

EU court annuls approval of aid for German airline Condor

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In this Jan. 25, 2020 file photo a Condor aircraft stand at the international airport in Frankfurt, Germany. A top European Union court on Wednesday annulled the EU's approval of 550 million euros in state aid for German airline Condor, backing a challenge by budget carrier Ryanair but suspending the immediate application of the ruling because of the impact of the COVID-19 pandemic. Credit: AP Photo/Michael Probst

A top European Union court on Wednesday annulled the EU's approval of 550 million euros (\$670 million) in state aid for German airline Condor, backing a challenge by budget carrier Ryanair but suspending the application of the ruling because of the impact of the COVID-19 pandemic.

The decision by the General Court was in many ways similar to rulings last month in which it annulled EU approval of 3.4 billion euros in state aid for the Netherlands' KLM and a potential total of 1.2 billion euros for Portugal's TAP.

In both of those cases, as with Condor, the application of the rulings was suspended pending new EU decisions.

The Luxembourg-based General Court said the EU's executive arm, the European Commission, had to come up with a more complete reasoning.

The approval of loans to vacation carrier Condor to help it get through the collapse of holiday air travel in the [pandemic](#) came shortly after the parent company of Polish airline LOT pulled out of a [takeover bid](#) for the former subsidiary of collapsed tour operator Thomas Cook.

That resulted in an extension of insolvency proceedings, from which the restructured company emerged late last year. Last month, Condor announced that investor Attestor Capitol would take a majority stake.

The General Court found that it was "incumbent on the Commission to examine with particular care whether the cancellation and rescheduling of Condor flights as a result of the travel restrictions imposed in the context of the pandemic were in fact the decisive cause of the additional costs incurred by Condor as a result of the extension of the insolvency proceedings."

The latest ruling was another success for Irish carrier Ryanair, which also challenged the aid to KLM and TAP but had been stymied in other attempts to challenge such state aid to other EU airlines.

The European Commission has approved several aid plans for struggling airline companies in the wake of the pandemic. Ryanair also argued that the aid constituted unfair state bailouts.

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