude was a loan extended by the government of **New Zealand** to the partly state-owned carrier Air New Zealand. This loan, while not categorised as a hybrid instrument, nevertheless includes provisions according to which the state is entitled to demand repayment of the loan through either a new share offering or a debt/equity swap.

The **Norwegian** government has put in place a loan guarantee scheme totalling NOK 6 billion for airlines operating with a Norwegian license. 50% of the scheme was earmarked for Norwegian Air Shuttle ASA and 25% for SAS. The remaining 25% is directed to Widerøe and other airlines.

Other countries have reported smaller amounts of loans and loan guarantees granted to individual airline companies. They are (in alphabetical order): Belgium, Croatia, Estonia, Iceland, Ireland, Israel and Spain.

ii) Capital investment

The methodology applied above, combining all support measures into one overall figure per country, probably leads to an underestimation of the the overall importance of equity[12]. Airlines are highly leveraged companies (and even more so in consequence of the crisis), so a relatively small equity investment may have a bigger impact one the balance sheet than a larger loan. Secondly, a question that imposes itself when the state injects fresh equity capital into a company in which it was already invested is whether it does so in unison with other investors (in which case it might even qualify as a capital investment rather than a support measure) or if it effectively raises the state's ownership stake in the company.

One of the clearest cases of what has been termed "re-nationalisation" is provided by the government of **Italy**'s proposed action to prevent the collapse of the its carrier Alitalia. According to the plan, which has

[12] Here and in the following "equity" is taken to refer to common stocks, although technically some forms of hybrid instruments may also be classified as equity.

been submitted to the European Commission for authorisation, a new wholly state-owned company called Italia Trasporto Aero (ITA) will be capitalised up to a limit of EUR 3 billion and take over most of the assets of Alitalia. Some question markets remain as Alitalia was widely perceived as being in financial difficulties well before the Covid-19 induced crisis, so it is not clear to what extent the authorities may avail themselves of the emergency provisions under EU law[13].

Among the other eight cases of recapitalization, one of the most prominent is the plan carried out in **Singapore** by Singapore Airlines to strengthen its balance sheet. The airline – majority owned by Temasek and listed on the Singapore exchange – sold SGD 8.2 billion of new shares on the market, and raised credits through a large convertible bond issuance. Temasek promised to act as the 'buyer of last resort' in both offerings. The share issue went over-subscribed, and Temasek bought only its pro-rata allocation, hence maintaining an unchanged stake in the company. Conversely, it had to step in to buy a large amount of unsubscribed bonds. The transactions are estimated to have cost the equivalent of EUR 2.2 billion of investment in convertible bonds and EUR 2.7 billion as Temasek's share of the stock offering. For the time being Temase's stake in the companies is unchanged, but it has the potential to increase as the convertible bonds mature.

The **German** government's rescue package for Lufthansa included, as mentioned earlier, both the issuance of convertible debt and a straight capital increase. A capital increase of EUR 306 million by the Economic Stabilisation Fund resulted in an equity stake of 20% in the company. The conversion rights in the bond debt has the potential to increase the state's stake to 30% plus 1 share. Further, the support to the leisure travel group TUI does not include direct capital injections, but it does include both warrant bonds and a loan with conversion rights. This could potentially leave the state in possession of 25% plus 1 share of the company. In combination, it is estimated that the hybrid and convertible bonds have provided just under EUR 1.6 billion to the two companies.

The government of **Sweden** participated (with Denmark) in a recapitalisation of SAS Scandinavian Airlines. The transaction includes the conversion of SEK 2.25 billion of debt to equity as well as the issuance of SEK 12 billion worth of new equity capital. The share issuance, which implies a dilution of approximately 95% for the previous shareholders, leaves the governments of Denmark and Sweden with each 21.8% of the voting shares – up from 14.3% (each) prior to the crisis.

In **Israel** the state acted as the 'buyer of last instance' when an issuance of new stock in El Al went undersubscribed. The state's purchase, worth approximately USD 150 million, left it with a stake of 14.4% of the voting shares in the company. In **Latvia** the government injected EUR 250 million of share capital into the majority state-owned Air Baltic, raising the state's stake from 80.1% to 96.1%. The **Finnish** government participated in rights issue by the majority state-owned Finnair. The state paid EUR 286 million for its pro-rata allocation of shares and did not significantly change its stake in the company. Finally, the governments of **Croatia** and **Estonia** both undertook relatively minor recapitalisations of their national flag carriers, both of which were fully (or almost entirely) state-owned already prior to the transactions.

c) State support to airports and other types of companies

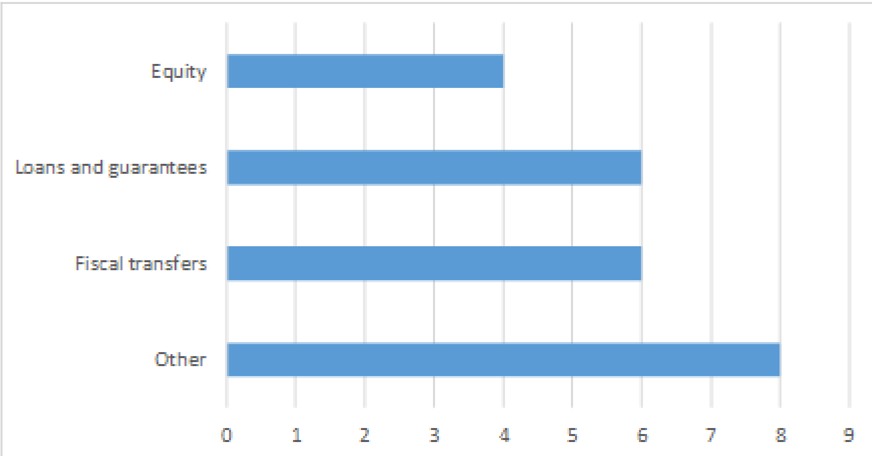
In terms of government support related to Covid-19, airport operators come second only to the airlines industry. Of the 29 questionnaire respondents reviewed for this report, 15 have extended financial or balance sheet support to their national airports. Several of them have implemented more than one measure. Annex 1 summarises evidence of 27 individual schemes or transactions, around half of which targeting private airport operators and the other half SOEs.

[13] An alternative route to a smililar outcome might be to let the company enter into bankruptcy and let ITA buy the remaining assets from the insolvency administrators.

Figure 4.2 provides a breakdown of the support by main categories. (Figure 4.2 and the remainder of the sector focuses mostly on the number of transactions rather than amounts, because many of the measures in this sector are hard to quantify.) The largest number of transactions/measures (eight in total) took the form of in-kind support, deferral of payments and taxes and wage support schemes (lumped together in the category 'others'). In joint second place (with six transactions each) came grants and fiscal transfers, and state loans and loan guarantees. Relatively fewer measures (four in total) took the form of equity injections.

Figure 0.3. State support to airport and related service companies since 1 March 2020

(by number of support measures or individual transactions)



Source: Questionnaire responses and author's calculations.

In **Australia** the government made two sector-wide programmes to the airport operators. Both programmes aim to cover specific financial pressures arising from the health crisis, namely the costs of enhanced security screening at airports, and a temporary relief and certain deferrals offered to the airport tenants.

The government of **Brazil** took several steps to support its (privately operated) airports. First, a general scheme implemented by the SOE Infraero assisted the airport tenants (and to a lesser extent airlines) through deferrals of payments and extensions of contracts. Secondly, additional support was offered to the tenants of nine specific airports. Thirdly, the national development bank BNDES extended a debt stand-still to a number of airport operating companies (most of which had financed their investment with loans from the bank).

The governments of **Croatia** and **France** both made general temporary relief available to the airport sector, in the form of loan guarantees and repayable advances respectively. In the case of Croatia the aid was specifically targeted at international airports.

The **German** national and regional governments supported three airport operators[14]. Each support measure was tailored to the company. The airport in Berlin received low-interest loans; the airport in

[14] This may not be exhaustive: the questionnaire response from Germany included in Annex 1 specifically provided only "expamples" of support.

Munich received a direct subsidy; and the state-owned airport in Cologne/Bonn was recapitalised by the regional government.

The government of **Iceland** recapitalised the wholly state-owned airports of Reykjavik. The government of **Latvia** is prepared to do the same with Riga airport, pending approval by the European Commission. In the case of Iceland the transaction included a commitment to a second, larger recapitalisation in 2021.

The government of **Lithuania** supported its state-owned airports with three schemes (each involving relatively modest amounts) including a reimbursement for salary expenses; reimbursement for directly Covid-19 related expenses; and a delay of profit distribution from the airports to the state shareholder.

The government of **Norway** supported its state-owned national airport operator through three different channels. The company was in 2020 granted a grace period on state loans and exempted from paying dividends to the state owner for the financial year 2019. The company was also given an operating subsidy of NOK 3.6 billion.

