Revision of the State Aid Guidelines for the Aviation Sector

DISCLAIMER: The views expressed are purely those of the presenter/writer and may not in any circumstances be regarded as stating an official position of the European Commission.
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)

<table>
<thead>
<tr>
<th>Size of Airport</th>
<th>Max. Aid Intensity</th>
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<tbody>
<tr>
<td>&gt; 5 million passengers</td>
<td>0%</td>
</tr>
<tr>
<td>3 to 5 million</td>
<td>Up to 25% (repayable advance)</td>
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<tr>
<td>1 to 3 million</td>
<td>Up to 50%</td>
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<tr>
<td>&lt; 1 million</td>
<td>Up to 75%</td>
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- 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