
Commission approves €5 billion loan guarantee by France to the Renault group

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The European Commission has approved a French aid measure consisting of a €5 billion loan guarantee to the Renault group to mitigate the economic impact of the coronavirus outbreak. The measure was approved under the State aid [Temporary Framework](#) adopted by the Commission on 19 March 2020, as amended on [3 April 2020](#).

Executive Vice-President Margrethe Vestager, in charge of competition policy, said: “This €5 billion French loan guarantee will help the Renault group to obtain liquidity that it urgently needs due to the impact of the coronavirus outbreak. Renault is an important European car manufacturer, employing directly more than 73,000 workers in Europe. Renault is engaged in the research, development and production of the next generation of electric vehicles, the rollout of which is essential for meeting the EU’s climate goals. We have cooperated closely with France to ensure this support could be put in place as quickly and effectively as possible, in line with EU rules.”

The French support measure to Renault

France notified to the Commission under the [Temporary Framework](#) an aid measure consisting of a loan guarantee by France of €5 billion to the Renault group, enabling it to mitigate the damage suffered from the coronavirus outbreak. France has submitted an individual notification because the guarantee provides greater loan coverage (90%) than under the French general guarantee scheme approved by the Commission on [21 March 2020](#) (70% loan coverage). The Commission’s assessment concluded that the measure in favour of Renault is nonetheless in line with the conditions under the Temporary Framework.

Renault has been obliged to close almost all of its production lines and cease most sales activity due to the emergency measures put in place by France to limit the spread of the coronavirus. Despite significant proposed cost saving measures and 90% of its staff being placed in part-time unemployment, the current crisis will still lead to significant deterioration in the group’s working capital and cash flow. Renault requires the state-backed guarantee to ensure access to vital liquidity from financial

institutions to face this difficult period, before an expected recovery in sales once the restrictions are fully lifted.

The Commission found that the measure notified by France is in line with the conditions set out in the Temporary Framework. In particular (i) the guarantee premium is in line with that required by the Temporary Framework, increasing over time to encourage early reimbursement, (ii) the guarantee will be granted before 31 December this year, (iii) the loan backed by the guarantee cannot exceed 25% of the Renault group's 2019 turnover, (iv) the maximum duration of the guarantee is 6 years and will not cover more than 90% of loan backed by such a guarantee, and (v) the Renault group was not in difficulty on or before 31 December 2019.

The Commission concluded that the loan guarantee to the Renault group is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State, in line with Article 107(3)(b) TFEU and the conditions set out in the Temporary Framework.

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

(European Commission)