

Revision of the State Aid Guidelines for the Aviation Sector

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State of play

- 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

Region

Financing of
airport

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 non-aeronautical) 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