



**European Regional  
Aerodromes Community**

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## **REVIEW OF THE COMMUNITY GUIDELINES ON FINANCING OF AIRPORTS AND START-UP AID TO AIRLINES DEPARTING FROM (REGIONAL) AIRPORTS**

**Strategy Meeting “Modernisation of State aid control” in Brussels, 11 Juli 2012**

### **ERAC’s considerations based on the presentation of European Commission:**

During EC’s (European Commission’s) Strategy Meeting “Modernisation of State aid control” in Brussels, on July 11th 2012, the Revision of the Aviation Guidelines on State Aids has been discussed. ERAC was not present at this meeting, but got a copy of the presentation made by EC representatives.

ERAC appreciates the conclusion of the presentation pointing out as a next step the consultation of Member States, stakeholders and interested parties in autumn this year. An open and wide dialogue is needed as the presentation and the concerns expressed in it appear as very theoretical ones and triggered by the largest aviation industry players and some network-carriers.

The risk described as “danger of creation of unused capacity” while the main airports are adversely affected by capacity problems raises concerns and the question should rather be: is there unused public funded airport capacity affecting competition to such an extent to be considered as a problem at EU-level? ERAC supports a revision of the Aviation Guidelines on State Aids but considers it as a good opportunity to address real and actual issues: one rule does not fit all. Traffic concentration as well as hub-and spoke business models apply only to a part of the aviation transport system. Point-to-point connections, on demand and charter air

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transportation, private aviation also need infrastructure which, like railway stations, harbours and most of the road system, all provide capacity which is required to insure connectivity and therefore economical potential, both being factors of social equality. Instead of considering “unused” capacity as a drawback, one should recognise it as showing potential. And “unused” capacity is not by definition a factor of market distortion as it should not be seen as a factor for preventing financing by State entities. Capacity at regional airports has to be accepted as capacity of railway networks used by regional trains and of roads without traffic jams outside overcrowded areas.

The fact that public airports might usually be smaller than mixed/privately owned airports (apart from very small airports, which are mainly used for air sports) demonstrates the need for a balanced approach of the financing issues by State entities. Unfortunately EC’s conclusion of this fact and the relating figures of passenger numbers, costs and financing seemed to be limited to a pure view on business economy without the necessary view on public economy-interests and the relevance of aviation-infrastructure for industry and business outside the aviation itself. **Aviation is not an end in itself!**

We agree with EC’s aims to prevent undue distortion of competition (e.g. LCC vs. network carriers) and to “continue to enable regional development and accessibility”. But is there is a demonstrated need to administrate the “sound use of public resources for growth oriented policies” through a mechanism and a regulation that drive public interests in public infrastructures? ERAC does not think so.

ERAC is available and willing to assist EC’s intention to provide for guidance and principles in order to follow such policies. But we expect from EC to accept that regional aerodromes are part of the public transportation system and induce positive effects which should not be endangered by regulations aiming to prevent undue competition. EC’s goals such as “Avoid duplication of unprofitable airports and creation/ maintenance of overcapacity”, to “avoid waste of public money and reduce the need for public funding (State aid)” and requiring “airports able to cover their costs and lure private investments into airport” should not be reduced to views based on passengers figures and pure business consideration of and at airports. Furthermore a holistic evaluation is needed, which includes a thorough integration of regional interests and requirements as well as regional autonomy. It is too ambitious, not to say impossible to assess all public and individual needs for infrastructure with rules, conditions, figures or any theoretically predefined limits. Such a specific approach is supported by the Committee on Regional Development: *„the development of regional airports should be taken into account in the context of actions under the territorial cooperation objective in order to promote balance among the regions in terms of access to airports and the coordinated development of a network of transport links, with a view to territorial cohesion“*. This Committee called on the Committee on Transport and Tourism to incorporate the following suggestions in its motion for a resolution: *„ regional airports, on account of their environmental and economic impact, should be properly supported by national and regional authorities, be subject to local and regional consultation, and – on the basis of cost-benefit analyses – be considered eligible to apply for financing under EU funds, as well as other EU-funded financial engineering instruments within the new programming framework“*.

ERAC therefore agrees with the main results of the public consultation conducted in 2011 in as far as simplification and increased transparency is desired and special rules are needed for small airports. One of the simplest approaches of this issue in the present configuration is the exemption of restrictions for regional aerodromes. But there is also the possibility to develop

some tools enabling economical actors feeling themselves attained or endangered by undue competition to act.

In the field of "Operating aid to airports" we suggest to exclude operational costs from any restrictions in as far as they relate to non productive expenses such as safety and security issues, e.g. rescue and fire fighting services, air navigation services (especially TWR, AFIS, CNS), security operations, etc...

The discussions the past years have reflected the necessity to modernise the State Aid control system as well as the discussions about capacity issues have shown how acute the need for new infrastructure is. It is the role of a State to provide for infrastructure and we all know that optimization of the slot allocation leads to an exposure for regional aviation without solving the needs for accrued capacity. A specific approach of the State Aids issue in relation with regional aerodromes is therefore needed, as recognised by the EU Parliament through the adoption of the Resolution on the future of regional airports and air services in the EU (A7-9999/2012). ERAC offers its assistance in the on-going process in terms of benchmarking, expert discussions and other contribution to reach the goal of a well balanced approach of this regulatory matter.

Please do not hesitate to contact us for further questions,

With best regards

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