INFRASTRUCTURE ANALYTICAL GRID FOR AIRPORT INFRASTRUCTURE

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I. PRINCIPLES FOR AIRPORTS

(1) This analytical grid covers the financing of the construction or upgrade or extension, as well as the operation and use of infrastructure in airports, which will be qualified throughout the text as "airport infrastructure".

(2) The construction or upgrade or extension of airport infrastructure which is commercially exploited constitutes an economic activity. While the exact extent of the services provided by airports varies across the Union, the provision of airport services to airlines in exchange for airport charges constitutes an economic activity in all Member States. Therefore public funding of such infrastructure is in principle subject to State aid rules.

II. INSTANCES IN WHICH THE EXISTENCE OF STATE AID IS EXCLUDED

(3) Please note that the following sections under Part II present a comprehensive, but not exhaustive, number of separate instances in which the existence of State aid may be excluded. These instances may apply to the owner/developer, operator or user levels, but also to these levels combined (e.g. integrated developer and operator).

1. No economic activity: infrastructure not meant to be commercially exploited

(4) The funding of infrastructure that is not meant to be commercially exploited is in principle excluded from the application of State aid rules, provided that it is limited to compensating the costs to which it gives rise and does not lead to undue discrimination between airports. This concerns, for instance, infrastructure that is used for activities that the State normally performs in the exercise of its public powers (e.g. premises allocated to customs / police within a terminal, aircraft rescue and firefighting (ARFF) infrastructure and equipment, as well as infrastructure and equipment necessary to counteract public threats or terrorist

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1 See paragraphs 31 to 33 of the of Guidelines on State aid to airports and airlines ("Aviation Guidelines"), OJ C 99, 4.4.2014, p. 3.
2 When it is normal under a given legal order that civil airports have to bear certain costs inherent to their operation, whereas other civil airports do not, the latter might be recipients of State aid, regardless of whether or not those costs relate to an activity which in general is considered to be of a non-economic nature (see paragraph 37 of the Aviation Guidelines).
3 See paragraph 98 of Joined Cases T-443/08 and T-455/08 Flughafen Freistaat Sachsen and others v Commission EU:T:2011:117. Note that "activity in the exercise of public powers" is not a static notion, meaning that an activity can become economic, for instance, when it is privatised.
attacks, such as equipment to screen luggage or passengers, Closed Circuit Television and fences preventing access to the airport’s reserved area\(^4\) Such activities are not of an economic nature and their funding consequently falls outside the scope of the State aid rules, as does, accordingly, the public funding of the related infrastructure\(^5\).

(5) If airport infrastructure is used for both economic and non-economic activities, public funding for its construction will fall outside the State aid rules insofar as it covers the costs linked to the non-economic activities and provided that such funding does not lead to undue discrimination between airports\(^6\). In such cases, Member States have to ensure that the public funding provided for the non-economic activities cannot be used to cross-subsidize the economic activities. This can notably be ensured by limiting the public funding to the net cost (including the cost of capital) of the non-economic activities, to be identified on the basis of a clear separation of accounts.

2. No economic activity: ancillary economic activities linked to main non-economic activities

(6) If the airport infrastructure is used almost exclusively for a non-economic activity, its funding may fall outside the State aid rules in its entirety, provided the economic use remains purely ancillary, that is to say an activity which is directly related to and necessary for the operation of the airport infrastructure, or intrinsically linked to its main non-economic use, and provided that the capacity allocated each year to such activity does not exceed 20% of the airport infrastructure overall capacity\(^7\).

(7) However, as airport infrastructure is mainly used for economic activities, this hypothesis may not arise often.

3. No potential effect on trade between Member States

(8) The effect on trade between Member States for the purposes of Article 107(1) TFEU must be established on a case-by-case basis apart from cases covered by the de minimis Regulation\(^8\).

(9) Support granted under the de minimis Regulation is not regarded as State aid if no more than EUR 200 000 is granted to a single undertaking over a period of three years and the other conditions laid down in the de minimis Regulation are also respected.

