EUROPEAN COMMISSION

Brussels, 31.7.2017
C(2017) 5289 final

In the published version of this decision, some information has been omitted, pursuant to articles 30 and 31 of Council Regulation (EU) 2015/1589 of 13 July 2015 laying down detailed rules for the application of Article 108 of the Treaty on the Functioning of the European Union, concerning non-disclosure of information covered by professional secrecy. The omissions are shown thus […]

PUBLIC VERSION

This document is made available for information purposes only.

Subject: State Aid SA.47969 (2017/N) – Germany
Operating Aid to Frankfurt-Hahn Airport

Sir,

1. PROCEDURE

(1) By letter dated 7 April 2017, Germany notified the Commission of its intention to grant future operating aid to Frankfurt-Hahn airport.

(2) By letters of 24 April 2017 and 30 May 2017 the Commission requested further information, which was provided by Germany on 16 May 2017 and 14 June 2017. On 7 June 2017, a further meeting took place between Germany and the Commission.

(3) Germany exceptionally agreed to waive its rights deriving from Article 342 TFEU in conjunction with Article 3 of EC Regulation 1/1958 and to have the present Decision adopted and notified pursuant to Article 297 of the Treaty in the English language.

Seiner Exzellenz Herrn Sigmar GABRIEL
Bundesminister des Auswärtigen
Werderscher Markt 1
D - 10117 Berlin
2. **DETAILED DESCRIPTION OF THE AID**

2.1 The beneficiary Frankfurt-Hahn Airport

(4) Frankfurt-Hahn airport is located in the German Land Rhineland-Palatinate, approximately 120 km west of the city Frankfurt/Main. It was a US military airbase until 1992 and was subsequently converted into a civil airport for both passenger and cargo transport. Frankfurt-Hahn airport holds a 24-hours/7-days operating licence.

(5) Frankfurt-Hahn airport is operated by the company Flughafen Frankfurt-Hahn GmbH ("FFHG") which since 2009 has been controlled by the Land Rhineland-Palatinate. On 1 March 2017, the latter signed a Share Purchase Agreement by which it sells its 82.5% share in Frankfurt-Hahn airport to HNA Airport Group GmbH, a group company of the globally active Chinese HNA Group ("HNA Group"). The remaining 17.5% of the shares in FFHG are held by the Land Hessen.

(6) Passenger traffic from Frankfurt-Hahn airport is mainly made up of low-cost flights. More than 50 destinations in Europe, North Africa and Turkey are served from that airport. The main airline operating from Frankfurt-Hahn airport is Ryanair. Wizz Air and SunExpress also operate from Frankfurt-Hahn airport.

(7) Between 1998 and 2007, passenger numbers at Frankfurt-Hahn airport increased from 29 000 to slightly over 4 million passengers per year. Between 2007 and 2014, passenger traffic gradually decreased to 2.4 million passengers per year. In 2015 and 2016, passenger numbers of around 2.6 million can be observed. The passenger numbers of Frankfurt-Hahn airport are included in the below graph.

(8) Besides passenger transport, cargo flights are operated to and from Frankfurt-Hahn airport (the cargo developments between 1998 and 2016 are included in the below graph). In 2016, around 72,600 tonnes of air freight were transported.
through Frankfurt-Hahn airport. Nevertheless, in peak year 2011, a quantity of 286,000 tonnes of air freight was transported.

The nearest airports to Frankfurt-Hahn airport are the following:

- Luxembourg airport in Luxembourg (approximately 103 km, or 70 minutes by car);
- Frankfurt Main airport in Germany (approximately 113 km, or 70 minutes by car);
- Saarbrücken airport in Germany (approximately 117 km, or 85 minutes by car);
- Köln-Bonn airport in Germany (approximately 175 km, or 95 minutes by car).

2.2 Description of the measure

The notified measure consists of grants intended to cover the operating losses of FFHG during a transitional period of 10 years starting from 4 April 2014. It will be granted by the authorities of the Land Rhineland-Palatinate to Frankfurt-Hahn airport. It will be paid out over the period 2018 to 2022 and will cover the actual operating losses over the period 2017 to 2021. The public authorities intend to cover the airport's operating losses, i.e. the losses linked to the operating costs as referred to in point 118 of the Aviation Guidelines, during those years up to a maximum of EUR 25.3 million over the entire period.

