

Revision of the State Aid Guidelines for the Aviation Sector

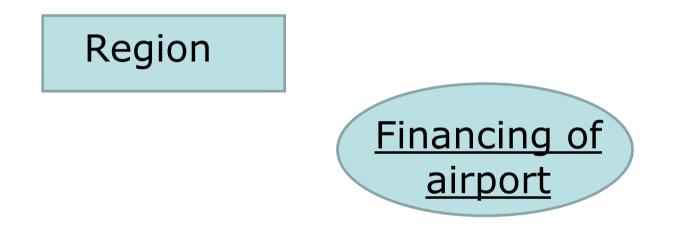
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- Local accessibility to preserve
- 240 regional airports
- Duplication of non-profitable airports
- Complaints against state aid to airlines/airports



Aid to airports/aid to airlines



Which prices to airlines?



The Airlines – Airport Relationship

> No aid to airlines involved, if...

- Market prices are charged or
- Ex ante profitability analysis shows: the airport manager achieves a reasonable rate of return on capital

Currently: no market price benchmarking possible

- > Ex ante profitability analysis:
 - The airport's incremental revenues (aeronautical and nonaeronautical) with this airline minus
 - > the airport's incremental costs with the airline (incl. marketing agreements) considering
 - > a reasonable profit margin
 - Market economy operator test, MEOT



The new Investment Aid - Criteria

- Objective of common interest (accessibility, combats congestion, facilitates regional development)
- Aid limited to the minimum necessary (funding gap analysis:investment costs exceed expected operating profits of the investment)

Size of Airport	Max. Aid Intensity
> 5 million passengers	0%
3 to 5 million	Up to 25% (repayable advance)
1 to 3 million	Up to 50%
< 1 million	Up to 75%

- > No duplication of airport infrastructure
- > Undiscriminatory access for all potential users
- > Immediately applicable (no transitional period)



Entirely new: Operating aid to airports

- > New operating aid: for airports < 3 mill passengers
- > Aid limited to the minimum necessary
 - Aid amount established ex ante as fixed lump sum covering the funding gap
 - Increase initial cost coverage of operating costs by 10% points per year
- Undiscriminatory access for all potential users
- Only during transitional period (up to 10 years, depending on initial cost coverage)

What happens after the transitional period?

- > The airport should cover its operating costs
- Exception: Services of General Economic Interest (SGEI)



Legal Application of the new Guidelines

Investment aid

➢ New investment aid → New guidelines apply
➢ Past investment aid → (Old) 2005 Guidelines apply

Operating aid

New operating aid → New guidelines apply
Past operating aid → Possible compatibility

