

Revision of State aid rules must safeguard regional growth

For immediate release

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Brussels, 24 July 2012: European airport trade body ACI EUROPE met yesterday with **Joaquin Alumina, European Commission Vice-President** and **Commissioner for Competition**. The meeting, which focused on the review by the European Commission (EC) of its policy on State aid for the aviation sector, was attended by **Declan Collier, President of ACI EUROPE & CEO of London City Airport** and **Olivier Jankovec, Director General of ACI EUROPE**.

This meeting followed months of close constructive engagement between ACI EUROPE and the EC's Directorate General for Competition (DG Competition), over the definition of new EC Guidelines on the control of public funding of airport development and financial aid given to airlines starting new air routes from regional airports (start-up aid).

As the new policy direction advocated by DG Competition is now emerging following a formal consultation of Member States which took place earlier this month, and with draft new EC Guidelines due to be completed in the autumn, ACI EUROPE raised specific concerns and asked for an in-depth assessment of possible implications.

Regional Risk

ACI EUROPE acknowledged the need for a better level playing field and more effective regime as regards the financing by airports and/or public authorities of airlines starting new routes. However, it warned that stricter rules on the public funding of airport infrastructure would impact small regional airports and result in decreased connectivity with **harsh consequences** for surrounding economies and communities.

DG Competition aims to decrease public funding of airports by ensuring that airports recover full costs from airlines and passengers by setting their charges accordingly – with the ultimate objective of making these airports more attractive to private investors. While these aims are laudable, they are at odds with the blunt structural economic reality of many regional airports*, as well as airlines' continuous downward pressure on airport charges.

Declan Collier commented: *"Cutting public financing and moving towards full cost recovery would simply price these airports out of the market. This could potentially force more than 80 small regional airports across Europe to shut down, with a dramatic loss of connectivity directly affecting local economies and employment – not quite what Europe needs at the moment."*

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Collier also stressed the need to take into account the strategic relevance of airports for the European economy - in the wider context of the shift underway in the global economy: *"Looking forward, Europe will need more airport capacity to maintain its global relevance – and this means competing with Sovereign-fuelled public funding of massive aviation infrastructure developments in Asia or even in the US. This is something the new EC guidelines will need to reflect."*

The fruitful exchange between **Collier** and **Vice-President Almunia** revealed the complexity of the issues at stake, and the need for a careful and in-depth assessment of possible options. ACI EUROPE renewed its offer for continued cooperation in this regard.

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Notes to Editors:

* In 2010, over 75% of European airports with less than 1 million passengers per annum would not have been profitable without public subsidies and other non-operating income – see ACI EUROPE Economics Report 2011 - <http://www.aci-europe.org/component/downloads/downloads/3267.html>

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ACI EUROPE is the European region of Airports Council International (ACI), the only worldwide professional association of airport operators. ACI EUROPE represents over 400 airports in 46 European countries. Member airports handle 90% of commercial air traffic in Europe, welcoming more than 1.5 billion passengers each year.

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