JOINT PRESS RELEASE

Proposed new EC State Aid rules threaten regional growth & jobs

Brussels & Strasbourg, 3 July 2013: Reacting to the publication today by the European Commission of proposed new Guidelines on State aid to airports and airlines, the Assembly of European Regions (AER) and European airport trade body ACI EUROPE denounced the harsh consequences of these new rules for regional development.

With these new Guidelines, the Commission is explicitly seeking to curb the public financing of airport infrastructure. National, regional & local authorities would therefore have to comply with more restrictive rules limiting their ability to invest in the development of new or existing airport infrastructure (investment aid) as well as in the financing of day-to-day operations of smaller airports (operating aid).

While the AER and ACI EUROPE consider that promoting fair competition, efficiency in public financing and attracting more private investment are legitimate goals, they are extremely concerned with some of the Commission’s proposals, for a number of reasons.

These proposals will affect regional airports in particular. Following a 10 year transitional period, regional airports with more than 200,000 passengers per year will no longer be able to receive public operating aid. Instead, they will be required to hike the fees they charge to passengers and airlines so as to fully cover their costs. This ignores the economic reality of the airport business, where full cost recovery through user charges is simply unachievable due to extremely high capital intensity and fixed costs. This is particularly the case at smaller airports, where these costs need to be borne by fewer airlines and a much smaller number of passengers. The result will be a loss of air services and decreasing connectivity, and even airport closure – with very harsh consequences for the regional communities they serve.

Per Inge Bjerknes, Chairman of the AER Working Group on Regional Airports and Vice-Chairman of the County Council of Østfold (N) commented “For our Regions, there is no escaping the fact that airports are strategic public infrastructure and that they need to be treated as such. In particular for peripheral and scarcely populated regions, the connectivity they afford is essential and unparalleled - it allows more than 5 million jobs across Europe and needs to be supported, not degraded. Part of these new State aid rules seem to show that the Commission is more concerned with fiscal austerity than promoting growth and jobs. They absolutely need to be reconsidered”.

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Beyond regional airports, the Commission is also looking at prohibiting investment aid at larger airports. While these airports are usually able to self-finance their development, public aid can still be required for once-off landmark airport projects involving massive investment. The Commission proposal is in sharp contrast to the way airport development is being financed outside Europe in both developed and emerging economies. Public financing is an essential part of airport infrastructure development not only in the Gulf and Asia, but also in the United States.

Olivier Jankovec, Director General ACI EUROPE added “These new rules – and in particular the 200,000 passenger threshold - risk condemning small regional airports to limit their development or to close down. They are also introducing limitations on public financing of airport development which fly in the face of the airport capacity crunch brewing here in Europe – a move that would probably be considered foolhardy in the rest of the World. Clearly, these proposals have not been properly thought through in terms of their impact on our sector and beyond on the wider European economy.”

He added “We fail to understand the overt discrimination these rules would introduce in favour of the competing rail sector, which gets an astonishing and unquestioned €32 billion of public aid every year.”

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For more information:

The Assembly of European Regions (AER – www.aer.eu) is the largest independent network of regions in wider Europe. Bringing together 250 regions from 35 countries and 16 interregional organisations, AER is the political voice of its members and a forum for interregional co-operation.

ACI EUROPE is the European region of Airports Council International, the only worldwide professional association of airport operators. ACI EUROPE represents over 450 airports in 44 European countries. Member airports handle 90% of commercial air traffic in Europe, welcoming over 1.5 billion passengers, 18 million tonnes of freight and more than 20 million aircraft movements each year. www.aci-europe.org @ACI_EUROPE

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