In **Sweden** the government recapitalised its national airport operator to the tune of SEK 2.5 billion. The company was, and remains, 100% owned by the state.

The government of the **United States** has provided its airport sector with sizeable financial support in the form of grants provided for by the CARES Act. The assistance is subject to an overall limit of USD 10 billion. Of this amount USD 9 billion have to date been granted, and more than USD 5 billion already disbursed.

Finally, in two relatively smaller transactions the government of **New Zealand** extended a state loan to a regional, state-owned airport, and the government of **Turkey** supported the leaseholders/renters at its national airports through deferrals of payments.

Other sectors/companies

Regarding **air freight/cargo**, very few countries have implemented measures targeting this sector specifically. This probably reflects the fact that, first, as shown in section 2 this sector has been less heavily affected by the crisis and, secondly, because in most country air freight services are provided by the same companies operating the passenger airlines. One exception is the **United States**, where significant support has been made available to the air cargo operators. According to Annex 1 three channels of support have been employed, namely treasury loans provided for by the CARES Act (USD 4 billion), payroll support provided for by the CARES Act (USD 2 billion), and financial support provided for by the CRRSAA Act (USD 2 billion). The loans must be redeemed within a period of 10 year.

Four countries have implemented support measures in other segments of the air transport sector. Two enterprises involved in **airline maintenance services** received support. The Estonian government provided loans and loan guarantees to such a company through a state-owned foundation, and the government of Hungary did likewise by means of tax concessions.

In the area of **air traffic control**, a large number of operators are government agencies which fall outside the scope of the present report. However, in Latvia and Sweden these services are provided by wholly state-owned enterprises, both of which received capital injections from the state owners in the course of 2020.

d) Terms and conditions

A number of the countries listed in Annex 1 have imposed some forms of conditionalities on the recipients of government support. As a general rule “conditionalities” can be said to imply corporate action that differs from what a commercial company would (or might) otherwise do in like circumstances. According to the annex a total 13 of the respondent governments have imposed such adjustments and a pre-condition for receiving support. In addition to this it should be kept in mind that countries located in the European Union or the EEA are also subject to the conditions for state aid laid down in the EU Temporary Framework. In sum, they include: no aggressive commercial expansion; no major acquisitions of competitors; no dividend payments or share buybacks; no bonuses or salary increases for the top management.

In general the conditionalities imposed by governments can be said to fall in four broad categories: (i) corporate restructuring and improved profitability; (ii) public policy obligations, national interest and a commitment to responsible business conduct in the current context; and (iv) a long term commitment to what has been termed “building back better” after the Covid-19 related crisis is behind us.

Corporate restructuring. Virtually all state support measures must be said to come with a ‘conditional’ requirement to restructure, since the state is unlikely to step in repeatedly unless a credible effort is made to return the respective companies to profitability. But in some cases even the emergency measures contained a formal commitment. For example, Air France/KLM, El Al and some of the Nordic airport companies had to commit to corporate restructuring or ‘efficiency enhancement’ as a condition for state assistance.

In some cases where subsidiaries of foreign companies were assisted by their national government, some conditionalities also targeted the division of burdens between the various group-affiliated companies. For example, the Swiss government assisted its national carrier (a subsidiary of Lufthansa) on condition that the company maintain its headquarters, brand and affiliation with its Zurich hub, and that subsequent corporate restructuring must affect the airline and its parent company ‘proportionately’. Similar terms were imposed by the Belgium government, which also extracted from Lufthansa a commitment to further investment in Brussels Airlines. Likewise, the state support to Icelandair was made conditional on the company maintaining its headquarters (and stock market listing) in Iceland.

Moreover, a number of countries in addition to those in the EU/EEA have imposed limitations on managerial remuneration, bonuses, dividend payments and share buy-backs in the companies receiving public money. To some extent this may be considered as a public policy measure aimed at avoiding controversy over the use of taxpayers’ money, but it is also linked to the viability of the companies involved. The United States, Israel and New Zealand, among others, have imposed such restrictions.

Public policy obligations. Countries differ in respect of the degree to which they have imposed minimum service obligations on the recipients of state support. In geographically smaller countries (e.g. in Europe) this is generally not the case, but for instance in the United States and New Zealand where air connectivity is considered as an important public utility, government assistance to airlines was made conditional on a minimum number of daily flights.

A number of countries have imposed conditions on recipients of public money related to the wages and employment conditions of their staff. Logically this will generally be the case when assistance was given to support the corporate payroll, but a number of countries have also imposed such conditionalities as part of other support packages. This may in some cases lead to a trade-off between objectives: many of the commitments to corporate restructuring mentioned above probably necessitate downsizing of the payroll – and some such commitments may even have been imposed by governments to induce employees to accept downsizing measures or wage restraint. An illustration of the latter point is arguably provided by Israel where the government made its support to El Al conditional on the absence of any wage increases until the loans have been repaid.

Among the countries that have made at least a degree of job preservation an explicit condition for state support to airlines are the Netherlands, Switzerland, the United States and Turkey. (In the latter case the condition is economy-wide and not linked with the air transport sector.) The government of Germany has also made “social relations” a condition for some of its support measures. At the same time, According to the International Transport Workers’ Federation, only eight of the 69 schemes reported by public authorities included explicit protections for employees. These protections come in different forms – e.g. honouring collective bargaining agreements, restricting involuntary redundancies, payroll support and maintaining employment levels.[15]. In many of these countries workers are nevertheless protected due to economy-wide furlough schemes, but the Federation expressed concerns that these may be of a significantly shorter duration than the crisis in the air transport sector.

Building back better. The most prominent longer-term commitment included in support measures relates to environmental performance and climate action. The two largest European airline packages, concerning Lufthansa and Air France/KLM, both required the aid recipients to take steps toward 'greening' their operations in the future. In the case of Air France/KLM this included some verifiable commitments, including a CO2 reduction of 50% (per passenger kilometre) and the use of 14% renewable fuels by 2030. In the case of KLM this was supplemented by a commitment to decrease night flights, which may reflect a commitment toward local affected communities rather than the global climate. In the case of Lufthansa and its subsidiaries, somewhat more generally formulated commitments toward environmental improvements were criticised by some for not going beyond what was already implied by pre-existing plans for new airplane types and new kinds of jet fuel[16].

Spain's package for the air transportation sector, if properly implemented and monitored, arguably goes the furthest in this direction. Recipients are required to commit to complying with the Paris Climate Agreement and also to contribute to protecting biodiversity. In addition to the environmental commitments, the Spanish government also compel aid recipients to commit to closing the gender wage gap and abstain from operating in tax havens.

[15] Further details in ITF Airports United (2020), "State relief packages to the aviation industry: an analysis", unpublished.

[16] https://www.bloomberg.com/news/articles/2020-05-26/lufthansa-bailout-comes-with-no-new-climate-strings-attached.

Conclusions

One of the main questions raised by this report, which falls squarely within the mandate of the Working Party on State Ownership and Privatisation Practices, is the degree to which state rescue operations have changed or are likely to change state ownership in the air transport sector. The most immediate conclusion would be that so far not much has changed. Capital injections have taken place in a number of countries, but in most cases these took the form of recapitalisation of wholly-owned SOEs or participation in new share issuance by companies in which the state was already invested. In the latter, the state sometimes participated on a pro-rata basis with other shareholders maintaining its pre-crisis ownership share, but some other cases saw the state's stakes in the companies rise. The most significant qualitative shifts in the ownership landscape so far are the (prospective) transformation of Alitalia into a new, closely-held SOE and the emergence of the German state as a significant block-holder in Lufthansa.

A small number of governments have moreover extended convertible loans to troubled air transport companies. The limited application is to some extent surprising. The OECD has in the past recommended such financial instruments as a useful crisis relief measure on account that, on the one hand, they provide the company with a grace period to return to profitability whereas, on the other hand, they let taxpayers share the default risk with incumbent shareholders[17]. At the current juncture only four countries have formally availed themselves of this option.

But debt-equity swaps could nevertheless be a feature of the future. By a large majority, most of the state support so far has been given in the form of loans and loan guarantees. Most of the loans granted in 2020 have a maturity ranging from four to six years, and some of them are even shorter. By common consensus it could take another two years for the volume of air travel to recover from the depth of the crisis, which implies that it will take significantly longer for the air transport sector to return to a healthy profitability[18]. The implication of this is that a number of the outstanding emergency loans in all likelihood cannot be redeemed. The state creditors will then face the choice between foreclosure, debt forgiveness and recapitalisation. Most likely, depending on countries and circumstances, all three kinds of transactions will occur.