---

1 All distances in road kilometres/travel time are based on the fastest route. Source: maps.google.com, accessed on 1 June 2017.

2 See point 112 of the Communication from the Commission – Guidelines on State aid to airports and airlines, 2014/C 99/03 (the "Aviation Guidelines"): "Operating aid granted to airports either as individual aid or under an aid scheme will be considered compatible with the internal market pursuant to Article 107(3)(c) of the Treaty for a transitional period of 10 years starting from 4 April 2014 (...)".

---
(11) This amount represents almost 50% of the initial operating funding gap of the airport\(^3\) for a period of 10 years. On the basis of the figures provided by Germany, the initial operating funding gap over the period of five years preceding the beginning of the transitional period (2009-2013) is EUR 25.8 million. The below table provides the figures split out per year:

<table>
<thead>
<tr>
<th>Table 1</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>Average 2009-2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Losses (adjusted(^4)) (EUR, nominal)</td>
<td><a href="*">...</a></td>
<td>[...]</td>
<td>[...]</td>
<td>[...]</td>
<td>[...]</td>
<td>5.16 million</td>
</tr>
</tbody>
</table>

(12) Therefore, the maximum aid amount would correspond to 50% x 5.16 million x 10, which equals 25.8 million over the period 2014-2024. Germany explains that the maximum aid amount chosen by them was decreased to EUR 25.3 million as a result of mathematical rounding in the course of the budgetary procedure of the Land.

(13) Germany expects the following development in passenger numbers over the period 2014-2024:

<table>
<thead>
<tr>
<th>Table 2</th>
<th>2014 (real)</th>
<th>2015 (real)</th>
<th>2016 (real)</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passengers (million)</td>
<td>2.447</td>
<td>2.665</td>
<td>2.609</td>
<td>[...]</td>
<td>[...]</td>
<td>[...]</td>
<td>[...]</td>
<td>[...]</td>
<td>[...]</td>
<td>[...]</td>
<td>[...]</td>
</tr>
</tbody>
</table>

(14) The above table shows that the business plan first predicts [...].

(15) The subsequent, above-average passenger growth is explained by the fact that HNA Group is intending to introduce flights to and from China (to be operated by HNA Group's airlines), starting with three weekly flights in 2017, which number is expected to significantly increase over time. [...]

(16) Furthermore, Germany expects the following development in amounts of cargo transported through Frankfurt-Hahn airport for the period 2014-2024:

---

\(^3\) As defined in point 122 of the Aviation Guidelines, namely "the average of the operating funding gaps (that is to say the amount of operating costs not covered by revenues) during the five years preceding the beginning of the transitional period (2009 to 2013)".

\(^4\) According definition points 7 and 22 of the Aviation Guidelines only operating revenues and costs related to the core business of an airport should be included in the calculation of the operating result. For that reason the operating result is adjusted by the amounts corresponding for example to public support, marketing activities, earnings from the retirement of fixed assets.

(*) confidential information
Table 3

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cargo (thousand tonnes)</td>
<td>132.6</td>
<td>79.7</td>
<td>72.6</td>
<td>[...]</td>
<td>[...]</td>
<td>[...]</td>
<td>[...]</td>
<td>[...]</td>
<td>[...]</td>
<td>[...]</td>
<td>[...]</td>
</tr>
</tbody>
</table>

(17) Germany justifies the increase in cargo figures by the fact that HNA Group intends to introduce three weekly cargo flights between China and Frankfurt-Hahn airport [...].

(18) On the basis of these passenger numbers and cargo figures, Germany expects the operating results in the transitional period to be as shown in the below table:

Table 4

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted EBITDA (million EUR)</td>
<td>[...]</td>
<td>[...]</td>
<td>[...]</td>
<td>[...]</td>
<td>[...]</td>
<td>[...]</td>
<td>[...]</td>
<td>[...]</td>
<td>[...]</td>
<td>[...]</td>
<td>[...]</td>
</tr>
</tbody>
</table>

(19) As also shown in the above table, beyond 2022 Frankfurt-Hahn airport is expected to be covering its operating costs with the revenues generated by its operations. Therefore, no operating aid is expected to be paid out after 2022.