(10) There may be cases of support measures which have a purely local impact and consequently have no effect on trade between Member States. This is the case when the beneficiary supplies services to a limited area within a Member State, is unlikely to attract customers

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\(^6\) See paragraph 37 of the Aviation Guidelines.

\(^7\) See in this respect paragraph 207 of the Commission Notice on the notion of Aid as referred to in Article 107(1) of the Treaty on the Functioning of the European Union (“NoA”), OJ C 262, 19.7.2016, p. 1.

from other Member States, and it cannot be foreseen that the measure will have more than a marginal effect on the conditions of cross-border investments or establishment.

(11) For example, the public funding of small airports that due to their characteristics can only serve very short local domestic flights, is unlikely to affect trade.\(^9\)

4. **No economic advantage at the level of the owner/developer**

(12) If it is proven that the State acted under the same terms and conditions as a private investor in a comparable situation when providing the necessary funding for the development of airport infrastructure, then State aid is not involved. This can be assessed on the basis of: (i) significant *pari passu* investments of private operators, i.e. on the same terms and conditions (and therefore with the same level of risks and rewards) as the public authorities who are in a comparable situation;\(^10\) and/or (ii) a (ex ante) sound business plan (preferably validated by external experts) demonstrating that the investment provides an adequate return for the investor(s), in line with the normal market return that would be reasonably expected by commercial operators on similar projects taking into account the level of risk and future expectations.\(^11\) Note, however, that the existence of consecutive State interventions concerning the same airport infrastructure project might invalidate the conclusion that a similar measure would also have been undertaken by a market economy investor.\(^12\)

(13) The financing of airport infrastructure often requires substantial capital investments that can only be recovered in the very long term and would therefore in such circumstances typically not be undertaken on the basis of purely economic considerations. In such cases, Member States would have to provide a convincing explanation why the criteria for the application of the MEOP are complied with.\(^13\)

5. **No economic advantage at the level of the operator/concessionaire**

5.1. **Selection of operator/concessionaire through a tender or fees that are otherwise in compliance with the Market Economy Operator Principle**

(14) Operators who make use of the aided airport infrastructure to provide services to end-users receive an advantage if the use of the infrastructure provides them with an economic benefit that they would not have obtained under normal market conditions.

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\(^{9}\) See for instance Commission decision of 7 May 2014 in case SA.38441 – United Kingdom – Isles of Scilly Air links, OJ C 5, 9.1.2015, p. 4.

\(^{10}\) For more details, see paragraphs 86 to 88 of the NoA.

\(^{11}\) For more information see in this respect chapter 4.2 and in particular paragraphs 101 to 105 of the NoA.

\(^{12}\) See in this respect also paragraph 81 of the NoA.

If the operation of airport infrastructure is assigned for a positive price\textsuperscript{14} to an operator/concessionaire on the basis of a competitive, transparent, non-discriminatory and unconditional tender\textsuperscript{15} in line with the principles of the TFEU on public procurement\textsuperscript{16}, an advantage can be excluded at the level of the operator\textsuperscript{17}, as it can be presumed that the fee it pays for the right to exploit the airport infrastructure is in line with market conditions\textsuperscript{18}.

If the operator/concessionaire has not been selected through a tender in line with the above conditions, it may also be possible to establish that the fees paid by the operator/concessionaire are in line with normal market conditions through (i) benchmarking with comparable situations\textsuperscript{19}, or (ii) on the basis of a generally-accepted standard assessment methodology\textsuperscript{20}.

5.2. The operation of the infrastructure entrusted as a service of general economic interest (SGEI) in line with the Altmark criteria

The existence of an economic advantage at the level of the operator (concessionaire) may be excluded, if: (i) the infrastructure project is necessary for the provision of airport services that can be considered as genuine services of general economic interest (SGEI) for which the public service obligations have been clearly defined; (ii) the parameters of compensation have been established in advance in an objective and transparent manner; (iii) there is no compensation paid beyond the net costs of providing the public service and a reasonable profit; and (iv) the SGEI has been either assigned through a public procurement procedure that ensures the provision of the service at the least cost to the community or the compensation does not exceed what an efficient company would require\textsuperscript{21}.

