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The Application of State Aid Measures to the Aviation Sector

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From a state aid point of view

Public funding of airports is subject to state aid rules

The Commission has applied the 2005 Aviation Guidelines:

- Investment aid to airports: no thresholds (up to 100%)
- Operating aid to airports: not possible; only as compensation for a service of general economic interest
- Start-up aid to airlines: for marketing costs of launching of a new route



Member States' and Stakeholders' view on the application of the 2005 Aviation Guidelines

The majority of the stakeholders supports a revision of the 2005 Aviation Guidelines. They asked for:

- □ Simplification and transparency
- □ More enforcement
- □ Special rules for small airports and remote areas

□ More predictable rules for investment aid

Rules to avoid distortion of competition between airports located in the same catchment area



Where we want to go: A "steady state" regime for airports and airlines:

Investment aid to airports

- Aid intensities depending on the size (passengers)
- Necessity and proportionality demonstrated
- Additional capacity created based on market demand

Operating aid to airports

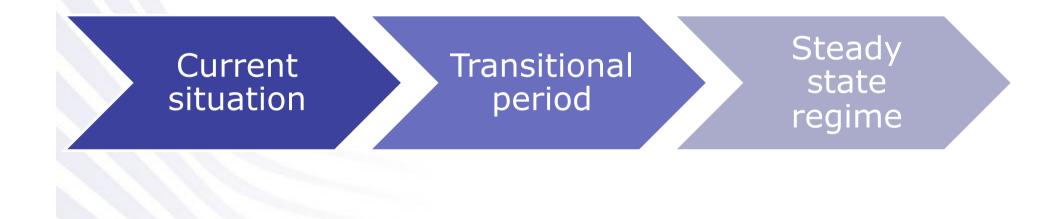
 Not necessary as airports cover their costs (exception small airports -> service of general economic interest)

Start-up aid to airlines

Simplified to market demand



How can we reach the steady state?



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How can a transitional period be designed?

Investment aid

No phasing-in needed

Immediate introduction of the "steady stage"

Operating aid

Operating aid to airports under certain conditions allowed





How to assess whether there is aid to airlines by publicly funded airports? →Use market price in the steady state

But now: Appropriate market price benchmarks not available In absence of an appropriate market benchmark

Assessment based on a cost approach

Airlines pay charges corresponding to the costs in accordance with their use of the airport services.





Thank you for your attention.