---

5 Please note that the figure for 2014 does not concern the adjusted EBITDA but the EBITDA (in million EUR).
2.3 Previous Commission decisions concerning Frankfurt-Hahn airport

(20) In 2014, the Commission took two decisions as regards measures concerning FFHG and Ryanair with respect to its operations at Frankfurt-Hahn airport, where it found that those measures either did not qualify as State aid or were State aid compatible with the internal market\(^6\). These decisions were appealed and are currently pending before the General Court\(^7\). 

3. ASSESSMENT OF THE MEASURE

3.1 Existence of aid

(21) By virtue of Article 107(1) of the TFEU "any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the internal market."

(22) The criteria laid down in Article 107(1) TFEU are cumulative. Therefore, for a measure to constitute State aid within the meaning of Article 107(1) TFEU all of the following conditions need to be fulfilled. The financial support must:

- be granted by the State or through State resources,
- favour certain undertakings or the production of certain goods,
- distort or threaten to distort competition, and
- affect trade between Member States.

(23) In the following sections, the Commission will assess whether the measure as described above in chapter 2.2 meet these cumulative criteria and thus constitute aid in the meaning of Article 107(1) TFEU.

3.1.1. Notion of undertaking and economic activity

(24) According to settled case law, the Commission must first establish whether Frankfurt-Hahn airport is an undertaking within the meaning of Article 107(1) TFEU. The concept of an undertaking covers any entity engaged in an economic activity, regardless of its legal status and the way in which it is financed.\(^8\)

---


\(^7\) Case T-492/15, Deutsche Lufthansa v. Commission, pending.

activity consisting in offering goods and services on a given market is an economic activity.\(^9\)

**Notion of undertaking**

(25) In the "Aéroports de Paris" judgment, the General Court stated that the operation of an airport, including the provision of airport services to airlines and to the various service providers within airports, is an economic activity.\(^10\) This was confirmed by the Court of Justice in its "Leipzig-Halle airport" judgment, where it found that the operation of an airport for commercial purposes and the construction of airport infrastructure constitute an economic activity.\(^11\) Once an airport operator engages in economic activities, regardless of its legal status or the way in which it is financed, it constitutes an undertaking within the meaning of Article 107(1) TFEU, and the Treaty rules on State aid therefore apply.\(^12\)

(26) The Commission notes that the airport infrastructure and equipment are operated by FFHG, which is the beneficiary of the notified public funding. FFHG charges airlines as well as general aviation fees for the use of the infrastructures, and thus exploits the airport commercially. It follows that FFHG constitutes an undertaking for the purpose of Article 107(1) TFEU.

**Economic activity**

(27) While FFHG must be considered to constitute an undertaking for the purpose of Article 107(1) TFEU, it must be recalled that not all the activities of an airport operator are necessarily of an economic nature.\(^13\)

(28) As explained in point 35 of the Aviation Guidelines, activities that normally fall under State responsibility in the exercise of its official powers as a public authority are not of an economic nature and do not fall within the scope of the rules on State aid.

(29) However, since the notified aid to FFHG is intended to cover the operating losses of the airport which are generated in particular by the provision of airport services to airlines, it finances the economic activities of the airport operator.

---


3.1.2 Use of State resources and imputability to the State

The operating aid in question is granted by the German Land Rhineland-Palatinate from its budgetary resources. The funding is thus imputable to the State and involves State resources.

3.1.3 Economic advantage

The operating aid in question will compensate Frankfurt-Hahn's future operating losses and will thus relieve the airport from the burden of covering its own operating losses. Germany has provided no element suggesting that the Land Rhineland-Palatinate may expect from this funding a return that a profit-driven market economy operator would consider sufficient to justify the profitability of the measure. In fact the Land, which is no longer the owner of the airport, will not receive a return on the amount of aid which will be paid out. The aid amount itself will not be paid back. No market economy operator will provide financing at such terms. Therefore, the operating aid does not comply with the market economy operator principle and confers an economic advantage on FFHG.

