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PRESS RELEASE

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State aid: Commission adopts new guidelines for state aid to airports and airlines

The European Commission adopted today new guidelines on how Member States can support airports and airlines in line with EU state aid rules. The guidelines are aimed at ensuring good connections between regions and the mobility of European citizens, while minimising distortions of competition in the Single Market. They are part of the Commission's State Aid Modernisation (SAM) strategy, which aims at fostering growth in the Single Market by encouraging more effective aid measures and focusing the Commission's scrutiny on cases with the biggest impact on competition (see [IP/12/458](#)).

Joaquín Almunia, Commission Vice-President in charge of competition policy, said: "*The new state aid guidelines are a key ingredient for a successful and competitive European aviation industry. They will ensure fair competition regardless of the business model – from flag carriers to low-cost airlines and from regional airports to major hubs. Our aim is to ensure the mobility of citizens, while preserving a level playing field between airports and airlines.*"

The new guidelines for State aid to airports and airlines promote sound use of public resources for growth-oriented initiatives. At the same time, they limit distortions of competition that would undermine a level playing field in the Single Market, in particular by avoiding overcapacity and the duplication of unprofitable airports.

Key features are:

- State aid for **investment in airport infrastructure** is allowed if there is a genuine transport need and the public support is necessary to ensure the accessibility of a region. The new guidelines define maximum permissible aid intensities depending on the size of an airport, in order to ensure the right mix between public and private investment. The possibilities to grant aid are therefore higher for smaller airports than for larger ones.
- **Operating aid to regional airports** (with less than 3 million passengers a year) will be allowed for a transitional period of 10 years under certain conditions, in order to give airports time to adjust their business model. To receive operating aid, airports need to work out a business plan paving the way towards full coverage of operating costs at the end of the transitional period. As under the current market conditions, airports with an annual passenger traffic of below 700 000 may face increased difficulties in achieving full cost coverage during the transitional period, the guidelines include a special regime for those airports, with higher aid intensities and a reassessment of the situation after 5 years.
- **Start-up aid to airlines** to launch a new air route is permitted provided it remains limited in time. The compatibility conditions for start-up aid to airlines have been streamlined and adapted to recent market developments.

The formal adoption and publication of the new guidelines in the Official Journal in all EU official languages is foreseen for March 2014. For information purposes, the text of the new guidelines is available in English at:

http://ec.europa.eu/competition/state_aid/modernisation/index_en.html

Background

Member States' public funding of airports and airlines is currently assessed under the 1994 and 2005 Aviation Guidelines. The 1994 Aviation Guidelines were adopted in the context of the liberalisation of the market for air transport services and contain provisions for assessing social and restructuring aid to airlines in order to provide a level playing field for air carriers. They were complemented in 2005 by guidelines on the public financing of airports and on the start-up of airline services from regional airports. Today's guidelines replace both the 1994 and the 2005 aviation guidelines.

Today, air transport contributes significantly to the European economy and plays a vital role in the integration and competitiveness of Europe. During the last decade, the market environment of the aviation industry has changed considerably. The EU's liberalisation of air transport in 1997 paved the way for the emergence of low-cost carriers growing at a fast pace since 2005. In 2012 for the first time, low-cost airlines (44.8%) exceeded the market share of incumbent air carriers (42.4%), a trend which continued in 2013. The business model of low-cost carriers is intrinsically linked to small and uncongested regional airports allowing for quick turnaround times. This category of airports is predominantly publicly owned and subsidised by public authorities on a regular basis. Whilst certain regions are still hampered by poor accessibility and major hubs are facing increasing levels of congestion, the density of regional airports in certain areas has led to substantial overcapacity of airport infrastructure relative to passenger demand and airline needs.

In view of the significant market changes that have taken place in the last decade, the Commission has initiated a review of its aviation aid guidelines, with a first public consultation in 2011 aiming in particular to determine whether a revision would be necessary (see [IP/11/445](#)). The new guidelines take into account also the comments gathered in the second public consultation (July 2013, see [IP/13/644](#)) and the intensive dialogues with Member States, public authorities, airports and airlines, associations and citizens. The guidelines take stock of the new legal and economic situation concerning the public financing of airports and airlines and specify the conditions under which such public financing constitutes state aid within the meaning of Article 107(1) of the Treaty on the Functioning of the European Union (TFEU). When financing involves state aid, the guidelines set out the conditions under which it is compatible with the Single Market. The Commission's assessment is based on its experience and decision-making practice, as well as on its analysis of current market conditions in the airport and air transport sectors; it is therefore without prejudice to its approach towards other infrastructures or sectors.

New publications of state aid decisions on the internet and in the Official Journal are listed in the [State Aid Weekly e-News](#).

See also [MEMO/14/121](#)

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