



State aid: Commission opens in-depth investigation into €190 million Romanian support measures in favour of TAROM

Brussels, 5 July 2021

The European Commission has opened an in-depth investigation to assess whether Romanian support measures in favour of the airline TAROM would be in line with EU rules on State aid to companies in difficulty.

TAROM, a Romanian state-owned flag carrier, has been experiencing financial difficulties for years. TAROM has received a temporary rescue loan from Romania of approximately €36.7 million, after approval by the Commission under EU State aid rules in [February 2020](#). On 28 May 2021, Romania notified to the Commission a plan for the restructuring of TAROM.

The restructuring plan sets out a package of measures for streamlining TAROM's operations, renewing its ageing fleet and reducing costs. Romania plans to support the restructuring with around €190 million of public funding. This support would take the form of a capital injection, a direct subsidy and a debt write-off of the rescue aid amount (approximately €36.7 million) and its corresponding interest.

EU State aid rules, more specifically the Commission's [Guidelines on rescue and restructuring aid](#), enable Member States to support companies in difficulty, under certain strict conditions. In particular, rescue aid may be granted for a period of up to six months. Beyond this period, either rescue aid must be reimbursed or Member States must notify a restructuring plan to the Commission, for assessment under the State aid rules. In order for restructuring aid to be approved, the plan must ensure that the viability of the company can be restored without continued State support, that the company contributes sufficiently to the costs of its restructuring and that distortions of competition created by the aid are addressed through compensatory measures, including in particular structural measures.

At this stage, the Commission has doubts that the proposed restructuring plan and the aid to support it satisfy the conditions of the Guidelines.

The Commission's in-depth investigation will in particular examine:

- whether the proposed restructuring plan is appropriate for addressing TAROM's difficulties and for restoring its long-term viability in a reasonable time frame without continued State aid;
- whether TAROM or market operators would sufficiently contribute to the restructuring costs, thus ensuring that the restructuring plan does not overly rely on public funding and that the aid is proportionate; and
- whether appropriate measures to limit the distortions of competition created by the aid would accompany the restructuring plan.

The Commission will now investigate further to find out whether its initial concerns are confirmed. The opening of an investigation gives Romania and interested third parties the opportunity to submit comments. It does not prejudge the outcome of the investigation.

Background

In [October 2020](#), the Commission approved, under EU State aid rules, a €19.3 million Romanian loan guarantee to compensate TAROM for damage suffered due to the coronavirus outbreak. The measure was assessed under Article 107(2)(b) of the Treaty on the Functioning of the European Union (TFEU), which allows Member States to compensate companies for damage directly caused by extraordinary occurrences, such as the coronavirus outbreak.

The non-confidential version of the decision to open formal proceedings on the restructuring aid will be made available under the case number SA.59344 in the [State Aid Register](#) on the Commission's [competition](#) website once any confidentiality issues have been resolved. New publications of State aid decisions on the internet and in the Official Journal are listed in the [Competition Weekly e-News](#).

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