3.1.4 Selectivity

Article 107(1) TFEU requires that, in order to be defined as State aid, a measure favours "certain undertakings or the production of certain goods". The Commission notes that the public funding in question will be granted to Frankfurt-Hahn airport (FFHG) only. Therefore, the measure is selective within the meaning of Article 107(1) TFEU.

3.1.5 Distortion of competition and effect on trade

When aid granted by a Member State strengthens the position of an undertaking compared with other undertakings competing in the internal market, the latter must be regarded as affected by that aid. In accordance with settled case law\(^\text{14}\), for a measure to distort competition it is sufficient that the recipient of the aid competes with other undertakings on markets open to competition.

There is competition between airports in the internal market to attract airlines. The Commission notes in this respect that the main carrier operating at Frankfurt-Hahn airport is Ryanair, an airline operating across the Union. Compensation for the airport's operating losses will enable Frankfurt-Hahn airport to continue operating to the detriment of other Union airports that could otherwise attract Ryanair's capacity currently allocated to Frankfurt-Hahn. Hence, a potential effect on competition and trade as a result of the notified measure cannot be excluded.

3.1.6 Conclusion on the existence of State aid

The Commission concludes that the notified operating aid constitutes State aid within the meaning of Article 107(1) TFEU.

3.2 Lawfulness of the aid

(36) Germany notified the operating aid to Frankfurt-Hahn airport to the Commission on 7 April 2017. Article 3 of the Procedural Regulation\(^{15}\) contains a standstill obligation providing that notifiable aid shall not be put into effect before the Commission has taken, or is deemed to have taken, a decision authorising such aid.

(37) To the Commission's knowledge, the notified operating aid to Frankfurt-Hahn airport has not yet been put into effect. Hence the Commission concludes that the standstill obligation from the Procedural Regulation has been respected and the aid in question is lawful.

3.3 Compatibility of the aid

3.3.1. Basis for assessing the compatibility of the aid with the internal market

(38) Article 107(3)(c) TFEU stipulates that aid to facilitate the development of certain economic activities or of certain economic areas, where such aid does not adversely affect trading conditions to an extent contrary to the common interest may be considered to be compatible with the internal market.

(39) With the notified State aid, Germany intends to compensate operating losses of Frankfurt-Hahn airport in the future. The Aviation Guidelines provide for principles to assess, among others, the compatibility of operating aid to airports with the internal market.

(40) Point 79 of the Aviation Guidelines stipulates cumulative common principles that a State aid measure has to respect in order to be found compatible with the internal market:

- a. contribution to a well-defined objective of common interest;
- b. need for State intervention;
- c. appropriateness of the aid measure;
- d. incentive effect;
- e. proportionality of the aid (aid limited to the minimum);
- f. avoidance of undue negative effects on competition and trade between Member States;
- g. transparency of the aid.

3.3.2. Compatibility assessment of the operating aid

(41) Operating aid granted to airports after 4 April 2014 will be considered compatible with the internal market pursuant to Article 107(3)(c) TFEU for a transitional

---

period of 10 years provided that the cumulative conditions mentioned above are fulfilled as set out in points 113 to 134 of the Aviation Guidelines. Compatibility with these criteria will be assessed below.

**Contribution to a well-defined objective of common interest**

(42) Frankfurt-Hahn airport is located in the Rhine-Hunsrück district, an economically underdeveloped and rural area within Germany. Located in an economically weaker area in Germany, Frankfurt-Hahn airport has significant positive effects on the development and connectivity of the region.

(43) According to data provided by Germany, Frankfurt-Hahn airport is responsible for the creation of around 11,000 jobs, including 3,000 jobs generated by the airport in relation to incoming tourism and 2,500 jobs at the site of the airport. 90% of the employees working at the airport live in the region. The airport is furthermore responsible for an expansion of the transport infrastructure in the region, particularly due to a better supra-regional road network. [...]

