

ACI EUROPE WORKING PAPER – “OFF THE GROUND”

Report of the WS PA2 – State Aid

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Recommendations to EU/EEA Member States and European Commission

1 INTRODUCTION

- 1.1 The COVID-19 crisis has impact on the financial viability of airports – which need to reconsider their financial outlook (reduction of traffic, loss of commercial activities) & make investments in cleaning and passenger facilitation tasks. The recovery of traffic by airlines is essential for the full economic recovery and structural viability of airports.
- 1.2 The EC State aid response measures (compensation for damages & Temporary Framework for economic support) are accessible for airports, but will expire and do not address the structural viability of airports or the recovery of traffic.
- 1.3 The Aviation State Aid Guidelines are based on considerations regarding the structural viability of airports and regional connectivity which are outdated in view of the crisis.

2 PROBLEM DEFINITION

- 2.1 Ensure the financial viability of airports & stimulate the recovery of traffic.

3 PROPOSED SOLUTION

- 3.1 The European Commission (EC) should provide guidance and full flexibility in the application of State Aid rules for the aviation industry, in view of the exceptional circumstances and their disproportionate impact on the sector.
- 3.2 **Airports** are essential infrastructure to maintain & preserve regional connectivity.
- 3.3 States need to consider **measures outside the State Aid framework** such as the extension of airport concessions or tax measures, allowing airport operators to recover for the ‘time lost’ during the crisis and the recovery period.
- 3.4 The EC should provide clear guidance on a broad interpretation of airport operations in the **Public Remit** which can be financed outside the State Aid framework, to ensure a level playing field between airports in different States.
 - Airport operations to facilitate essential traffic (sanitary, repatriation, cargo)
 - Airport investments & costs due to COVID-19 (cleaning, passenger facilitation)
 - States should ensure airports & all parts of the aviation value chain (i.e. handlers, catering, etc.) can benefit from measures based on the **EC State aid response** (Compensation for Damages, Temporary Framework) and social schemes.
- 3.5 The EC should provide a **Temporary Framework with derogations to the Aviation State Aid Guidelines** at least until the end of the transitional period – 2024 – provided for in the Aviation State Aid Guidelines, in view of the exceptional circumstances.

- 3.6 **Airports up to 1mppa** should be eligible for operational & investment aid up to 100% without notification (i.e. an temporary extension of the GBER threshold); this will not distort competition as these airports handled only 3.25% of traffic in EU/EFTA States before the crisis – while the burden for public authorities is decreased.
- 3.7 **Airports up to 3mmp** should be eligible for 100% investment aid where this is economically justified (i.e. airports cannot finance operating costs) or where the investment does not increase capacity (i.e. purpose of decarbonisation).
- 3.8 The EC should **prolong the possibility for airports to receive operating aid & investment aid** after the transition period of the Aviation State Aid Guidelines until 2024. The structural impact on the financial viability of airports must be reflected in the pending evaluation of the Aviation State Aid Guidelines.
- 3.9 The General Block Exemption threshold should be increased to **airports handling fewer than 700,000 passengers per year**.
- 3.10 Higher investment aid thresholds & intensities should be granted irrespective of the size of the airport for exceptional circumstances (including the structural effects of the COVID-19 pandemic) & **decarbonisation**.
- 3.11 **Airlines** must be stimulated to contribute to the financial viability of the airport through a recovery of traffic lost as a result of the COVID-19 crisis.
- 3.12 Airlines should benefit from a **Temporary Framework with derogations from the Aviation State Aid Guidelines** providing for **(Re-)Start up aid** with the following parameters:
- Objective of common interest is to **maintain & restore connectivity**
 - Accessible for airlines flying from **all EU airports & on all routes**
 - Maximum aid intensity is **75% of the airport charges**
 - Duration up to **5 years** subject to irrevocable commitments of airlines.
- 3.13 **Public Service Obligations** for airlines and/or airports are vital and essential for some airports & regions but may not be suitable to ensure the financial viability of airports & stimulate the recovery of traffic under the current circumstances.

4 EXPECTED OUTCOME

- 4.1 A combination of the measures above would provide a temporary & flexible framework to ensure the financial viability of airports & the restoration of connectivity.