Assuming that the outlook is indeed a degree of increasing state ownership, governments may want to ask themselves how to address a situation where they might find themselves as "unintended" owners (or minority investors) of air transport companies. The policy priority in many countries would no doubt be to re-privatise as soon as possible, but as OECD experience shows this may in practice take significantly longer than first envisaged. The approach taken may also depend on that the OECD Guidelines on Corporate Governance of State-Owned Enterprises (the "SOE Guidelines") terms 'the rationale for state ownership': if the rationale for ownership is simply to stave off a corporate calamity then actions to

[17] OECD (2020), "Equity injections and unforeseen state ownership of enterprises during the COVID-19 crisis", https://www.oecd.org/coronavirus/policy-responses/equity-injections-and-unforeseen-state-ownership-of-enterprises-during-the-covid-19-crisis-3bdb26f0.

[18] Moreover, a number of airlines are reportedly approaching involvency and will, unless there is a significant recovery of air travel in the summer of 2021, require capital injections to main in business.

divest can be taken as soon as business conditions normalise. If the rationale was to stabilise certain markets or avoid adverse social consequences of corporate failure, then the state's exit needs to be more carefully prepared. It might also be staged in phases and include appropriate measures for employment protection.

In some cases, a government may conclude that a rescued company should remain part of the state's SOE portfolio. This would to some extent depend on the changes that occur to the air transport sector as the crisis progresses. For instance, the outlook could be for a growing concentration among fewer enterprises, which might induce governments to stay involved as an owner to protect the integrity of the marketplace. Also, if the financial viability of certain 'flag carriers' disappears and private ownership is therefore no longer an option, governments will ask themselves whether the national interest in maintaining a large domestic airline as well as international air hubs is sufficient to justify a longer-term state involvement.

Going forward, this contributes to a heightened need for a strong implementation of the SOE Guidelines. On the one hand, it is possible that some governments that had not envisaged once more becoming the owners of large, commercially oriented companies have to re-establish appropriate state ownership structures and rebuild institutional capacity. On the other hand, a growing state role in the air transport sector will give rise to concerns about competition and the maintenance of a level playing field. Monitoring the implementation of the Guidelines' provisions about transparency, accountability and the SOEs' role in the marketplace will be crucial to alleviating policy concerns and maintaining an open international environment for trade and investment.

Annex A. Measures in support of the air transport sector individual countries[19]

Table A.1. Argentina

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)[20]	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
Aerolineas Argentinas[21]	Financial assistance	National treasury	Completed	ARS 21.5 bn.	No	No	No	-
EANA (air traffic control)	Fiscal transfers	National treasury	Completed	ARS 217.3 mill.	No	No	No	-
Intercargo (air freight operator)	Fiscal transfers	National treasury	Completed	ARS 800.3 mill.	No	No	No	-

[19] Not included in this annex is the Czech Republic, which has formally approved a Covid-related support programme for a small number of economic sectors – including air transport – but not yet taken concrete action.

[20] The companies generally receive transfers. The amounts are calculated as the inflation-adjusted difference between 2019 and 2020.

[21] Including the domestic airline Austral Lineas, which was merged into Aerolineas Argentinas in May 2020.

Table A.2. Australia

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
Regional Airline Network Support (RANS)	Subsidy	Department of Infrastructure, Transport, Regional Development and Communications (DITRDC)	Promised	AUD 198 mill.	N/A	N/A	End date – 28 March 2021	Support being provided to 14 airlines in order to provide up to 270 return services per week to 120 ports, of which 111 are regional or remote.
Domestic Aviation Network Support (DANS)	Subsidy	DITRDC	N/A	Not publicly disclosed	N/A	N/A	End date – 28 March 2021	Support being provided to 4 airlines operating on the top 50 routes for the 2018-19 financial year as identified by the Bureau of Infrastructure, Transport and Regional Economics (BITRE)
Australian Airline Financial Relief Package	Fee waivers, changes to operations charges, limited	DITRDC	Disbursed	AUD 715 mill. including: 145.7 mill. in Airservices	N/A	N/A	End date – 31 December 2020[5]	

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
(AAFRP)	direct financial assistance			charges waived; 25.7 mill. in rebates of fuel excise; 112.8 mill. in rebates of domestic security costs				
Regional Airports Screening Infrastructure program	Funding contribution	DITRDC	Promised	AUD 66 mill.	N/A	N/A	End date – 30 June 2021	Provided a funding contribution towards the minimum necessary capital and initial operational costs of enhanced security screening at eligible regional airports.
Regional Airlines Funding Assistance program	Monthly subsidy	DITRDC	Disbursed	Up to AUD 100 mill.	N/A	N/A	End date – 31 December 2020	Air service providers were able to apply to the Government to be considered for support where there was a demonstrated need.

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
Funding for federally-leased airports	Temporary relief and deferrals from land-tax-equivalent payments	DITRDC	Disbursed	N/A	N/A	Airports must have provided rent relief to commercial tenants during the crisis.	End date – 31 December 2020	Reduced cost pressures on airports as they managed reduced revenues from fewer flights and enabled tenants to direct more resources toward operations and staff retention.

Table A.3. Belgium

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
Brussels Airlines (Belgian airline company belonging to the German Lufthansa Group)	Loan agreement	FPIM (Federal Participation and Investment Company).	Decided (agreement concluded between the Belgian government and Lufthansa in July 2020).	EUR 290 mill, including an one-time capital injection by FPIM amounting to 2.9 mill. A first tranche amounting to 130 mill. has already been disbursed, namely at the beginning of December 2020.	The Belgian government got 2 seats in Brussels Airlines' Board of Directors.	Lufthansa needed to invest an additional amount of EUR 170 mill. (being a capital increase), which Brussels Airlines used first, thus before appealing for the amount corresponding to state aid. Lufthansa needed to promise that Brussels Airlines should remain Belgian, tthereby keeping its commercial name. Moreover, the Belgian airport hub has to be strengthened (in particular in the long-haul area). Lufthansa also promised to "green" its aircraft fleet.	The state aid has to be reimbursed in 2026, with interest charges.	

Table A.4. Brazil

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
Airport tenants and airline companies	(i) deferral of payments monthly contractual terms, (ii) extension of up to 4 months in the original term of the contracts and (iii) temporary reduction of up to 50% in the value of the minimum guarantees or fixed price of the contracts signed with the tenants and airline companies.	Infraero	Action taken	There was no transfer of resources.	There was no change in the corporate structure of the companies.	No economic condition was imposed on the concessionaires.	No	For 2021, Infraero only communicated the continuation of the deferral action of the minimum guarantee or fixed price slips (JAN and FEV/21 competences), without any new incidence of monthly discounts on contractual amounts or new extensions of the covenants. In the case of defaulting tenants and airline companies, Infraero opened a dialogue to discuss the possibility of settling debts with different installments, in order to keep the contracts. In addition, in relation to airport charges, Infraero postpon ed, for 120 days, the maturity of these charges (landing, stay and connection), for the period from March to June 2020.

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
Fraport Brasil S.A Aeroporto de Porto Alegre	Debt standstill	BNDES (development bank)	Decided on Jun-20 and Dec-20	-	No change	No	Yes, the standstill ends on May-21	The first six months of standstill were possible for all sectors. The additional six months were restricted for some sectors, including airports.
Concessionária do Aeroporto Internacional de Confins S.A.	Debt standstill	BNDES (development bank)	Decided on Apr-20 and Oct-20	-	No change	No	Yes, the standstill ends on Mar-21	
Concessionária do Aeroporto Internacional de Guarulhos S.A.	Debt standstill	BNDES (development bank)	Decided on May-20	-	No change	No	Yes, the standstill ended on Oct-20	
Inframérica Concessionária do Aeroporto de Brasilia S.A.	Debt standstill	BNDES (development bank)	Decided on Apr-20 and Oct-20	-	No change	No	Yes, the standstill ends on Mar-21	
Inframérica Concessionária do Aeroporto de S. Gonçalo do Amarante S.A.	Debt standstill	BNDES (development bank)	Decided on Apr-20 and Oct-20	-	No change	No	Yes, the standstill ends on Mar-21	
Concessionária do Aeroporto Internacional de Florianópolis S.A.	Debt standstill	BNDES (development bank)	Decided on Jun-20 and Dec-20	-	No change	No	Yes, the standstill ends on May-21	
Concessionária Aeroporto Rio de Janeiro S.A.	Debt standstill	BNDES (development bank)	Decided on May-20 and Oct-20	-	No change	No	Yes, the standstill ends on Apr-21	

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
JHSF Administradora do Catarina Aeroporto Executivo S.A.	Debt standstill	BNDES (development bank)	Decided on Apr-20 and Oct-20	-	No change	No	Yes, the standstill ends on Mar-21	
Airport concessionaires: • **FRAPORT (in Porto Alegre and Fortaleza);** • **ZURICH AIRPORT (in Vitória, Florianópolis and Macaé)** • **CHANGI AIRPORT (in Rio de Janeiro)** • **INVEPAR (in Guarulhos)** • **AENA (in Recife, Maceió, João Pessoa, Aracaju, Campina Grande e Juazeiro do Norte)**	Postponement of the expiration date of the financial commitments due by concessionaires . New due date has been set for December 18th, 2020 (Provisional Measure No. 925/2020, converted into Law 14,034 / 2020). The postponement was included in the concession contracts by means of contractual amendments.	Ministry of Infrastructure and National Civil Aviation Agency.	Action taken	There was no transfer of resources.	There was no change in the corporate structure of the companies.	No economic condition was imposed on the concessionaires.	No	The measure helped to mitigate the impacts of the pandemic on airport operators' cash flow. As the financial commitments in exchange for the right to exploit the airport infrastructure represents one of the main cost items to airport companies, the postponement eased the pressures on their cash flow.

