

THE EUROPEAN COURT OF FIRST INSTANCE DECLARES AIR FRANCE STATE AID DECISION ILLEGAL

The European Court of First Instance pronounced a judgment today – in which it declared the European Commission decision from 1994, where an injection of state aid of 20 Bn, FF, was approved, as invalid.

SAS, together with i.a. British Airways and KLM filed a complaint with the court a few months after the commission decision in 1994, seriously questioning both the reasoning behind the decision, the totally unreasonable amount involved as well as the insufficient conditions attached to the approval.

The court has found that the arguments of i.a. SAS were valid and have accordingly decided against the Commission.

"This is of course a victory for justice, as well as for common sense", says Hans Ollongren, Director European and Public Affairs of SAS.

"The SAS complaint was not directed at Air France as a company, but rather against an approval system which allows for uncontrolled state aid, heavily influenced by political pressure and considerations, which ultimately would distort competition".

"SAS have undertaken significant work to restructure its activities during recent years and this has been achieved without artificial means. Furthermore, the functioning of the internal market must be based on the principle of equal rules for businesses – and this was the basis for our opposition to the original decision."

SAS has been lobbying against state-aid for several years. European competitors have been granted in total 12,5 billion US dollars in aid by their respective governments since 1991. This includes aid to Sabena, Iberia, Aer Lingus, Air France and Alitalia.

The immediate consequence of the decision will not be that Air France will be forced to pay back the aid already granted by the French Government, but rather that the Commission has to make a new and more thorough analysis of the case, and this work may ultimately lead to a new decision with different conditions.

Further information may be obtained from

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