Ms Margrethe Vestager  
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CC: Ms Adina Vălean, Commissioner for Transport, EC  
Ms Elisa Ferreira, Commissioner for Cohesion and Reforms, EC  
Mr Thierry Breton, Commissioner for Internal Market, EC

Dear Vice-President,

**URGENT - a more effective and flexible EU State aid framework**

ACI EUROPE and the ETC reiterate the urgent need for better equipped support for Airports and Tourism – through the recognition of the exceptional circumstances caused by the travel restrictions and lockdowns that continue to paralyse our sectors.

**Today’s Situation: Collapsed Market**

11 months into the COVID-19 pandemic, the situation of Europe’s airports and the tourism activities they enable continues to worsen - with no realistic prospect of improvement over the coming months.

There has been no recovery in passenger traffic, from which airports derive the bulk of their revenues. While a tentative recovery began towards the end of June 2020 when EU States started lifting travel restrictions, it turned out to be weak and short-lived. Passenger traffic was still down by -71% at EU/EEA/Swiss/UK airports by mid-August 2020 when compared to 2019 – and from thereon, it only kept decreasing as new lockdown measures and travel restrictions were re-instated to address the second COVID-19 wave.

As a result, **6000 air routes** were lost for Europe’s airports as of November and passenger traffic stood at a devastating -87% by the first week of December at EU/EEA/Swiss/UK airports.

Acting upon the advice of the ECDC1, European States added further restrictions in December, while the EU prohibition of non-essential travel into the EU (from third countries) has remained firmly in place. To make things even worse, as of 15 December 2020, 15 EU States had imposed UK travel bans in response to the new COVID-19 variant.

As a result the expected uptake in passenger traffic over Christmas and the New Year failed to materialise. As of the week ending 3 January 2021, passenger traffic at EU/EEA/Swiss/UK airports still stood at -84% (vs. -60% for other European airports) and more than **700 additional air routes** have been lost since November – bringing the **total number of lost air routes to 6722** (Annex 1).

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1 **ECDC Risk Assessment** dated 4 December 2020

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Negative & Worrying Outlook

The ECDC is now advising States\(^2\) to “avoid all non-essential travel, in particularly to areas with a significant prevalence of the new (COVID-19) variant”. Combined with the time needed for vaccination to deliver herd immunity (not to mention on-going uncertainty over the efficacy of vaccines as regards the new COVID-19 variants), this means that travel restrictions will remain in place both for intra-European and travel outside Europe at least until next Summer, possibly even until next Autumn.

This will prevent any meaningful recovery in 2021 for airports, and beyond to the entirety of the travel and tourism sectors.

Accordingly, the revised 2021 traffic forecast which ACI EUROPE will publish tomorrow sees passenger traffic at -56% for the year at Europe’s airports in the baseline scenario, and at -64% in the pessimistic scenario (compared to 2019 - down from respectively -43% and -64% in our previous forecast). EU/EEA/Swiss/UK airports are expected to significantly underperform these averages (which cover 46 countries) with a 2021 baseline scenario now at -60%.

All this means **EU/EEA/Swiss airports will continue to face acute business continuity issues which must be urgently addressed through a more effective and flexible State aid framework at EU level** – so as to allow States to provide the financial support needed by airports.

Such support to airports is considered by the ETC as indispensable to facilitate the restoration of air connectivity upon which Europe’s communities and regions rely for their local economies, and for tourism in particular.

Revisions and Actions Needed – Before it is too late

The worsening situation of airports and the lack of recovery prospects have resulted in the current conditionalities relating to the compensation of damages (Art. 107.2.b TFEU) and the Temporary Framework (Art. 107.3.c TFEU) being no longer fit for purpose for airports.

They must be amended and supplemented as follows:

1) **The possibility to obtain compensation for damages due to COVID-19 should remain available to airports in extenso and for as long as travel restrictions will be imposed by States.**

   We fail to comprehend the position of the Commission not to allow for the compensation for damages to airports beyond 30 June 2020 - and substitute it with the compensation for unrecovered fixed costs.

   This results in unjustified and unacceptable limits on the ability of airports to be financially compensated – especially in view of the inequality of treatment airports have been suffering from when compared to airlines.

   The root cause of the slump in air traffic and of the financial distress of airports is a direct result of the array of travel restrictions imposed by Governments. The causality between these measures and the damages suffered by airports is all too obvious – as is the fact that the COVID-19 crisis amounts to exceptional circumstances of unprecedented consequences.

   We thus urge the Commission to adopt a more pragmatic and realistic stance on this matter. The choice between compensating airports for damages or for unrecovered costs should in any case be left to each EU State.

2) **The possibility to obtain compensation for unrecovered fixed costs should be available for airports for as long as travel restrictions will be imposed by States and without any cap nor limitation as regards total amounts.**

   The possibility of compensation for damages up to 100% of eligible costs stands in stark contrast with i) the need to adopt a scheme for compensation of fixed costs and ii) the limit of 70% of eligible costs with a cap of EUR 3 million.

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\(^2\) **ECDC Risk Assessment dated 29 December 2020**
The limits to 70% of eligible costs and the cap of €3 million per recipient are wholly inadequate for airports, given the wide diversity in size, scope and volume of activity across the airport industry. A €3 million compensation may be appropriate for very small regional airports, but not for most other larger airports - up to larger hubs. We have repeatedly outlined how this crisis is affecting all airports to the same extent regardless of size or location. As such, these limitations have a discriminatory effect. Unrecovered fixed costs should be compensated fully for all airports.

Similarly, the aid should be available for all airports, including smaller airports that have benefitted from operating aid under the 2014 State aid guidelines. Excluding these airports would defeat the very purpose of these guidelines which recognise the need for financial support. This would severely damage regional air connectivity in the recovery and would be contrary to the EU objective of ensuring cohesion.

3) The possibility for airports to benefit from Air Connectivity Restart Schemes – whereby States can provide a direct per passenger subsidy to help airlines restarting air routes or opening new air routes on a non-discriminatory basis.

ACI EUROPE has provided your services with further details on how such schemes could work, based on the successful precedent set by Cyprus.

Considering that every +10% increase in direct air connectivity yields a +0.5% additional increase in GDP per capita, such schemes would help kick start the economic recovery. In particular, they could play an essential role in supporting the recovery of the tourism sector.

EUROCONTROL now forecasts the full recovery of aviation and a return to the air traffic levels of 2019 only in 2026. It has also expressly called for more financial support to be extended to airports³. The discrepancy between the support offered to airlines compared to airports remains striking – as is the discrepancy between the support offered to US airports compared to European airports (Annex 2).

The Commission’s response must be appropriate to the critical situation faced by Europe’s airports and the wider tourism sector.

ACI EUROPE and ETC are therefore jointly calling you to enact the above mentioned measures as part of a Recovery Framework for Aviation & Air Connectivity.

These measures are needed urgently – every day counts.

We remain at your disposal.

Yours sincerely,

Olivier Jankovec
Director General
ACI EUROPE

Eduardo Santander
Executive Director
European Travel Commission

Annexes.

³ "In 2020, the vast majority of State support was allocated to airlines, typically legacy/scheduled carriers. State support is needed to support the wider aviation value chain, especially the airport community" – EUROCONTROL Think Paper, 1 January 2021