Re; Draft EU Guidelines on State Aid to Airports and Airlines

Via email: Joaquin.Almunia@ec.europa.eu

From: the Association of European Airlines and Transport & Environment

Brussels 04 November 2013

Dear Vice President Almunia,

With this letter, two European associations, bringing together major European airlines and citizens’ organisations campaigning for more sustainable transport, write to you regarding the draft Guidelines on State aid to Airports and Airlines you published last July.

We welcome the initiative to revise the Guidelines, but have four joint concerns with regard to the proposal:

• Operating aid for airports should be subject to stricter conditions and more effective prior control;
• The large number of pending cases with the Commission should be decided immediately and on the basis of the rules in force at the time they were submitted;
• Better enforcement and consistent case law built around the Commission’s decision should be reflected in the proposed guidelines;
• The proposed guidelines should require full transparency of all state subsidies.

Many EU Member States have provided vast subsidies to small airports, leading to discriminatory and unjustifiable levels of airport charges compared to those applying to competing carriers. This has resulted in the extensive growth of mainly low cost operations which rely entirely on state subsidies to remain viable. For the traditional carriers and the remaining airports this has resulted in economic damages running into many millions of euros, as well as environmental damage from artificially inflated demand.

This question of subsidised charges to airlines is the main element of many of the cases before the Commission - some of which have been pending for as long as seven years. These cases must be decided as soon as possible and in line with the guidelines that were in force at the time the applications for aid were submitted. Giving Member States the signal that they can disregard Commission guidelines by waving these cases through will simply mean that Member States will continue to ignore future guidelines.
AEA and T&E believe that the revision should focus on better enforcement. The absence of control by the European competition authorities and the failure of Member States to diligently notify State aid schemes has led to serious distortions of competition within the European air transport market. The Guidelines should also be accompanied in the very near future by consistent case law built around Commission decisions in the numerous pending State aid cases.

The draft guidelines lack full transparency. They would require Member States to publish details of State aid measures on a central website but only after the decision has been taken. While we encourage each Member State to publish such decisions, it is clear that there must be a central EU website so that a comprehensive list of all State aid to the aviation industry – both applications pending and aid granted - is maintained.

In conclusion, both the airline industry and environmental organisations welcome the proposed revision of the Guidelines but feel that this revision does not go far enough. AEA and T&E therefore believe that urgent action is required by the European Commission to further strengthen provisions and thereby prevent huge economic damage to the airline industry as well as environmental damage from unnecessary emissions.

Yours sincerely,

[Signatures]

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Acting Secretary General,
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