Commission approves €9.8 million Belgian measure to recapitalise Brussels South Charleroi Airport

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The European Commission has approved Belgian plans to grant up to €19.2 million for the recapitalisation of the Brussels South Charleroi Airport SA ("BSCA"). The measure was approved under the State aid Temporary Framework.

Executive Vice-President Margrethe Vestager, in charge of competition policy, said: "Airports are among the companies that have been hit particularly hard by the coronavirus outbreak. With this measure, Belgium will contribute to reinforcing Brussels South Charleroi Airport's equity position and help the company face the economic effects of the outbreak. At the same time, the State aid will come with strings attached to limit undue distortions of competition. We continue working in close cooperation with Member States to ensure that national support measures can be put in place in a coordinated and effective way, in line with EU rules."

The Belgian recapitalisation measure

BSCA is a company managing the Brussels South Charleroi Airport. The airport is the second airport serving the city of Brussels. Belgium (through the Walloon Region) is the majority shareholder in BSCA.

Due to the coronavirus outbreak and the travel restrictions that Belgium and other countries had to impose to limit the spread of the virus, BSCA suffered substantial losses while still facing significant operational costs. As a result, this had a negative impact on the financial situation of the company and on its viability.

Belgium notified to the Commission, under the Temporary Framework, its plans to grant up to €9.8 million for the recapitalisation of the BSCA.

This recapitalisation measure will follow a first capital increase of around €10.8 million to be subscribed to by one of BSCA's private shareholders. Both the private and public shareholders will then subscribe to the further capital increase of €19.2 million pro rata their shareholding participation, with the public shareholders subscribing up to €9.8 million. The total capital increase is therefore expected to amount to up to €30 million.

The Commission found that the recapitalisation measure notified by Belgium is in line with the conditions set out in the Temporary Framework. In particular:

- **Conditions on the necessity, appropriateness and size of the intervention**: The measure will not exceed the minimum needed to ensure BSCA’s viability and will not go beyond restoring its capital position before the coronavirus outbreak;
- **Conditions regarding the exit of the State from the capital of the company concerned**: In order to demonstrate the exit of the State, BSCA will have to provide an evaluation by an independent entity indicating a positive market value. In the absence of such an evaluation, the BSCA will be subject to the governance conditions under the Temporary Framework until the State has exited in full or at the latest four years after the last capital increase;
- **Conditions regarding governance**: Until the State has exited in full, or at the latest three years after the last capital increase, BSCA will be subject to an acquisition ban, bans on dividends and share buybacks, other than in relation to the State. Moreover, until at least 75% of the recapitalisation is redeemed, a strict limitation of the remuneration of BSCA’s management, including a ban on bonus payments, is applied. These conditions aim at incentivising an exit of the State as soon as the economic situation will allow.
- **Prohibition of cross-subsidisation and ban from aggressive commercial expansion**: Until the State has exited in full, or at the latest four years after the last capital increase, the company cannot use the aid to support economic activities of integrated companies that were in financial difficulties prior to 31 December 2019, nor use the aid for an aggressive commercial expansion. This is to ensure that BSCA does not unduly benefit from the recapitalisation aid by the State to the detriment of fair competition in the Single Market.

The Commission concluded that the measure 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. The measure aims at restoring the financial position and liquidity of BSCA in the exceptional situation caused by the coronavirus pandemic, while maintaining the necessary safeguards to limit competition distortions.

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

(European Commission)