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
• **INFRAMERICA (in Brasília e Natal)** • **CCR (in Confins)** • **VINCI AIRPORTS (in Salvador)** • **Aeroportos Brasil Viracopos – ABV (in Campinas)** **SOCICAM (in Cuiabá, Sinop, Rondonópolis e Alta Floresta)**	Economic-financial rebalancing of concession contracts.	Ministry of Infraestructure and National Civil Aviation Agency.	Execution phase	BRL 1.88 bn.	There was no change in the corporate structure of the companies.	No economic condition was imposed on the concessionaires.	No	As the pandemic was qualified as a force majeure event. The rebalancing granted was limited to the year 2020. Calculation of the impact of the pandemic on the coming years is under discussion.
	Reprogramming the regular payments (concesion contract) of financial commitments by concessionaires	Ministry of Infraestructure and National Civil Aviation Agency.	Action taken	There was no transfer of resources.	There was no change in the corporate structure of the companies.	Payment of overdue contractual (concession) obligations to grantng authority.	October 30th, 2020 was the deadline for the concessionaires to request the reprogramming of payments.	This specific measure was restricted to the concessionaires of the airports in Brasília, Confins and Guarulhos. It represents a postponement in the concessions owed by the concessionaires. As the grants to be paid in the future will be adjusted, there is no economic impact (despite financial impacts).
Brazilian Airlines, especially LATAM BRASIL, AZUL and GOL. **Other domestic airlines.**	Airlines were granted an extension to refund air tickets, in case of cancelation.	Ministry of Infrastructure. Provisional Measure No. 925/2020, converted into Law 14,034 / 2020).	Action taken	There was no transfer of resources.	There was no change in the corporate structure of the companies.	No economic condition was imposed on the concessionaires.	The measure is limited to flights from March 19th, 2020 to October 10th, 2021.	Law 14,034 / 2020 granted Airlines na extension to refunda ir tickets in case of cancelation to 12 months. The measure relieved airlines cash flow, by encouraging the rebooking of tickets (instead of cancelilng air tickets).

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
	Deferral of payment of air navigation tariffs.	Decree nº 10,284, regulated by the Department of Airspace Control (DECEA - Air Force).	Action taken	There was no transfer of resources.	There was no change in the corporate structure of the companies.	No economic condition was imposed on the concessionaires.	The maturity date was December 31st, 2020.	Decree nº 10,284 2020 authorized DECEA to extend the deadline for the payment of air navigation fees due by airlines. The measure relieved airlines' cash flow.
	Airport yards were made available for aircraft parking	Ministry of Defence Provisional Measure No. 945/2020, converted into Law 14,047 / 2020), regulated by Ordinance ("Portaria") No. 465/GC3, April 13th 2020, of the Air Force Command	Action taken	There was no transfer of resources.	There was no change in the corporate structure of the companies.	No economic condition was imposed on the concessionaires.	No	Airport yards, mainly those managed by the Air Force(military airports) were made available for aircraft parking.

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
	Airport yards were made available for aircraft parking	Ministry of Infrastructure. Provisional Measure No. 945/2020, converted into Law 14,047 / 2020), regulated by Ordinance ("Portaria") No. 181 of the Ministry of Infrastructure	Action taken	BRL 8.77 millions	There was no change in the corporate structure of the companies.	No economic condition was imposed on the concessionaires.	From April 1st to September 30th, 2020.	Through the Ordinance ("Portaria") No. 181, the Ministry of Infrastructure defined the conditions for the payment of expenses related to parking services for the aircraft of national Airlines in INFRAERO yards.

Table A.5. Croatia

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
Croatia Airlines	Compensation of direct damages	Ministry of the Sea, Transport and Infrastructure	Disbursed	HRK 88.5 mill.	N/A	No, rationalization initiatives have been implemented soon after the start of the crisis.	No, this is a one-time payment.	Direct COVID-19 damages (March – June 2020)
	Shareholder loan	Ministry of the Sea, Transport and Infrastructure, Ministry of Finance	Disbursed	HRK 250 mill.	N/A	No, rationalization initiatives have been implemented soon after the start of the crisis.	No, although it will be looked into in connection with the strategic partnership process.	
	Recapitalization	Ministry of the Sea, Transport and Infrastructure, Ministry of Finance	Disbursed	HRK 350 mill.	New shares have been issues but will not significantly change the state's ownership as the state owns almost 98% of the company.	No, rationalization initiatives have been implemented soon after the start of the crisis.	No, although it will be looked into in connection with the strategic partnership process.	

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
International airports	State guarantee	Ministry of the Sea, Transport and Infrastructure, Ministry of finance, Croatian Bank	Decided	EUR 0.8 mill. per international airport (there are 9)	N/A	No.	State Guarantee has to be issued in accordance with the deadlines set out in the temporary framework for state aid measures to support the economy in the current covid-19 outbreak.	This is part of the overall state aid programme for the transport sector and users can apply on a voluntary basis. No support aid has been granted as of yet.

Table A.6. Estonia

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
AS Nordic Aviation Group	Equity increase	Ministry of Economic Affairs and Communication	Disbursed in january 2021	EUR 22 mill.	State is 100% owner	Prohibitions in European Commission state aid decision: - no engagements in aggressive commercial expansion; - no major acquisitions of competitors; - no dividends; - no salary increase for management board	Exit strategy has to be provided if at least 75% of COVID shares have been redeemed in 12 months. If the shares are not redeemed within seven years a restructuring plan has to be submitted to EC.	
	Liquidity loan/ Extraordinary loan for projects of national importance	Government-established foundation KredEx	Negotiation ongoing	EUR 8 mill.	State is 100% owner	N/A	N/A	Government has made a pre decision in October 2020

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
Magnetic MRO AS	Extraordinary loan for projects of national importance	Government-established foundation KredEx	2020	EUR 10 mill.	0&%	N/A	N/A	
	Loan guarantee for existing bank loans	Government-established foundation KredEx	Duration 15.05.2022	Guarantee: EUR 0.8 mill.; Loan: EUR 1.6 mill.	0%	N/A	Duration period	-
	Loan guarantee for existing bank loans	Government-established foundation KredEx	Duration 26.06.2022	Guarantee: EUR 4.9 mill.; Loan: EUR 9.8 mill.	0%	N/A	Duration period	-

Table A.7. Finland

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
Finnair plc	Guarantee	Ministry of Finance	Issued on May 20, 2020	None as the guarantee is issued in favor of the lender	Not expected to change ownership stake	No	The terms and conditions of the underlying loan are not public information and cannot be disclosed	Measure to ensure Finnair's liquidity
	Equity investment	Prime Minister's Office	June 26, 2020	EUR 286.1 mill.	No significant change	No	No	Pro rata participation in Finnair plc's rights issue
	Hybrid Loan Facility	Prime Minister's Office	Facility agreement signed on March 17, 2021	Up to EUR 400 million	No change in ownership stake	No	The terms and conditions of the underlying loan are not public information and cannot be disclosed	Measure to ensure Finnair's liquidity and/or equity position
Finavia Corporation	Equity investment	Prime Minister's Office	March 23, 2021	EUR 317,15	No change in ownership stake	No	No	Measure to ensure Finavia's liquidity and equity position

Table A.8. France

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
Air France – KLM	Loan guarantees	State	Both disbursed on May 6th 2020	EUR 4 bn.	It isn't.	Environmental- and no dividend- commitments	1-year maturity (with extension options)	See AF-KLM press release on May 7th 2020
	Loan			EUR 3 bn.			4-year maturity (with extension options)	
	Debt-equity swap	State	Approved by European Commission	EUR 3 bn.	The transactions have the potential to raise the state's stake in the company to an estimated 29.9%.	Standard TFEU conditions plus some additional measures to increase competition.	No	See European Commission press release on 6 April 2021
	Recapitalisation			Up to EUR 1 bn.				
All airports	Repayable advance	State treasury	Decided	EUR 300 mill.	It isn't.	No	Unknown	See law n°2020-935
CORSAIR	Loan	State treasury	Decided, disbursed before 31/01/21	EUR 80 mill.	It isn"t	No dividend commitments Conditionally on compliance with the restructuring plan (see Commission's decision SA.58463)	One loan EUR 18 mill. - 6 years maturity One loan EUR 62 mill. - years maturity	See decisions of the European Commission: SA.58463 (published) and SA.58125 (not yet published)
	Tax deferrals	State treasury		EUR 21.9 mill.				
	Tax credit	State treasury		EUR 35 mill.				