(44) As regards the connectivity of the region, Frankfurt-Hahn airport has generated significant incoming tourism for the region, with around 88% of the travellers arriving to Frankfurt-Hahn airport staying in the region for at least one night, and over 80% staying for 2 to 10 days. In future, the airport is expecting to even further enhance the connectivity of the region, as the HNA Group is planning to introduce three weekly flights to and from China in 2017, a number that is expected to significantly increase over the following years. [...]

(45) Furthermore, the Commission notes that there are no other airports located within the same catchment area as Frankfurt-Hahn airport. The “catchment area” is defined in point 25(12) of the Aviation Guidelines as “a geographic market boundary that is normally set at around 100 kilometres or around 60 minutes travelling time by car, bus, train or high-speed train; however, the catchment area of a given airport may be different and needs to take into account the specificities of each particular airport. The size and shape of the catchment area varies from airport to airport, and depends on various characteristics of the airport, including its business model, location and the destinations it serves”.

(46) As indicated in recital (9) above, there are no other airports located within a distance of 100 kilometres or around 60 minutes travelling time from Frankfurt-Hahn airport. Furthermore, the two airports located closest to Frankfurt-Hahn airport, i.e. Luxembourg airport and Frankfurt Main airport have business models that differ significantly from the low cost model operated by Frankfurt-Hahn airport.

---

16 The regions surrounding Frankfurt-Hahn airport are labelled as “assisted areas” under the "Improvement of the Regional Economic Structure” programme in Germany.

17 Luxembourg airport mainly serves other European capitals and holiday destinations; its business model is to a large extent aimed at meeting the needs of the financial and international institutions located in Luxembourg. Frankfurt Main airport is an international hub airport, which is mainly used by network carriers such as Lufthansa offering connecting traffic.
On this basis, the Commission concludes that the continued operation of the airport infrastructure, and therefore the operating aid that will finance the airport operations, meets a clearly defined objective of common interest.

**Need for State intervention**

The Aviation Guidelines determine that State aid should be targeted towards situations where such aid can bring about a material improvement that the market itself cannot deliver. According to the Guidelines, airports like Frankfurt-Hahn with less than 3 million passengers per year are eligible to receive operating aid during the transitional period.

The *ex ante* business plan submitted by Germany shows that Frankfurt-Hahn airport will not be able to cover its operating costs until 2023. Despite the fact that HNA Group is planning to make significant investments into Frankfurt-Hahn airport of around EUR 50 million, which will lead to positive prospects for the profitability of the airport in the long term, it will take some time to implement changes and achieve these positive effects, so that coverage of operating costs will not be reached before 2023. In view of the fact that significant private investments are foreseen which lead to a promising outlook for the airport in the future, the Commission considers that State intervention is necessary in order to ensure that Frankfurt-Hahn airport will be able to continue its operations until the positive developments foreseen by the business plan are achieved.

**Appropriateness of the aid measure**

According to Germany, the aid measure at stake is appropriate to address the intended objective of common interest that could not have been achieved by another less distortive policy instrument. Given the delicate financial situation of Frankfurt-Hahn airport it is highly unlikely that it could obtain and reimburse loans to cover the operating funding gaps. Furthermore, despite the fact that the *ex ante* business plan shows positive prospects for the profitability of the airport in the long term, it will take some time to implement changes and achieve these positive effects, so that coverage of operating costs will not be reached before 2023.

In accordance with point 121 of the Aviation Guidelines, the maximum aid amount is determined *ex ante* as a fixed sum covering the expected operating funding gap (determined on the basis of an *ex ante* business plan), and will – according to the plans presented by Germany – be paid out in instalments between 2018 and 2022 (covering the operating losses of 2017-2021), which periods falls within the transitional period 2014-2024. Furthermore, Germany has confirmed that no other operating aid has been paid out since 4 April 2014 to cover the operating losses suffered during the transitional period. In addition to the requirements of the Aviation Guidelines, the amount of aid to be paid out will be adjusted downward compared to the maximum amount set *ex ante* if the actual losses of the airport turn out to be lower than the maximum aid amount. No adjustment upward will take place in case the actual losses turn out to be higher than the maximum aid amount. As such, incentives for efficient management of the airport are maintained and the aid amount is limited to the minimum necessary.
Therefore, the Commission considers that the operating aid in question is appropriate to reach the desired objective of common interest.