The Aviation Guidelines provide guidance on what activities can be considered an SGEI at an airport\textsuperscript{22}. In substance, the overall management of an airport can be considered as an SGEI only in exceptional cases, if part of the area potentially served by the airport would, without

\textsuperscript{14} In order for the "price" to be considered positive, the revenues expected from the concession have to cover, in net present value terms, the expected investments costs and a reasonable profit, as well any other cost expected to be borne by the public owner as a result of the concession. See Commission decision of 1 October 2014 concerning measures SA.14093 (C76/2002) implemented by Belgium in favour of Brussels South Charleroi Airport and Ryanair, OJ L 325, 30.11.2016, recitals 425-428.

\textsuperscript{15} As described in paragraphs 89 to 96 of the NoA.

\textsuperscript{16} Provided that the appropriate selection criteria as set out in paragraphs 95 and 96 of the NoA have been used.


\textsuperscript{18} If the public owner of an airport commits to making certain investments into the airport vis-à-vis the successful bidder, then the costs of those investments have to be taken into account in the calculation of the ‘profitability expected from the concession arrangements (see Commission decision of 1 October 2014 – Belgium – Charleroi, L 325, 30.11.2016, p. 63).

\textsuperscript{19} See paragraphs 97 to 100 of the NoA.

\textsuperscript{20} See paragraphs 101 to 105 of the NoA.

\textsuperscript{21} See Case C-280/00 Altmark Trans and Regierungspräsidium Magdeburg EU:C:2003:415 and the Communication from the Commission on the application of the European Union State aid rules to compensation granted for the provision of services of general economic, OJ C 8, 11.1.2012, p. 4.

\textsuperscript{22} See paragraphs 67 to 73 of the Aviation Guidelines.
the airport, be isolated from the rest of the Union to an extent that would prejudice its social and economic development. In any case, the pursuit of commercial activities not directly linked to the airport’s core activities cannot be included in the scope of an SGEI\textsuperscript{23}.

\section*{5.3. SGEI de minimis Regulation\textsuperscript{24}}

(19) Public funding granted for the provision of a SGEI not exceeding EUR 500,000 over three years is not regarded as State aid, provided the other conditions of the SGEI de minimis Regulation are also fulfilled.

\section*{6. No economic advantage at the level of the user}

(20) If the operator of airport infrastructure has received State aid or if its resources constitute State resources, it is in a position to grant an economic advantage to the user(s), such as airline companies.

\subsection*{6.1. Fees set in line with market conditions}

(21) The question of whether transactions, such as for instance arrangements between an airport and an airline concerning the financial conditions under which the airline operates from the airport are in line with market conditions can be assessed in the light of the terms and conditions under which the use of similar infrastructure is granted by private investors in comparable situations (benchmarking).

(22) However, the Commission has strong doubts that at the present time, an appropriate benchmark can be identified to establish a true market price\textsuperscript{25}. Thus it considers the ex ante incremental profitability analysis\textsuperscript{26} to be the most relevant criterion for the assessment of arrangements concluded by airports with individual airlines for the purposes of determining whether they involve State aid.

(23) The Commission considers that arrangements concluded between airlines and an airport can be deemed to satisfy the MEOP test when they incrementally contribute, from an ex ante standpoint, to the profitability of the airport. The airport should demonstrate that, when setting up an arrangement with an airline (for example in individual contract or an overall scheme of airport charges), it is capable of covering all costs stemming from the


\textsuperscript{24} Commission Regulation No 360/2012 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid granted to undertakings providing services of general economic interest, OJ L 114, 26.4.2012, p. 8.

\textsuperscript{25} See in this respect paragraphs 56 to 59 of the Aviation Guidelines.

\textsuperscript{26} See in this respect section 3.5.2 of the Aviation Guidelines.
arrangement, over the duration of the arrangement, with a reasonable profit margin\textsuperscript{27} on the basis of sound medium-term prospects\textsuperscript{28}\textsuperscript{29}.