Table A.9. Germany[22]

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
Deutsche Lufthansa AG („Lufthansa“)	Economic Stabilisation Fund: - Silent Participation I - Silent Participation II (with conversion right) - Capital increase	Economic Stabilisation Fund (Fund of Fed. Rep. of Germany to counteract the economic impact of the coronavirus pandemic and stabilise companies in the real economy)	Measures decided by the Economic Stabilisation Fund: - EUR 6 bn. contracted on 29/06/2020 - Contract was adjusted in SEP2020 as Lufthansa also received stabilisation measures from other countries; after netting against these other measures EUR 5,8 bn. are now contractually agreed - Thereof disbursed: ○ EUR 306 mill. on 02/07/2020 (Capital increase)	Drawn down to this date (16/02/2021): Measures by the Economic Stabilisation Fund - EUR 1.3 bn.	Yes, there is a change. The capital increase of EUR 306 mill. by the Economic Stabilisation Fund resulted in an equity share of 20% in the company. By means of contractual conversion rights with regard to Silent Participation II the Economic Stabilisation Fund could increase its equity share to	There are several contractual obligations in place regarding inter alia environmental and executive salary related topics as well as a dividend ban.	Economic Stabilisation Fund: - Silent Participation I - indefinite term - Silent Participation II – term of six years (with conditional prolongation) - Shares - indefinite term, but right of the company to request the sale of the	Lufthansa is a major German and European aviation company, listed in the German stock index MDAX. In the course of the COVID 19-pandemic and the related travel restrictions the company faced

[22] Non-exhaustive examples of support granted since March 2020.

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
			o EUR 1 bn. on 09/07/2020 (Silent Participation II) - Remaining amount equals the Silent Participation I, which has not been drawn yet		30% + 1 share.		shares when the Silent Partici-pations have been repaid	severe operational and liquidity impacts. It was the first and to this day it is the largest stabilisation measure realised by the Economic Stabilisation Fund.
	KfW: *Loan (thereof 20% participation by private banks)*	*KfW (German development bank)*	*Measures by KfW:* - *EUR 3 bn. contracted on 01/07/2020* - *Thereof EUR 1.0 bn. available after netting against other stabilisation measures by other countries* - *Thereof disbursed EUR 1 bn.*	*Measures by KfW:* - *EUR 1 bn.*			*KfW:* *Loan – term of three years*	

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
TUI AG	Economic Stabilisation Fund: - Silent Participation I (with conversion right) - Silent Participation II - Warrant Bond *KfW:*	- Economic Stabilisation Fund (Fund of Fed. Rep. of Germany to counteract the economic impact of the coronavirus pandemic and stabilise companies in the real economy) *KfW (German development*	Measures decided by the Economic Stabilisation Fund: - EUR 150 mill. (Warrant Bond) contracted on 29/09/2020 and disbursed on 01/10/2020 - EUR 1.1 bn. contracted on 04/01/2021, of which EUR 420 mill. (Silent Participation I) disbursed on 25/01/2021. Remaining amount of EUR 671 mill. equals the Silent Participation II *Measures by KfW:* - *EUR 1.8 bn. contracted in March 2020 (Loan I)*	Drawn down to this date: Measures by the Economic Stabilisation Fund: EUR 570 mill. Measures by KfW: Depends on current	Yes, there is a change. By means of contractual conversion rights with regard to Silent Participation I and the call options related to the Warrant Bond the Economic Stabilisation Fund could increase its equity share to 25% + 1 share.	There are several contractual obligations in place regarding environmental, social and executive salary related topics as well as a dividend ban.	Economic Stabilisation Fund: - Silent Participation I - indifinite term - Silent Participation II – indifinite term - Warrant Bond – term until 30/09/2026 (with prolongation mechanism depending on repayment of KfW-facilities)	

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
	- *Loan I* - *Loan II* - *Loan IIII*	*bank)*	- *EUR 1.1 bn. contracted in August 2020 (Loan II)* - *EUR 200 mill. contracted in January 2021 (Loan III)* - *Due to RCF structure draw down is flexible*	utilisation of KfW loan facilities. At least the KfW facility of EUR 200 mill. (Loan III) has not been drawn yet by the company			*KfW:* *Loan – term until July 2022*	
Condor	Loan	Federal Government and State of Hesse	Disbursed	EUR 550 mill.	Not changing	No	N.A.	
Flughafen Berlin Brandenburg GmbH	Subsidy	Federal Ministry of Transport and Digital Infrastructure (26%), State of Berlin (37%), State of Brandenburg (37%)	Disbursed (Oct 2020)	EUR 98.8 mill.	Not changing	No		Support for loss of income during March 4th and June 30th 2020
	Low-interest loans Low-interest loans		Disbursed (Nov/Dec 2020) Decided (Dec 2020)	EUR 201.2 mill. EUR 552 mill.				Support for loss of liquidity during January 1st and November 9th 2021

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
Flughafen München GmbH	subsidy	Federal Ministry of Transport and Digital Infra-structure (26%), City Munich (23%), State of Bavaria (51%)	Distributed when every shareholder will participate according to their share	EUR 253 mill.	Not changing	No	Distributed when every shareholder will participate according to their share	Support for loss of income during March 4th and June 30th 2020
Flughafen Köln/Bonn GmbH	inpayment in capital reserve	Federal Ministry of Transport and Digital Infrastructure State of North Rhine-Westphalia City Cologne City Bonn 2 others	Promised (18.12.2020)	EUR 75 mill.	Not changing	No		

Table A.10. Greece

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
Aegean Airlines S.A	Direct grant	The state budget (Ministry of Finance)		EUR 120 mill.	Private company	Capital increase of 60 million euros by the existing shareholders of the company.	The support will be disbursed by June 2021	Scheme approved by DGComp SA 59462.

Table A.11. Hungary

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
Aeroplex of Central Europe Aircraft Technology Center Ltd.	Tax concession	National treasury	Introduced	HUF 115 mill.	No change in ownership structure and share of the company	Not linked to any corporate measure	The exemption covered the month of May and June 2020.	209/2020. (V. 15.) Government decree (on the reduction of the public burden obligations of enterprises operating in the aircraft industry in order to mitigate the impact of the coronavirus pandemic on the national economy) related tax exemption for May and June, 2020.

Table A.12. Iceland

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
Isavia ohf	Share capital	National treasury	ISK 4 bn. dispursed 2020, further ISK 15 bn. authorized for 2021	ISK 4 bn.	Remains 100% state-owned	Both authorizations are conditional on job preservation, cost rationalization and Covid-19 damages.	Authorization for 2021 is for that year and no funds have yet been disbursed. Company will not „draw“ on share capital authorization unless	The support has been cleared by ESA.
Icelandair Group hf	State guarantee	National treasury	90% coverage up to USD 120 mill. worth of loan agreements	0	None at all	Maintain head office for group and flight operations in Iceland, no dividend pay-out or similar actions, maintain listing on Icelandic Stock Exchange	The borrower can draw on the underlying loan agreements until 30 september 2022 (from 14. Sept. 2020), but the guarantee will be in force for up to 5 years from signing of the agreement, or up to 30.9.2025.	The support has been cleared by ESA.

Table A.13. Ireland[23]

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
Cork Airport and Shannon Airport (note A)	A one year operational and capital grant funding support	Department of Transport	Decided (timing 2021)	EUR 32 mill	n/a			These grant supports are expected to be provided in 2021 in response to the COVID-19 pandemic.
Shannon Airport	Project specific grant funding for completion of the hold baggage screening capital project (note B)	Department of Transport	Decided (EUR 300k disbursed in 2020. Balance to be disbursed in 2021)	EUR 6.1 mill	n/a			In 2020, given the financial impacts of COVID-19, the Hold Baggage Screening project at Shannon Airport was halted (Shannon Airport had already commenced the project before the pandemic). To ensure its completion, as an exceptional measure, Government provided emergency funding of EUR 6.1 million.
Dublin Airport, Cork	Damages	Department	To be disbursed in	EUR 20 mill	n/a			Damages compensation

23 The information does not include horizontal Government support schemes provided in response to COVID-19 that are not sector specific, and which State-owned and private firms in the air transportation sector in Ireland availed of, such as the Employment Wage Subsidy Scheme (EWSS) and waiver of commercial rates (as well as other schemes).

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
Airport, Shannon Airport	compensation measure under Article 107(2)(b) of the Treaty on the Functioning of the European Union.	of Transport	2021					measure in direct response to the impact of COVID-19 on airports with greater than 1 million passengers (annual average over the two preceding financial years, 2018 and 2019). This measure will provide State airports with the flexibility to roll out route incentives/charge rebates, in consultation with airlines, with a view to supporting recovery and growth of connectivity.
Ireland West Airport Knock, Kerry Airport and Donegal Airport (note C)	Aid under the "Temporary Framework for State Aid Measures to Support the Economy in the Current Covid-19 Outbreak"	Department of Transport	To be disbursed in 2021	EUR 6 mill	n/a			Measures approved under section 3.1 and 3.12 of the Framework to help airports that deliver international connectivity to address liquidity issues caused by the COVID-19 outbreak.

