

Disclaimer: This factsheet has not been subject to the full Eurofound evaluation, editorial and publication process.

Factsheet for case NO-2020-14/728

State loan guarantee for airlines

Factsheet generated on 06 May 2020, 22:07

Country	Norway, applies nationwide
Time period	Open ended, started on 31 March 2020
Type	Legislation or other statutory regulation
Category	Supporting businesses to stay afloat – Access to finance
Case created	19 April 2020 (updated 05 May 2020)

Background information

The parties in parliament have agreed to a state loan guarantee for airlines with Norwegian operation permits and promised to contribute to maintaining Norwegian aviation throughout an economically demanding period. The government regards the crisis in aviation as significant, and observe that many countries are establishing major schemes to ensure liquidity for the airlines. The Norwegian government's loan guarantee totaling NOK 6 billion. Of these, 3 billion are directed to Norwegian, 1.5 billion to SAS and the remaining 1.5 billion to Widerøe and other airlines.

Content of measure

It established a state loan guarantee for airlines with Norwegian operation permits totaling NOK 6 billion. The guarantee scheme will be organized through the Guarantee Institute for Export Credit (GIEK). The state contributes 90 percent of the guarantee provided that external banks, credit institutions or other commercial counterparties provide the remaining 10 percent. To take part in the scheme it is required that the company is solvent. For companies that did not have an equity ratio of at least 8 percent at the end of the last quarterly report prior to the corona crisis, financial creditors must waive interest and defer repayment for 3 months to gain access to the guarantees. SAS and Widerøe satisfy the equity requirement. For Norwegian, an immediate facility of NOK 300 million will be made available. When and if the company achieves a reduction in interest and repayments from creditors, an additional NOK 1.2 billion will be made available. The last NOK 1.5 billion will be made available when the company has improved its solvency to a satisfactory level. If the state is to provide guarantees to Norwegian, both owners and lenders must contribute to a better financial situation for the company. The EFTA Surveillance Authority ESA has approved the guarantee scheme.

Use of measure

No information to date.

Actors, target groups and funding

Actors	Target groups	Funding
National government	Sector specific set of companies	National funds

Social partners

Role of social partners	Consulted
Form of involvement	Direct consultation

Social partners have been consulted regularly during design and implementation of the measure.

Sectors and occupations

This case is sector-specific (only private sector).

Economic area	Sector (NACE level 2)
H - Transportation And Storage	H51 Air transport

This case is not occupation-specific.

Sources

- 19 March 2020: Comprehensive package of measures for Norwegian aviation: 6 billion in loan guarantee (www.regjeringen.no)
- 20 March 2020: Prop. 57 S (2019 – 2020) Endringer i statsbudsjettet 2020 (www.regjeringen.no)
- 30 April 2020: Forvaltning av garantiordning for luftfarten – oppdrag til GIEK (www.regjeringen.no)