Dear Sir/Madam,

RE: Consultation on the draft Guidelines on State aid to airports and airlines (Ref.: "HT.2635")

1. Introduction

1.1. Liverpool City Region Local Enterprise Partnership (LEP) welcomes the opportunity to respond to the revised draft guidelines on State aid to airports and airlines. Our submission is on behalf of the SUPERPORT Committee which consists of both private and public sector representatives and includes Liverpool John Lennon Airport.

1.2. We advocate efforts to improve the competitiveness and growth potential of the EU airport and airlines industries and welcome the stance that State aid measures can augment competition to promote global connectivity which is key to the growth of the EU market, and more specifically to Liverpool City Region.

2. Liverpool City Region

2.1. The Liverpool City Region Local Enterprise Partnership (LEP) is the region’s leading membership organisation committed to the economic growth of the region, representing a unique alliance of businesses and organisations.

2.2. The LEP, its members and partners, seek to stimulate business growth and job creation in Liverpool City Region by driving forward the key business sectors of the economy. These are; SUPERPORT, Low Carbon Economy, Knowledge Economy and Visitor Economy. More information can we found at www.liverpoollep.org
3. **SUPERPORT**

3.1. Built on its history as a great maritime trading centre, Liverpool City Region’s ports, airport, road, rail, inland waterway and logistics assets, together comprise strategically important freight capability for the UK and Ireland. These assets coupled with the natural geography comprise SUPERPORT. With a further £1 billion investment in these assets in the next 3 years, including the development of Liverpool2, a deep water container facility at the Port of Liverpool, and Mersey Gateway, a 6 lane bridge across the River Mersey, Liverpool SUPERPORT will drive substantial economic growth in the City Region, creating over 20,000 new jobs.

3.2. Centrally positioned in the UK, and situated in the largest economic region in the UK outside of London, SUPERPORT is an ideal location for investors, retailers, manufacturers and associated supply chains to take advantage of the port and population centric benefits of reducing supply chain costs, reducing carbon output and reducing lead times to market.

3.3. Liverpool John Lennon Airport is an important asset of the SUPERPORT logistics hub; as well as being a major gateway for passenger traffic to and from northern England and beyond. Global connectivity encourages economic development and job creation potential by giving investors confidence in the region.

3.4. The imperative for regional growth of peripheral areas across Europe is relevant to Liverpool City Region which is out with major commercial centres within the UK. Liverpool City Region has higher than average UK unemployment and SUPERPORT is one of four key growth sectors to realise economic growth and job creation. LJLA is central to the SUPERPORT logistics hub concept and is a large employer locally.

4. **Liverpool John Lennon Airport (LJLA)**

4.1. LJLA is one of the City Region’s major employers, attracting inward investment and bringing significant tourism benefits, helping to boost North West England’s economy. Liverpool is the fifth most visited city in the UK by international visitors.

4.2. LJLA is vital for the connectivity of the City Region and it currently offers over 60 destinations in the UK and across Europe. It is one of the UK’s top 10 busiest airports and handled 4.45 million passengers in 2012. It is served solely by low cost carriers.

4.3. As with many European airports, market conditions have had a negative impact on the airport in the last few years, with passenger numbers declining. Despite this, the LJLA owners have continued to invest in infrastructure and terminal facilities to ensure the passenger experience is both modern and efficient.
4.4. The City Region is keen to see the airport continue to attract new airlines, develop new routes and invest in infrastructure and facilities and we support clarification and transparency of State aid rules to confidently plan a strategy and realise the LJLA Master Plan. (http://www.liverpoolairport.com/about-us/master-plan.html) The airport Master Plan highlights the potential future growth at the airport for both passenger and freight related developments, due in part to the excellent links to the nearby motorway network.

5. Response to the draft Guidelines on State aid to airports and airlines

5.1. We support clarity on the definition of a regional airport however the definition stated in Annex 1 of the draft Guidelines is too narrow and simplistic by restricting the description to airports with less than 3 million passengers per annum. LJLA is hugely significant to Liverpool City Region as outlined above and is very much a regional airport despite having 4.45 million passengers in 2012. The development challenges faced by larger regional airports are similar to those faced by smaller regional airports and as such the do have a need for additional support to be able to competitive.

5.2. As a regional airport, Liverpool John Lennon Airport is of vital importance to the connectivity and to the international perception of Liverpool City Region as an attractive area in which to invest. Sustainable regional connections will allow the City Region to maintain links which are essential for it to be competitive globally as well as providing a wide range of European routes in the international sphere.

5.3. Liverpool City Region recognises the role State aid can offer to realise and support the development of LJLA and the wider economy.

5.4. Clarification of what constitutes State aid under the meaning of Article 107 (1) of the Treaty will enable confidence in planning investment and seeking support to realise growth.

5.5. It is important to recognise the role regional airports play in relieving the pressure on congested routes especially as airports in south east England will be more or less full by 2030. The efficient use of regional airports minimises overall journey times and reduces the carbon impact of surface transport.

5.6. In assessing State aid intensity, local economic factors such as unemployment levels should be considered as a primary driver alongside airport size. Including these factors will provide a balanced approach ensuring value for money is maximised from any State aid provision.

5.7. The LEP is focused on facilitating inward investment to reverse the deprivation within Liverpool City Region which is comparatively high relative to the UK and Europe. To
achieve this we would value compatibility conditions for aid to airlines which recognised the current economic conditions in the City Region.

5.8. The benefits of new air services to the economic development of a region are not limited to regions with airports smaller than 3 million passengers, and the difficulty of launching a new route and bringing it to long term viability also exist for these larger regional airports. By way of example, Liverpool City Region is not connected to a global hub and such a route would significantly increase the connectivity for the region and allow the City Region to realise growth and encourage investment. Appropriate economic compatibility conditions recognising the regional impact of such air services would enable investment in a new route allowing it to become established and ultimately viable.

In summary Liverpool City Region LEP support clarity, a balanced approach, recognition of a changing market and fair application of the proposed Guidelines which will promote effective and fair State aid to the benefit of the single European economy.

If we can be of further assistance to the Commission please get in touch.

Yours sincerely

Mark Basnett
Executive Director, Liverpool City Region LEP on behalf of the SUPERPORT Committee