III. INSTANCES IN WHICH THERE IS NO NEED TO NOTIFY FOR STATE AID CLEARANCE, BUT OTHER REQUIREMENTS COULD APPLY

(24) State aid may be considered to be compatible with the internal market and can be granted without notification in the following instances:

1. General Block Exemption Regulation (GBER)\textsuperscript{30}

(25) The measure may be exempted from notification if it is granted in compliance with the conditions of the GBER. In particular, Article 56a of the GBER can apply, allowing investment aid of up to 50\% of eligible costs for regional airports with an average annual passenger traffic of one to three million passengers, or up to 75\% of the eligible costs for regional airports with average annual passenger traffic of up to one million passengers\textsuperscript{31}, as well as operating aid for airports with an average annual passenger traffic of less than 200 000 passengers. The provisions of Chapter 1 of the GBER in addition to the specific provisions in Article 56a GBER must be complied with.

2. Service of general economic interest: SGEI Decision\textsuperscript{32}

(26) If the construction, upgrade, extension or operation of an airport is necessary for the provision of an SGEI, it may be considered as part of the SGEI mission, depending on the importance of the airport for mobility and accessibility in the area (see point 18) and the exact content of the public service obligations imposed on the airport operator. If the compensation of such an SGEI concerns airports with an average annual traffic of fewer than 200 000 passengers, it may be covered by the SGEI Decision, provided that the criteria of that Decision are met: in particular, definition and entrustment of the SGEI, parameters of

\textsuperscript{27} A reasonable profit margin is a "normal" rate of return on capital, that is to say, a rate of return that would be required by a typical company for an investment of similar risk.
\textsuperscript{28} This does not preclude foreseeing that future benefits over the duration of the arrangements may offset initial losses.
\textsuperscript{29} For the elements to be taken into account in this assessment, see paragraphs 63 to 66 of the Aviation Guidelines.
\textsuperscript{31} In addition to being limited by those maximum aid intensities, the aid amount may not exceed the amount resulting from the difference between the eligible costs and the operating profit of the investment. There is however a derogation for airports with an average annual passenger traffic below 200 000 passengers. For those, the aid amount may go up to the maximum aid intensity applied to the eligible costs or the difference between the eligible costs and the operating profit of the investment, whichever is higher.
\textsuperscript{32} Commission Decision 2012/21/EU of 20 December 2011 on the application of Article 106(2) of the Treaty on the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest, OJ L 7, 11.01.2012, p. 3.
compensation\textsuperscript{33} established ex ante in a transparent manner, amount of compensation not exceeding the costs for the provision of the SGEI and a reasonable profit, claw back mechanism ensuring the absence of overcompensation.

3. Aid granted under an existing aid scheme

(27) If the Commission has approved a scheme allowing aid for airport infrastructure, Member States may grant aid in conformity with the conditions established in the legal acts adopted by the Member State to establish the scheme, as notified to the Commission, and in the Commission decision approving the scheme.

IV. INSTANCES IN WHICH NOTIFYING FOR STATE AID CLEARANCE IS NECESSARY

(28) If the measure constitutes State aid and does not meet the conditions allowing an exemption from notification, State aid clearance following a notification to the Commission is required.

1. Aviation Guidelines\textsuperscript{34}

(29) The compatibility of aid to airports is normally assessed on the basis of the Aviation Guidelines. Investment aid for airports can be declared compatible by the Commission, provided that the conditions detailed in paragraphs 84 to 108 of the Aviation Guidelines are complied with.

(30) Member States can notify State aid schemes for investment aid for airports with average annual traffic below 3 million passengers.

(31) The following aid measures cannot be covered by State aid schemes and should always be notified individually:

- investment aid to airports with average annual traffic above 3 million passengers;
- investment aid with an aid intensity exceeding 75\% to an airport with average annual traffic below 1 million passengers, with the exception of airports located in remote regions;
- investment aid granted for the relocation of airports;
- investment aid financing a mixed passenger/freight airport handling more than 200 000 tonnes of freight during the two financial years preceding that in which the aid is notified;
- investment aid aimed at the creation of a new passenger airport (including the conversion of an existing airfield into a passenger airport); and

\textsuperscript{33} Initial support for investment on necessary infrastructure may be averaged as (annual) compensation over the entrustment period (normally 10 years, unless a longer period is justified by the amortisation of investments) as SGEI compensation.