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
	Regional airport current and capital grant funding 2021-2025	Department of Transport	Decided (2021)	EUR 14 mill	n/a			Part of an ongoing Exchequer grant support scheme and not a specific response to COVID-19.
	Regional airport current and capital grant funding 2020	Department of Transport	Disbursed (2020)	EUR 6 mill	n/a			Part of an ongoing Exchequer grant support scheme and not a specific response to COVID-19.
Aer Lingus (note D)	Debt facility	Ireland Strategic Investment Fund (note E)	Disbursed (2020)	EUR 150 mill	n/a			EUR 150 mill commercial debt facility to Aer Lingus to support its liquidity needs given the severe impact of the pandemic across the aviation sector.
daa plc	Participation in bond issue	Ireland Strategic Investment Fund (note E)	Disbursed (2020)	EUR 40 mill	n/a			EUR 40 mill participation in daa's EUR 500 mill public bond issuance.

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
Funding to Stobart Air (note C)	PSO Air Services Contract 2018-2022.	Department of Transport	Decided 2018-2022	EUR 29 mill	n/a			Funding to Stobart Air for Donegal-Dublin and Kerry-Dublin routes. Part of an ongoing Exchequer support for air services and not a specific response to COVID-19.

Note A:

- Cork Airport is a business unit within daa plc, an Irish State owned Company. daa is tasked, under legislation, with *inter alia*, managing, operating and developing Dublin Airport and Cork Airport.
- Shannon Airport Authority is a subsidiary of Shannon Group plc., an Irish State owned Company. Shannon Group is tasked, under legislation, with *inter alia*, promoting and facilitating air transport and aviation services in and around Shannon Airport.

Note B: EU Commission Implementing Regulation 2015/1998 requiring the upgrade of security screening equipment at European airports to improve explosive detection in hold baggage.

Note C: Ireland West Airport Knock, Kerry Airport and Donegal Airport are not State owned airports. Stobart Air is not State owned.

Note D: Aer Lingus is a subsidiary of International Airlines Group and is not State owned.

Note E: The Ireland Strategic Investment Fund (ISIF) is managed and controlled by the National Treasury Management Agency (NTMA), which is an Irish State body which operates with a commercial remit to provide asset and liability management services to the Government of Ireland. ISIF is a sovereign development fund with a statutory mandate to invest on a commercial basis in a manner designed to support economic activity and employment in Ireland. In May 2020, following a review by the Minister for Finance of potential supports for Ireland's economy during the Covid-19 pandemic, a €2 billion Pandemic Stabilisation and Recovery Fund (PSRF) was established by ISIF. The PSRF is to provide stabilisation capital to act as an enabler for otherwise viable medium and large enterprises that are experiencing trading or liquidity difficulties caused by Covid-19. Commitments by the PSRF to date include commercial debt investments in Aer Lingus and daa plc.

Table A.14. Israel

Company name(s)	Type(s) of government support	Govern-ment institu-tions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
El Al	Loans and loan guarantees;	Ministry of Finance	Promised	The company received a USD 250 mill. state-guaranteed loan along with a USE 150 mill. capital raising when the state undertook to purchase the shares that would not be purchased in the IPO.	The State purchased 173,86,000 shares of the Company in the issue, so that at that time the State holds 179,456,088 ordinary shares of the Company, which constitute 14.37% of the issued capital of the Company and of its voting rights..	* Implementation of the efficiency plan. * Prohibition on dividend distribution. * The salaries of members of the company's management and the chairman of the board will be reduced. * Failure to raise wages for any of its employees until the loan is repaid, outside the framework of the efficiency plan. * Implementation of the collective agreements signed with the company's employees	The state has approved that the guarantee will stand for the entire period of the debt, but no more than 6 Years, unless otherwise agreed with the State.	https://mayafiles.tase.co.il/rpdf/1319001-1320000/P1319588-00.pdf

Table A.15. Italy

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionali-ties?	End-dates or phasing out clauses?	Further details
Italia Trasporto Aereo S.p.A. (successor to Alitalia)	No support has been granted by state but the Italian Treasury created a new company with a direct equity investments to operate on the airlines sector at market conditions.	The National Treasury	The new airlines company was established and now it is waiting for the European Commission authorisation.	Up to EUR 3 bn.	The State decided to establish a new company in airlines sector to ensure the airlines transport in Italy at market conditions, and it is expected to open the capital of the new company to private investors in the next future.	No	No	Creation of a newco which will operate in the sector air transportation; is authorized to purchase or lease company branches from other companies operating in the airline sector.

Table A.16. Japan

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
Aviation sector	Exemptions and reductions	Ministry of Land, Infrastructure, Transport and Tourism		JPY 5.5 bn.				45% examption of parking chage and landing charge for domestic flight.(August 2020~February 2021)
	Exemptions and reductions Tax concessions	Ministry of Land, Infrastructure, Transport and Tourism		JPY 120 bn.				Total 90% reduction of parking charge, landing charge and air navigation service charge for domestic flight. (April 2021 ~ March 2022). 50% examption of aviation fuel tax from the conventional reduction measures. (April 2021 ~ March 2022)
		Ministry of Land, Infrastructure, Transport and Tourism		JPY 48 bn. (estimated)				Postponement of payment of landing charge.((August 2020~February 2021))
	Tax concessions	Ministry of Land, Infrastructure, Transport and Tourism						Tax Payment Grace of Aviaiton fuel tax and property tax etc.(Paymend deadline is from 1.Feburary. 2020 to 1. Feburary. 2021)
	Loans	Development banks		JPY 500 bn. (airline only)				Financing support by Development Bank of Japan
	Employment grant	Ministry of Health, Labour and Welfare		JPY 49 bn. (Applied by December)				Subsidies for employment adjustment

Table A.17. Latvia

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
Air Baltic Corporation AS	Direct equity investment by the state	State treasury/ state budget	Disbursed on July 17, 2020	EUR 250 mill. in share capital	State's ownership stake grew from 80,05% to 96.14%. Conditions applicable in order to incentive airBaltic to redeem the State recapitalisation are specified in July 3, 2020 European Commission decision in the case SA.56943 (2020/N) – Latvia COVID-19: Recapitalisation of airBaltic24 chapter 2.7.4 "Step-up mechanism".	Conditions are specified in July 3, 2020 European Commission decision in the case SA.56943 (2020/N) – Latvia COVID-19: Recapitalisation of airBaltic.	Conditions are specified in July 3, 2020 European Commission decision in the case SA.56943 (2020/N) – Latvia COVID-19: Recapitalisation of airBaltic chapter 2.7.6 "Exit strategy of the State".	N.A.

[24] AVAILABLE AT https://ec.europa.eu/competition/state_aid/cases1/202041/286640_2194753_175_2.pdf

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
JSC “Starptautiskā lidosta “Rīga””	Direct equity investment by the state	State treasury/ state budget	To be decided	EUR 50 mill. in equity capital, and waive of the dividends for 2019 profit. (EUR 4.5 million). Both measures can be implemented after Commission decision.	No	European Commision decision not received yet.	European Commision decision not received yet.	N.A.
JSC “Latvijas gaisa satiksme”	Direct equity investment by the state	State treasury/ state budget	Disbursed	EUR 6 mill. from the government as increase of the share capital, transaction completed on April 24, 2020	No	No	No	N.A.

Table A.18. Lithuania

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
Lithuanian Airports	Reimbursement for employee salary expenses	Employment Service under the Ministry of Social Security and Labour	Disbursed for year 2020, ongoing	EUR 2.2 mill.	No	On conditions of preserving at least 50% of job positions for at least 3 months after the end of payments	No end-date	n/a
	Reimbursement for COVID-19 expenses (PPE, desinfectants etc.)	Ministry of Transport and Communications	Disbursed	EUR 73,650	No	No	Ended 2020-12-31	n/a
	Delay of profit distribution	Ministry of Transport and Communications	Decided	EUR 9.7 mill.	No	No	n/a	n/a

Table A.19. Mexico

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
The airlines sector	Exemption of Tariffs for airport services	Aeropuertos y Servicios Auxiliares (ASA) (Airports and Auxiliary services).	Exemptions to tariffs of airport services was granted to air passenger companies during the months of April, May and June 2020.	It is estimated that the benefits amount to MXP 41 mill.	N/A	To be elegible for the benefits, air passenger companies must be up to date with their payments as of March 15. Otherwise, firms must pay outstanding debts or enter into an agreement recognizing such debt.	These benefits were granted only during the monts of april, may and june, 2020 to air passenger companies.	
	Discounts on airport services tariffs	Aeropuerto Internacional de la Ciudad de México (AICM) (Mexico City International Airport).	Discounts on airport services tariffs were granted in 2020 as follows: April-May: 100%; June: 60%; July: 40%; August: 20%.	It is estimated that the benefits amount to MXP 490 mill.	N/A		These benefits ended in August 2020.	

