

EU court backs Ryanair challenge against EU-approved Italian aid for Covid-hit airlines

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Ryanair has won its challenge against Italian state aid (Pic:Rolling News)

Europe's second-top court has today backed Ryanair's challenge against an Italian state aid, approved by the European Union, for airlines hit by the Covid-19 pandemic, siding again with the Irish airline on this issue.

"The Commission failed to provide a statement of reasons for its finding that the measure at issue was not contrary to EU law provisions other than those governing state aid," the Luxembourg-based General Court said today.

Two weeks ago, [the court already ruled in Ryanair's favour in cases involving pandemic state aid measures for competitors Lufthansa and SAS.](#)

In October 2020, at the height of the Covid-19 pandemic which brought travel to a virtual standstill, Italy had notified the European Commission of a €130m state aid to certain airlines holding an Italian licence.

"According to settled case-law, a decision not to initiate the formal investigation procedure in respect of notified aid must set out the reasons for which the Commission takes the view that it is not faced with serious difficulties in assessing the compatibility of the aid at issue with the internal market," the court said in a statement.

"The General Court finds that that has not been done here," it added.

In a statement, Ryanair said today's ruling, coming after the EU General Court's recent decisions on Lufthansa and SAS, are a victory for the EU internal market and are damning of the European Commission's head-in-the-sand approach to massive and discriminatory bailouts of ailing flag carriers by EU Member States.

"One of the EU's greatest achievements is the creation of a single market for air transport. The European Commission's approval of the aid scheme limited to airlines with an operating licence issued by the Italian State went against the fundamental principles of EU law," a spokesperson for the airline said.

"Today's judgment confirms that the Commission must act as a guardian of the level playing field in air transport and cannot sign-off discriminatory State aid under political pressure by national governments. The Court's intervention is a triumph for fair competition and consumers across the EU," the spokesperson added.

The airline said that over €40 billion in "discriminatory State subsidies" was gifted to EU flag carriers during the Covid pandemic.

"Unless halted by the EU Courts in line with today's ruling, this State aid spree will distort the market for decades to come," it said.

"Europe's emergence from the Covid-19 crisis with a functioning single market depends on airlines being allowed to compete on a level playing field. Undistorted competition eliminates inefficiency and benefits consumers through low fares and choice. Unjustified subsidies, on the other hand, encourage ineffectiveness and will harm consumers for decades to come," the Ryanair spokesperson added.