



EUROPEAN COMMISSION
Impact Assessment Board

Brussels,
D(2014)

Opinion

Title **DG COMP – Impact Assessment on Revision of the Commission Guidelines on State Aid to airports and airlines**
(draft version of 13 January 2014)*

(A) Context

The Commission adopted in 2005 Community guidelines on financing of airports and start-up aid to airlines departing from regional airports. These guidelines specified the conditions under which certain categories of State aid to airports and airlines could be declared compatible. A majority of stakeholders in the 2011 Public consultation on the application of the 2005 Aviation Guidelines called for the Commission to proceed with a revision of the existing rules. In its Communication on State Aid Modernisation, the Commission points out that State aid policy should focus on facilitating well-designed aid targeted at market failures while avoiding a waste of public resources. State aid control in the air transport sectors should therefore promote the sound use of public resources for growth-oriented policies, while limiting competition distortions and avoiding the creation of overcapacities. This Impact Assessment explores options for a review of the existing guidelines based on case practice, stakeholders' views and the aviation sector development.

(B) Overall opinion: POSITIVE

While the report has been enhanced to some extent along the lines of the recommendations in the Board's first opinion, it should be further improved in a number of respects. Firstly, the report should better set out how the current rules are implemented and what the shortcomings are, including the reasons behind the failure of the current ban on operating aid. Secondly, it should better present the options, explaining what would lead to better enforcement. The report should also explain how thresholds and exceptions have been set and why these are regarded as compatible with the general objectives of the guidelines. Finally, the report should clarify and justify the assumptions underlying quantitative impact estimates, for instance with regards to the impact on consumer prices and airport numbers.

(C) Main recommendations for improvements

(1) Further improve the analysis of the problems. The report should better set out how the current rules are implemented in practice providing a more detailed discussion of the current shortcomings and the reasons underpinning the non-compliance with the operating aid ban. The report should also set out the key assumptions underlying the improved

* Note that this opinion concerns a draft impact assessment report which may differ from the one adopted.

quantitative assessment of airport infrastructure overcapacity. In addition, it should explain how (national) regulatory constraints affect airports' ability to increase revenue streams and clarify if this would limit the effectiveness of the proposed changes. Finally, it should set out how the initiative would contribute to the wider goals of the EU transport policy (particularly the TEN-T initiative).

(2) Better present policy options. The report should clearly identify what measures would ensure a better enforcement of the proposed revised framework relative to the status quo. In so doing, it should discuss the risk and the (market) consequences of renewed non-compliance. The report should also explain the basis for proposed thresholds and clarify how exceptions would apply without undermining the general principle (e.g. the 5 million passenger limit for investment aid, in principle; the 10-year transition period for aid except for services of general interest) and Member States' ability to design national schemes for investment aid, and to compensate airports below 200,000 passengers p.a. for the provision of services of general economic interest without notification. Finally, the report should further discuss how the different options would deal with any socio-economic consequence (such as airport closures).

(3) Clarify the assumptions underlying the assessment of impacts. While the report now includes a wider quantitative assessment of the impacts, it should still clarify and justify the underlying assumptions and data sources, and transparently highlight any data and sample limitations. For instance, the report should explain the reasons why operating aid is projected to fall to zero and by 50%, respectively, under options 2 and 3, given that the existing ban is not respected. The report should also justify why it only takes into account airports with less than 5 and 3 million passengers p.a. when calculating the total number of airports affected by the proposed changes. Finally, the report should better indicate which Member States/regions will be affected most.

Some more technical comments have been transmitted directly to the author DG and are expected to be incorporated in the final version of the impact assessment report.

(D) Procedure and presentation

The figures used throughout the report should be checked for consistency. In addition, the report should set out more concrete evaluation plans, clarifying how the necessity and proportionality of certain types of state aid will be assessed and through which indicators the initiative's implementation and effectiveness will be monitored.

(E) IAB scrutiny process	
Reference number	2012/COMP/009
External expertise used	No
Date of IAB meeting	Written Procedure. An earlier version of this report was submitted to the IAB in November 2013, on which the Board issued its opinion on 20 December 2013.