Table A.20. Netherlands

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
Air-France KLM	Governmental loan and revolving credit facility (RCF) of banks, guaranteed by the government (90% guaranteed)	EUR 1 bn. loan (national treasury), revolving credit facility of EUR 2.4 bn. (by 11 commercial banks), 90% of this loan is guaranteed by the government.	The transaction is partly disbursed, the second tranche will be transferred if the restructuring of KLM is finished.	Amount transferred: At the 26th of august 2020, the first part of the government loan is transferred (EUR 277 mill.). Also EUR 665 mill. of the revolving credit facility is transferred.	It does not change the state's ownership stake in the company.	The support was granted conditionally on the following actions: - Restructuring of KLM - No dividend payments - No bonuses and wage sacrifices of the top salaries during the financial support period. - Decreasing the number of night flights from 32.000 to 25.000 - CO2 reduction of 50% for every passenger-kilometer before 2030 - In 2030 14% of the fuel of KLM is renewable. - State agent to check on/supervises the agreements.	KLM has to repay the loan within 5,5 years.	RCF: 90% guarantee granted by the Dutch state with a maturity of 5 years and a coupon at an annual rate equal to EURIBOR (floored at zero) plus a margin of 1.35%.A cost of guarantee granted by the Dutch state equal to 0.50% in year 1, 1.00% in year 2 and 3, and 2.00% after year 3. Direct state Loan: Maturity of 5.5 years and a coupon payable annually at a rate equal to EURIBOR 12 months (floored at zero) plus a margin of 6.25% for year 1, 6.75% for year 2 and 3, and 7.75% for year 4 and 5. Subordination to the new revolving credit facility

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
KLM	NOW (Temporary emergency support for employee wages)	The national treasury, via the Ministry of Social Affairs and Employment	The transaction is an advance payment.	EUR 918 mill.	It does not change the state's ownership stake in the company	The NOW has a list of conditions for the support. Among others: the company must pay its employees 100% of the salary, the company is obligated to use this subsidy to pay for the labour costs.	If all conditions are not met, the advance payment will be reclaimed.	The NOW is a general support measure, for which all Dutch companies can apply for.
Winair	Collateralised loan of USD 3 mill.	The Ministry of Infrastructure and Water Management and the Ministry of the Interior and Kingdom Relations	Transaction has been disbursed.		It does not change the state's ownership stake in the company.	Yes, conditioned on the promise to keep at least two flights a day between the islands, when the entry restrictions are abolished. No bonuses to board members are allowed, no dividend or profit distributions to shareholders until the loan is refunded.	It is a 18 months collateralised loan, with an addendum up to a maximum of six years with mutual consent.	The interest rate on this loan is 4.41% a year. It has the airport building of Winair as collateral.

Table A.21. New Zealand[25]

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
Airways Corporation of New Zealand Limited *(State Owned Enterprise)*	Equity Wage Subsidy Scheme (WSS)	The Minister for State Owned Enterprises and the Minister of Finance via the Treasury	Decided	Equity of up to NZD 165 mill. (70 mill. transferred; additional 95 mill. available as uncalled ordinary share capital) Government fees assistance NZD 37 mill. WSS payment NZD 9 mill	None	No specific conditions. Shareholders expressed an expectation for Airways to 'right-size' its operation, and reduce its financial risk exposure in long term. There is further a temporary prohibition on payment of any dividends or other distributions to shareholders.	The uncalled ordinary share capital facility is available until 30 June 2022.	Further details available here: https://www.airways.co.nz/media-centre/media-statements/airways-new-zealand-welcomes-70m-support-from-government/ Letter of expectations issued by shareholders available here: https://www.treasury.govt.nz/sites/default/files/2020-09/loe-acnz-covid14sep20_1.pdf Further advice provided to shareholders will be proactively released in the next few months and will be available here: https://www.treasury.govt.nz/publications/other-official-information

[25] In addition, two sectoral schemes were put in place. In support of air passenger transport to the tune of NZ$ 600 million, and in support of air freight to the tune of NZ$ 380 million.

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
Air New Zealand Limited *(52% owned by Central Government, with the remainder listed)*	Crown Loan Wage Subsidy Scheme (WSS)	The Minister of Finance via the Treasury	Decided (partially disbursed)	Loan of up to NZD 900 mill. WSS payment NZD 113 mill.[26]	Not immediately. But the state is entitled to demand repayment of the loan through either a new share offering or a debt/equity swap.	The support is on standard commercial terms for a secured loan facility, and is conditional on Air NZ maintaining minimum domestic and international services at specified frequencies	The loan facility is available for 2 years from March 2020	Further details are available here: https://www.nzx.com/announcements/350298 https://www.beehive.govt.nz/release/govt-steps-protect-air-new-zealand Air NZ also received assistance from the Aviation support package (more details below)
Hawkes Bay Airport *(50% owned by Central Government and 50% by Local Government Bodies)*	Crown Loan Wage Subsidy Scheme (WSS)	The Treasury / Two regional local government bodies (with shareholdings totalling 50%)	Decided (has not been disbursed)	Loan of up to NZD 9 mill. (The Crown approved NZD 4.5 mill. and the local government bodies approved another NZD 4.5 mill.) WSS payment of NZD 0.1 million	None	The support is on standard commercial terms for a subordinated loan facility. The purpose of the loan is limited to fund a specific capital investment project and cover operating costs.	The loan facility is available for 2 years from July 2020 (expiry 31 July 2022)	Press Release https://www.beehive.govt.nz/release/hawke%E2%80%99s-bay-airport-agreement-protects-jobs-safeguards-terminal-development

[26] Air New Zealand received NZ$113.0 million in wage subsidies and its subsidiaries, Air NZ Regional Maintenance and Mount Cook Airways received NZ$1.3 million and NZ$7.4 million, respectively. See information below for further details on the Wage Subsidy scheme (4).

Table A.22. Norway

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
Avinor AS	Operating subsidies	Ministry of Transport	Disbursed	NOK 3.6 bn.	No changes	The subsidies should contribute to facilitate restructuring and long-term profitability in the company	No	The Parliament has granted 2. 75 bn. NOK to take account for financial support to Avinor in the first half of 2021.
	Exemption from repayment on state loans	Ministry of Transport	Disbursed	NOK 444.4 mill.	No changes		December 31st 2020.	
	Exemptions from paying dividends	Ministry of Transport	Disbursed	NOK 351 mill.	No changes		No	
All airlines using airports operated by the state owned network operator Avinor AS	Relief from airport charges paid as remuneration for airport services at Avinor's airports.	The Ministry of Transport adopted a regulation deciding that the airlines were relieved from paying take-off charge, passenger charge and security charge	The measures were phased out in October 2020.	The total value of the measure is estimated to be approximately NOK 370 mill.	Not relevant	No	Not relevant	

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
		to a varying degree between March and October 2020.The regulation was an exemption from the Ministry's own ordinary charging regulation.						
All airlines operating with a Norwegian license	Loan guarantees	The scheme is administered by the Norwegian Export Credit Guarantee Agency.	Guarantees have been issued to Norwegian Air Shuttle (NOK 3 bn.); SAS (NOK 1.5 bn.); and Widerøe and other airlines (NOK 1.5 bn.)	The maximum amount is NOK 6 bn.	No changes	No	The availability period ends in mid-2021	

Table A.23. Singapore

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
Singapore Airlines	Rights issues.	Temasek[27]	Completed/ongoing. A rights issuance took place in June 2020.	SGD 8.2 bn. shares were floated on the market. Temasek participated on a pro-rata basis, maintaining its percentage ownership. In addition, convertible bonds were issued. Temasek bought unsubscribed bond addition to its pro-rata allocation. Its total investment was SGD 3.4 bn.	Not necessarily. Temasek had promised to act as “residual” buyer, but the share issuance went 4 times over-subscribed. The convertible bonds could, dependent on market developments lead to an increase in the ownership share.	N.A.	No	In November 2020 and January 2021 additional convertiable bonds were offered to the market. The issues were over subscribed.

27 While Singapore Airlines is an SOE under the definitions applied by the SOE Guidelines, the owner of a majority of its shares, Temasek, acts as an autonomous holding company rather than a government institution.