Incentive effect

Germany submits that without the operating aid the scale of the operations at Frankfurt-Hahn airport would be severely impacted and reduced, leading eventually to the liquidation and market exit of the airport in the mid-term due to uncovered operating losses. The ex ante business plan indeed demonstrates that the airport will not be able to cover its operating costs without aid until 2023. Therefore, without the aid, the activity of the airport would probably have to be reduced significantly in order to finance its day-to-day activities, probably eventually leading to the closure of the airport. Therefore, the notified aid measure entices FFHG to maintain the current operations. Therefore, it has an incentive effect.

Proportionality of the aid (aid limited to the minimum)

Point 125 of the Aviation Guidelines foresees that, in order to be proportionate, operating aid to airports must be limited to the minimum necessary for the aided activity to take place. For airports with more than 700,000 passengers per year, the Guidelines provide that the aid may not exceed the lower of two caps defined ex ante, i.e. 50% of the "initial operating funding gap" observed in 2009-2013 calculated for a period of 10 years, and the expected operating funding gap over the transitional period, resulting from an ex ante business plan. Moreover, according to point 126 of the Aviation Guidelines, the business plan should demonstrate that the airport is expected to become viable without needing further operating aid at the end of the transitional period in 2024.

In accordance with recital (11) above, the first cap, corresponding to 50% of the “initial operating funding gap” over a period of 10 years, is set at EUR 25.8 million. On the basis of the calculations provided in the ex ante business plan of the net present value (NPV) of the expected operating losses over the transitional period, the expected operating funding gap (the second cap) is higher than the first cap, i.e. higher than the EUR 25.8 million representing 50% of the "initial operating funding gap" over a period of 10 years. Therefore, the first cap is the lower of the two and the total aid amount cannot exceed EUR 25.8 million.

The notified aid concerns a maximum of EUR 25.3 million to be paid out between 2018 and 2022, thus staying below the caps defined in points 121 and 128 of the Aviation Guidelines and staying within the limits of the transitional period defined by point 129 of the Aviation Guidelines. In addition to the requirements of the Aviation Guidelines, the maximum amount of aid to be paid out will be lower if the actual losses of the airport over the transitional period turn out to be lower than the maximum aid amount. No adjustment upward will take place in case the actual losses turn out to be higher than the total amount of EUR 25.3 million. Therefore, additional guarantees are in place to limit the aid amount to the minimum necessary, in case the predictions in the ex ante business plan turn out to be too negative.

18 See point 121 of the Aviation Guidelines.
19 The discount rate used to calculate the NPV is [...]% and corresponds to the estimated weighted average cost of capital (WACC) for the airport;
Beyond 2022, the *ex ante* business plan indicates that the airport will be able to cover its own operating costs, so that no further operating aid is expected to be necessary. In conformity with point 129 of the Aviation Guidelines, no operating aid will be paid out after the end of the transitional period.

Points 126 and 127 of the Aviation Guidelines requires the Commission to assess the key parameters of the *ex ante* business plan, which should lead to full operating cost coverage at the end of the transitional period. Recitals (59) to (64) below set out the Commission's assessment of the *ex ante* business plan provided by Germany.

The business plan assumes in general that the cost structure develops in line with the inflation rate and to some extent with the development of the cargo and passenger traffic. The labour costs rise on average by [...]% per year. The material costs decrease [...] due to decrease in raw material costs and variable costs and increase on average by [...]% afterwards. Measured by the total operating cost per traffic unit there is a significant decrease of the costs per cargo unit over time.

The *ex ante* business plan paving the way towards profitability at the end of the transitional period in 2024 is mainly based on developments in cargo transport, [...] the expected cargo volumes and related revenues presented in the business plan are plausible.

To a lesser extent, the business plan also relies on increased revenues from passenger traffic at Frankfurt-Hahn airport [...]20.

