Dear Sir

Response to the consultation on the draft Guidelines on State aid to airports and airlines

Pembrokeshire County Council welcomes the opportunity to provide comments on the consultation on the proposals for new Guidelines on State aid to airports and airlines.

Pembrokeshire County Council wholly owns and operates Haverfordwest Airport at Withybush\(^1\). The airport is licensed by the UK Civil Aviation Authority. It provides a vitally important link for local businesses to improve connectivity with our region that is usually regarded as a peripheral business location. In addition to its role in supporting business, it has played a significant role in tackling the major Sea Empress maritime pollution incident in 1996, and remains ready to do so again should such an incident reoccur. It is not comparable with regional airports, as it has no scheduled air services. Passenger numbers over the last five years have averaged 1,500 people and have never exceeded 2,000. Whilst we might expect growth in passenger numbers should oil and gas resources in the Irish Sea be exploited, we do not anticipate that numbers would ever exceed 10,000 people a year.

In the context of today’s economic climate and dwindling budgets and resources local authorities are facing ever-increasing challenges to run and maintain their local/regional airports (acknowledged in Point 5 of the draft guidelines). These airports are strategic public infrastructures, are crucial components of local economic development strategies, and are integral to creating sustainable jobs, boost economic growth and improve connectivity to and from peripheral areas (acknowledged in Points 9 and 13).

We express real concerns regarding the new guidelines as it seems that any small airport may be subject to the rigorous State aid guidelines irrespective of very small passenger numbers, in our case just 1,971 passengers at Haverfordwest airport in 2012/13.

\(^1\) [Link to Pembrokeshire County Council website]

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DG COMP
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The new guidelines should better clarify whether local airports such as Haverfordwest are subject to or exempt from the new arrangements. We understand that airports below 200k passengers per annum may be exempted from the guidelines if they have some sort of public service remit or they have been designated as a 'service of general economic interest' (SGEI) by a public authority. Should an airport demonstrate that it is a 'Market Economy Operator' (Section 3.4) and providing a market return on a commercial investment then it is exempt from the new guidelines.

Should it not be proved however that there is neither a commercial nor a public service rationale to the ownership of an airport then the airport would be subject to the guidelines and receive limited investment and/or no operating aid after a transitional period of up to ten years. Without access to public operating subsidies Pembrokeshire County Council will be unable to maintain this airport, leading to its inevitable closure, job losses, severe reductions in accessibility for peripheral regions and significant damage to local economic development strategies. Even granting investment aid up to 75% for airports with less than a million passengers per annum (Point 92) would be very damaging for local jobs, public authorities and economies. This approach completely contradicts the European Commission’s Europe 2020 goals of smart, sustainable and inclusive growth.

Whilst we acknowledge the Commission’s aim of ensuring a balanced approach and a level playing field for Europe’s airports and airlines, the expectation that airports “should be able to cover their operating costs” (Point 18) may be applicable for larger airports and those EU regions with a high density of regional airports, but is completely unrealistic for small peripheral airports in Wales such as Haverfordwest. Grouping these very small airports which handle a few thousand passengers with airports which handle up to 3 million passengers per annum and asking for notifications of schemes for investment aid from all (Point 98) is incredibly burdensome for local authorities and hinders their ability to operate these airports within their means.

**We strongly suggest that smaller airports across the EU i.e. those with less than a million passengers per annum are exempted en bloc from the guidelines, and for airports of all sizes to be able to benefit from SGEI designation.**

We sincerely hope that the Commission reviews the draft guidelines and find ways to ensure that State aid rules for airports and airlines do not contradict the urgent need to improve regional economic development and accessibility to remote and peripheral areas across the EU. Continuing with the new proposals will be to the detriment of Europe’s regions. The new guidelines should therefore help rather than hinder the EU's agenda for growth and jobs.

If you wish to clarify any of the points made in this letter, please contact me.

Yours faithfully

Dr Steven Jones
Director of Development