Table A.24. Spain

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
The air transportation sector	Hybrid debt instruments	Central government	Ongoing	Up to EUR 10 bn.	Not foreseen. The hybrid debt instruments do not include warrants.	Aids and loans are linked to fair and sustainable ecological, social and economic conditions. Companies receiving public aid must comply with or commit to comply with the Paris Climate Agreement, commit to protect biodiversity, close the gender pay gap and not operate in tax havens.	The loans are redeemable after 6 years.	
Air Europa	Ordinary loan. Hybrid loan. Loan guarantee	Central government and the ICO state owned financial institution.	Completed.	Ordinary loan: EUR 235 mill.; hybrid loan: EUR 240 mill.; loan guarantee: EUR 140 mill.	Not foreseen	N.A.	The loans are redeemable after 6 years.	

Table A.25. Sweden

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditio-nalities?	End-dates or phasing out clauses?	Further details
SAS AB	Sweden and Denmark took part in the recapitalization plan.	The state directly	Disbursed. 23 October 2020.	The recapitalization plan converts SEK 2.25 bn. of debt to equity, raises total proceeds corresponding to approximately SEK 12 bn. before issue costs and hence restores SAS' equity by an amount corresponding to SEK 14.25 bn. As a result, the number of shares and votes in SAS will increase by 6,883,620,656 to 7,266,203,207,	The transaction increased the state ownership from 14,3 % (each of Sweden and Denmark) to 21,8 % (each). Other shareholders decreased their ownership. The current status can be found here: https://www.sasgroup.net/investor-relations/the-share/shareholders	No	No	The process can be found here: https://www.sasgroup.net/investor-relations/recapitalization-plan/

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditio-nalities?	End-dates or phasing out clauses?	Further details
				corresponding to a dilution of approximately 95%.				
Swedavia AB	Capital injection	The state directly	Partly disbursed 14 October 2020. Parliamentary approval in June 2020.	Government mandate was max SEK 3.2 bn. of which SEK 2.5 bn. have been paid out.	The company is 100 percent state-owned before and after the transaction.	No.	No.	
LFV (Air Traffic Services) – a non-corporatized SOE	Capital injection	The state directly.	Parliamentary approval in June 2020.	Government mandate was SEK 0.9 bn.	The company is a state enterprise and hence part of the state.	No	No	According to the most recent information LFV has improved its operating results, for which reason the capital injection will not be undertaken.
The airline industry	Credit guarantee program	The national debt office	17 March 2020.	Total program was SEK 5 bn. whereof SEK 1.5 bn. was earmarked for SAS AB.	No	No	No	The capital injection is an appropriation on the state budget for 2020 and can be called upon.

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditio-nalities?	End-dates or phasing out clauses?	Further details
Regional airports (typically owned by municipalities)	Temporary crisis support	The state itself (treasury).	14 June 2020.	Total program was SEK 0.1 bn.	N.a.	No	No	https://www.riksgalden.se/en/press-and-publications/press-releases-and-news/press-releases/2020/debt-office-receives-mandate-to-prepare-credit-guarantee-programme-for-swedish-airlines/

Table A.26. Switzerland

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionali-ties?	End-dates or phasing out clauses?	Further details
Airlines: Swiss International Air Lines Ltd. (Swiss) / Edelweiss Air Ltd. (Edelweiss)[28]	Guarantee (deficiency guarantee) for 85% of the amount of the revolving credit facility of CHF 1.5 billion, provided by private banks.	Federal Department of Finance and Federal Department of the Environment, Transport, Energy and Communications	Guarantee and credit facility granted and partially disbursed.	Revolving credit facility: CHF 1.5 bn.; guarantee (85%): CHF 1.3 bn.	Switzerland has currently neither ownership nor control over Swiss and Edelweiss (no shareholding).[29] In case of an Event of Default which is continuing, the federal government has a so-called "step-in right". This gives it the opportunity (but no obligation) to take over the financing and	Yes. The set of contracts (credit facility, guarantee, collaterals) is supplemented by a agreement between the federal government, Lufthansa, Swiss and Edelweiss. This agreement is intended in particular to ensure - Switzerland as an aviation location and the	Yes. Term of set of contracts: 5 years (i.e. end of 2025), with option of two extensions of one year each. Starting from December 31st 2023, the credit facility will be gradually reduced.	For further details see press releases of the Federal Council / Federal Office of Civile Aviation FOCA: 08.04.2020: https://www.admin.ch/gov/en/start/documentation/media-releases.msg-id-78741.html 29.04.2020: https://www.admin.ch/gov/de/start/dokumentation/medienmitteilungen.msg-id-78944.html 11.11.2020: https://www.bazl.admin.ch/bazl/fr/home/medias/communiqu%C3%A9s-de-presse.msg-id-81061.html

[28] We are aware of the fact that companies should be listed separately. However, the support for Swiss International Air Lines Ltd. and Edelweiss Air Ltd took place by means of one single set of agreements. Therefore we list Swiss and Edelweiss together.

[29] Swiss/Edelweiss are no SOEs.

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionali-ties?	End-dates or phasing out clauses?	Further details
					thus the collateral. A holding in Swiss or Edelweiss is not envisaged.	hub in Zurich are safeguarded and further developed; - jobs in Switzerland are preserved; - Swiss / Edelweiss brands and headquarters in Switzerland are to be retained; - reconstruc-tion of the traffic volume is to take place in proportion to the development at the airlines of the Lufthansa Group; - climate targets of the Federal Council are to be monitored /		

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionali-ties?	End-dates or phasing out clauses?	Further details
						further developed; - socially acceptable solutions are to be sought with the social partners if staff reductions are unavoidable.		

Table A.27. Turkey

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
Airline Passenger Transport Industry	Tax Support-Value Added Tax Rate Decrease from 18% to 1% for domestica air transportation	Ministry of Treasury and Finance	Decided, Disbursed (partially)	-	No effect	No	End Dates (1/4/2020-30/6/2020, 31/7/2020-31/5/2021)	The VAT rate applicable for air passenger transport services has been reduced from 18% to 1% to be applied between 1/4/2020-30/6/2020, and subsequently from 18% to 8% to be applied between 31/7/2020-31/5/2021.
Turkish Airlines	Parttime Employment Allowance	Ministry of Treasury and Finance	Disbursed March – August 20	USD 52 mill.	No effect	Preserving Jobs. (Implemeted for all companies, not only for airline industry and THY)	August 2020	Completed
	Tax and social security premium payment Deferral	Ministry of Treasury and Finance	Disbursed April – Jun 20	-	No effect	Enhancing liquidity position. (Implemeted for all companies, not only for airline industryand THY)	Jun 20	Payments will be made in 2021

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
Leaseholders/renters at airports	Deferral of payment of 2020-Q1 unpaid invoices relating to rentals at airports	DHMI - State Airports Authority	DHMI - Board of Directors decision 2.04.2020	n/a	In reference to DHMI Management, DHMI does Not have any conditions regarding to any change of ownership stake in relevant companies.	No extra conditions set for the subject measures. (interest free and without guarantee)	Deferral until last day of June COB 2020	n/a
Leaseholders/renters at airports	Deferral of payment of 2019 and older invoices relating to rentals at airports	DHMI – State Airports Authority	DHMI - Board of Directors decision 2.04.2020	n/a	DHMI does Not have any conditions regarding to any change of ownership stake in relevant companies.	No extra conditions set for the subject measures. (interest free and without guarantee)	Deferral until last day of June COB 2020	n/a

Table A.28. United States

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
Passenger air carriers	1. Loans as provided by the CARES Act. 2. Payroll support as provided by the CARES Act. 3. Financial support as provided by the CRRSAA Act.	Federal Treasury	Ongoing. The Acts came into effect on 27 March 2020 and 27 December 2020, respectively.	1. Up to USD 25 bn. 2. Up to USD 40 bn. 70% of the funds as a grant; 30% as a low-interest loan, repayable over ten years. 3. Up to USD 15 bn.	Not foreseen. However, some recipients have been required to provide warrants or notes to the Government.	The Government imposes “minimum service obligations” for domestic markets based on carrier service levels prior to March 1. Recipients must agree to limit executive pay, stock repurchases, and involuntary staff separations.	The loans must be redeemed within 10 years.	N.A.
Air cargo operators[30]	1. Loans as provided by the CARES Act. 2. Payroll support as provided by the CARES Act. 3. Financial support as provided by the CRRSAA Act.	Federal Treasury	Ongoing. The Acts came into effect on 27 March 2020 and 27 December 2020, respectively.	1. Up to USD 4 bn. 2. Up to USD 4 bn. 70% of the funds as a grant; 30% as a low-interest loan, repayable over ten years. 3. Up to USD 2 bn.	Not foreseen.	N.A.	The loans must be redeemed within 10 years.	N.A.

[30] Additional support is available to related service providers.

Company name(s)	Type(s) of government support	Government institutions	Status of transaction	Estimated amount(s)	State ownership change?	Conditionalities?	End-dates or phasing out clauses?	Further details
Airports	Grants as provided by the CARES Act.	FAA Office of Airports	Ongoing.	Up to USD 10 bn.	Not foreseen.	N.A.	N.A.	As of 14 January 2021, USD 9 bn. had been granted and more than USD 5 bn. paid out.