\textsuperscript{34} See footnote 5.
investment aid aimed at the creation or development of an airport located within 100 kilometres distance or 60 minutes travelling time by car, bus, train or high-speed train from an existing airport.

(32) Operating aid for airports above EUR 200 000 passengers can also be declared compatible by the Commission, provided that the conditions detailed in paragraphs 113 to 134 of the Aviation Guidelines are complied with.

2. Service of General Economic Interest: SGEI Framework

(33) The compatibility of State aid for airport infrastructure which is necessary for the provision of an SGEI in airports with more than 200 000 passengers per year may be assessed on the basis of the SGEI Framework. Under the SGEI Framework, which is based on article 106(2) TFEU, an aid measure should comply with the following main conditions: (i) entrustment of a clearly defined and genuine SGEI, (ii) compliance with Directive 2006/111/EC, (iii) compliance with EU public procurement rules, (iv) absence of discrimination, (v) a mechanism to avoid any overcompensation and (vi) transparency.

(34) The considerations as to the definition of a genuine SGEI in the airport sector (see point 18) will apply.

Projects that in principle should not be supported

(35) Projects that involve State aid but do not comply with the relevant compatibility rules (Aviation Guidelines and SGEI) should not be supported. Examples of projects falling into that category would include those involving:

- investment aid to airports with more than 5 million passengers per year, except in very exceptional circumstances;

- investment aid to an airport located in the catchment area of an existing airport not operating at or near full capacity, when the said investment does not have satisfactory medium-term prospects for use, or diminishes the medium-term prospects for use of existing infrastructure in the catchment area.

(36) Such cases would most likely require an in-depth assessment which could result in a conclusion that the aid is incompatible with the internal market.

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36 Directive 2006/111/EC on the transparency of financial relations between Member States and public undertakings as well as on financial transparency within certain undertakings, OJ L 318, 17.11.2006, p. 17.
37 Such as relocation of an existing airport, where the need for State intervention is characterised by clear market failure, taking into account the exceptional circumstances, the magnitude of the investment and the limited distortions of competition.
References:

- Commission Decision 2012/21/EU of 20 December 2011 on the application of Article 106(2) of the Treaty on the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest, OJ L 7, 11.01.2012, p. 3.
- Communication from the Commission on the application of the European Union State aid rules to compensation granted for the provision of services of general economic interest, OJ C 8, 11.1.2012, p. 4.

Indicative list of Commission decisions taken under State aid rules concerning airport infrastructure:

