Dear Sirs,

**VDF Position on the European Commission public consultation “State aid to airports and airlines”**

**Introduction**

This paper summarises the views of the Association of Service Providers at German Airports – Vereinigung der Dienstleister an Deutschen Flughäfen e.V. (VDF) on the EU guidelines on state aid to airports and airlines.

**About VDF**

VDF was founded in 2002 and is a non-profit association which represents at present 68 service providers at German airports. These service providers are either directly acting at the airports in areas such as catering, cleaning, aircraft/cargo/passenger handling, transportation, UM and PRM handling, maintenance, security etc. or contribute with their activities that these services can be performed in the required standard, such as training centres, insurance agencies etc.

**The VDF view**

**Air traffic as a “normal” mode of transport**

The Commission mentions three aspects which have taken into account:
- the growth prospects of air traffic
- the need for regional development and accessibility
- the positive role of the Low Cost Carrier model for the development of some regional airports

Unfortunately the proposal is lacking far more aspects which are special to air traffic:
- air traffic is a high speed mode of transport: no other mode can compete and therefore air traffic is of special use; besides the known activities in passenger and cargo transport air traffic has
its advantages in flights which are part of on-time logistic processes (for example transport of spare parts or experts to keep industrial processes living and to avoid economical losses), rescue flights to save human lives, support flights in special situations etc. The eruption of Eyjafjallajökull and with it the closure of air space demonstrated very clearly these advantages: problems in keeping industrial activities alive, the problems in capacity and the reduced speed of other modes of transport, the problems to reach special regions, etc.
- air traffic is flexible; to connect two locations only two airports (there is no necessity to build something special, there is no additional land use, there are not any logistical problems) are needed. This is an advantage which cannot be found at any other mode of transport.

Air traffic is a vital part of our economy

The Commission focuses very much on the competition of airports. Unfortunately the proposal does not take into account that
- airports by themselves are an economic engine that create business: the operation of an airport requires special services and with it the personnel to perform these activities. The "Study on the effects of the implementation of the EU aviation common market on employment and working conditions in the Air Transport Sector over the period 1997/2010" prepared by Steer Davies Gleave for the European Commission, DG MOVE, outlines increased employment not only in airport operation but also in the special services required, for example in security. Other modes of transport take all possible steps to reduce employment.
- airports create business around the airport: there are many examples where various businesses settled down in the vicinity of airports to take advantage of the unique advantages of air transport. This created new jobs, especially in structurally weak areas.

Air traffic is discriminated in a competitive transport system

The White Paper “Roadmap to a Single European Transport Area – Towards a competitive and resource efficient transport system” states that a greater use of buses and coaches, rail and air transport for passengers is needed. This interest is difficult to understand in view of the proposal on EU state aid rules on public financing. The statistics published by the Commission show some interesting facts:
- the first interesting fact is that railways are excluded of the figures showing all other modes of transport; included the result is that
- during the years 2006 – 2011 state aids in railways summarized to 86% of all state aids given to all modes of transport
- the state aids given to aviation amount to 0,8% of the state aids given to all modes of transport.

Conclusion

In VDF's opinion the proposal does not provide for a reliable basis to regulate:
- it reflects on air traffic without having a look on other modes of transport if state aids there are used in a reasonable way for
reasonable projects (for example the new underground railway station in Stuttgart)
- it does not take into account the advantages air traffic has in comparison to other modes of transport
- it does not take into account if an airport has a positive economical influence on its vicinity resp. region
- it does not take into account if an airport receiving state aids saves public expenses in view of unemployment problems.

VDF feels that the intention to regulate state aid in air traffic in view of saving public money and to regulate competition between airports does not meet the intention of the EU to create a competitive transport system. It distracts from the issue of state aids in other modes of transport and their intention (again the example of the new underground railway station in Stuttgart).

Merely looking at the amount of state aid given to airports is one-sided. It does not provide for any conclusion if this money is spent wisely or not. Any regulation must be based on an overall analyses taking into account the positive direct and side-effects when an airport is funded by public money.

Yours sincerely,

VDF e.V.

[Signature]

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