The subsequent passenger growth predicted by Germany for Frankfurt-Hahn airport is higher than the average growth of 2.3% predicted for German airports by the *Bundesverkehrswegeplan*21 for the period 2010-2030. This above-average passenger growth is explained by the fact that HNA Group is intending to introduce flights to and from China, starting with three weekly flights in 2017, which number is expected to significantly increase over time. [...]21

The Commission considers that these explanations of Germany on the development of passenger numbers and revenues are consistent and credible from an *ex ante* perspective. Also, considering the fact that the viability of the airport in 2024 is mainly based on development of cargo revenues, it would seem extremely unlikely that lower passenger numbers and revenues in 2024 would lead to non-viability of the airport in 2024.22

Finally, if the passenger numbers in the business plan would underestimate the actual numbers, and therefore the losses of the airport would actually be lower than predicted, this would not lead to a situation in which too much aid would be paid out. This is caused by the fact that the measure, as notified by Germany, is designed so that the actual aid amount to be paid out equals the actual losses suffered, up to a maximum of EUR 25.3 million over the period concerned. If the

---

20 [...]20
22 [...]22
actual losses turn out to be lower than predicted in the business plan, the aid amount to be paid out will also be lower.

(65) Therefore, under these conditions, the Commission considers that the business plan is overall credible, paving the way towards full operating cost coverage at the end of the transitional period, as required by points 126 and 127 of the Aviation Guidelines, and the aid amount is proportionate.

(66) In view of the above, the Commission considers that the operating aid amount is limited to the minimum necessary for the aided activity to take place.

_Avoidance of undue negative effects on competition and trade between Member States_

(67) Points 131 to 134 of the Aviation Guidelines indicate that when assessing the compatibility of operating aid the Commission will take account of the distortions of competition and the effects on trade. In this framework, it is first of all reiterated that no other airports are located in the same catchment area as Frankfurt-Hahn airport (see recitals (9) (45) and (46) above). Furthermore, as required by point 133 of the Aviation Guidelines, the _ex ante_ business plan shows that HNA Group intends the airport to remain open to all potential users and not to be dedicated to one specific user, i.a. when indicating that it is the intention of HNA Group to attract airlines already present at Frankfurt-Hahn airport as well as new airlines to transport the incoming Chinese tourists around Europe. Finally, no operating aid will be granted to Frankfurt-Hahn airport beyond the end of the transitional period in 2024.

(68) On this basis, the Commission considers that the undue negative effects on competition and trade between Member States are limited to the minimum.

_Transparency of the aid_

(69) Germany commits to comply with the rules on transparency as provided for in points 162 and 163 of the Aviation Guidelines and amended by the “Transparency Communication”²³.

_Conclusion_

(70) In view of the above assessment, the Commission considers that the notified operating aid to Frankfurt-Hahn airport is in accordance with the compatibility conditions set out in the Aviation Guidelines. Hence, the operating aid is compatible with the internal market on the basis of Article 107(3)(c) of the TFEU.

---
4. **CONCLUSION**

The Commission has accordingly decided not to raise objections to the aid on the grounds that it is compatible with the internal market pursuant to Article 107(3)(c) of the Treaty on the Functioning of the European Union.

If this letter contains confidential information which should not be disclosed to third parties, please inform the Commission within fifteen working days of the date of receipt. If the Commission does not receive a reasoned request by that deadline, you will be deemed to agree to the disclosure to third parties and to the publication of the full text of the letter in the authentic language on the Internet site: [http://ec.europa.eu/competition/elojade/isef/index.cfm](http://ec.europa.eu/competition/elojade/isef/index.cfm).

Your request should be sent electronically to the following address:

European Commission,
Directorate-General Competition
State Aid Greffe
B-1049 Brussels
[Stateaidgreffe@ec.europa.eu](mailto:Stateaidgreffe@ec.europa.eu)

Yours faithfully
For the Commission

Margrethe VESTAGER
Member of the Commission

CERTIFIED COPY
For the Secretary-General,

Jordi AYET PUIGARNAU
Director of the Registry
EUROPEAN COMMISSION