- N63/2010 – Spain – State guarantee for the construction of Murcia International Airport: 
- SA.24258 NN 43/2009 – The Netherlands – Operating aid in favour of Groningen Airport Eelde NV: 
- NN 65/2009 – United Kingdom City of Derry Airport – Additional costs: 
- SA.18857 (2012/C, ex 2011/NN) Alleged aid to Västerås Airport and Ryanair Ltd: 
- SA.24221 – C/2011 (ex NN/2011; CP 281/2007) – Austria – Klagenfurt Airport – Ryanair and other airlines: 
- SA.26190 (2012/C) (ex 2011/NN) implemented by Germany for Saarbrücken Airport and airlines using the airport: 
- SA 19880 and SA 32576 (ex NN/2011, ex CP/2011) – Germany – Flughafen Niederrhein / Weeze und Flughafen Niederrhein GmbH: 
  [http://ec.europa.eu/competition/state_aid/cases/243457/243457_1359832_419_2.pdf](http://ec.europa.eu/competition/state_aid/cases/243457/243457_1359832_419_2.pdf) 
  [http://ec.europa.eu/competition/state_aid/cases/243457/243457_1687854_1247_2.pdf](http://ec.europa.eu/competition/state_aid/cases/243457/243457_1687854_1247_2.pdf)
- SA.33538 (2011/N) – Ireland Regional Airports – Capital Expenditure grant Scheme: 
  [http://ec.europa.eu/competition/state_aid/cases/241763/241763_1276557_34_2.pdf](http://ec.europa.eu/competition/state_aid/cases/241763/241763_1276557_34_2.pdf)
- SA.33960 (2012/C) (2012/NN) – France – Aéroport de Beauvais Tillé: 
- SA. 34089 (2011/N) – Germany Additional Financing for the Conversion of Kassel-Calden airport: 
- SA.34586 (2012/N) – Greece – Chania Airport Modernisation: 
- SA.35220 (2012/N) – Greece – Makedonia Airport Modernisation: 
  [http://ec.europa.eu/competition/state_aid/cases/245588/245588_1409891_140_2.pdf](http://ec.europa.eu/competition/state_aid/cases/245588/245588_1409891_140_2.pdf)
- SA.35378 (2012/N) – Germany – Financing of Berlin Brandenburg Airport: 
  [http://ec.europa.eu/competition/state_aid/cases/246863/246863_1395909_174_2.pdf](http://ec.europa.eu/competition/state_aid/cases/246863/246863_1395909_174_2.pdf)
- SA.35697 (2012/N) – Greece – Skiathos Airport: 
  [http://ec.europa.eu/competition/state_aid/cases/248228/248228_1439811_86_2.pdf](http://ec.europa.eu/competition/state_aid/cases/248228/248228_1439811_86_2.pdf)
- SA. 36377 - Germany - Financing of airport infrastructure at Memmingen airport: 
  [http://ec.europa.eu/competition/state_aid/cases/248084/248084_1454044_147_2.pdf](http://ec.europa.eu/competition/state_aid/cases/248084/248084_1454044_147_2.pdf)
SA. 36560 - Finland - Financing of airport infrastructure at Tampere-Pirkkala airport T2:
SA.36561 (2013/N) - Finland – Financing of airport infrastructure at Vaasa airport:
http://ec.europa.eu/competition/state_aid/cases/248751/248751_1512951_106_2.pdf
SA.38168 (2014/N), ex. SA.37108 (PN/2013) – Croatia – Dubrovnik Airport Development:
http://ec.europa.eu/competition/state_aid/cases/251473/251473_1525619_84_2.pdf
SA.38346 (2014/NN) – Italy Capital injection – Aeroporto Valerio Catullo di Verona Villafranca S.p.A:
http://ec.europa.eu/competition/state_aid/cases/251985/251985_1543003_149_2.pdf
SA.38441 (2014/N) – United Kingdom – Isles of Scilly Air links:
SA.38937 (2014/N) – France – Régime d'aide à l'investissement des aéroports français:
http://ec.europa.eu/competition/state_aid/cases/253206/253206_1659697_128_2.pdf
http://ec.europa.eu/competition/state_aid/cases/258116/258116_1676549_114_2.pdf
SA.40433 (2015/N) – Austria – Investment Programme Kärnten Airport, Klagenfurt:
http://ec.europa.eu/competition/state_aid/cases/258091/258091_1710939_186_2.pdf
State Aid SA.45692 (2017/N) – United Kingdom - Inverness Airport – entrustment of a service of general economic interest:
http://ec.europa.eu/competition/state_aid/cases/269324/269324_1925715_95_2.pdf
State aid SA.38757 – Sweden - Skelleftea Airport – entrustment of a Service of General Economic Interest:
http://ec.europa.eu/competition/state_aid/cases/256764/256764_1759706_78_2.pdf
State aid SA.38892 (2015/NN) – Sweden - Sundsvall Timra Airport – entrustment of a Service of General Economic Interest:
http://ec.europa.eu/competition/state_aid/cases/256353/256353_1759669_131_2.pdf
State Aid SA.45692 (2017/N) – United Kingdom – Inverness Airport – entrustment of a service of general economic interest:
http://ec.europa.eu/competition/state_aid/cases/269324/269324_1925715_95_2.pdf
State Aid SA.45863 (2016/N) – Sweden – Scandinavian Mountains Airport:
http://ec.europa.eu/competition/state_aid/cases/265064/265064_1924438_203_2.pdf
State aid SA.41342 (2016/N) – Germany. Financing of Berlin Brandenburg Airport:
State Aid SA.43023 – Italy – New passenger terminal at Lamezia Terme airport:
http://ec.europa.eu/competition/state_aid/cases/260316/260316_1834868_112_2.pdf