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Europaforum Norra Sverige

Standpoint on the forthcoming review of the Community guidelines on financing of airports and start-up aid to airlines departing from regional airports

Background

In 2005, the European Commission adopted the Community guidelines on financing of airports and start-up aid to airlines departing from regional airports¹ (hereafter "*2005 Aviation Guidelines*") in order to lay down rules for the approval of public financing of airports and airlines under EU State aid law.

The 2005 Aviation Guidelines were preceded by Guidelines on the application of Articles 92 and 93 of the EC Treaty and Article 61 of the EEA Agreement to State aids in the aviation sector² (hereafter: "*1994 Aviation Guidelines*"). These Guidelines were adopted by the Commission in 1994 in the context of the liberalization of the market for air transport services in order to provide for level playing field for air carriers.

Since 2011, work is underway at the European Commission's DG Competition to review the 1994 and 2005 Aviation Guidelines. It is not clear to what extent changes to the current rules will be proposed. The Commission has not published any official timetable for when the guidelines will be presented or when decision will be made. The Commission aim is for the entire modernization package to be completed during 2013.

Standpoint of Europaforum Norra Sverige

Europaforum Norra Sverige hereby presents our views in response to the proposals that are foreseen to be presented by the European Commission regarding operational support to regional airports. We are very concerned in the light of the ongoing discussions upon the coming proposal.

If the proposal would include dramatic changes hampering the possibility to support non state-owned airports by public funds in more peripheral parts of the European Union, the result would be a direct shut down of most of our non state-owned airports, which would be a staggering blow to our region's possibility to ensure the necessary national communications and affordable connections to other countries.

¹ OJ C 312, 9.12.2005, p. 1.

² OJ C 350, 10.12.1994, p. 5.



In the region covered by Europaforum Norra Sverige, which is over half of Sweden's surface but only about 10 percent of the population, there are currently 15 airports with regular passenger traffic. Of these, four are state-owned airports and the remaining ones non state-owned. Most of those may be affected by the proposal that the Commission is now preparing.

Europaforum Norra Sverige understands that the Commission feels that within the EU, there are examples of distortions of competition between airports due to the fact that some airports can receive public finance. This can be a reality in parts of the EU that have much shorter distances and significantly larger passenger base. In northern Sweden, the situation is quite different, which requires special consideration.

Since the regional airports are alone in their respective geographic areas, public aid provided does not distort any competition between airports. The support from the state has some capping effects between different regions, which can be decisive to many regions and municipalities, especially in the inland parts of Northern Sweden.

There is at the time being no concrete proposal to consider, but Europaforum Norra Sverige wishes to forcefully express our opinion that the removal of the possibility to provide state aid to our regional airports would undoubtedly have devastating effects. Several, probably most, non state-owned airports would be closed. This would be devastating to the possibility of the industry and citizens to flourish, to vivid rural areas, and ultimately to Swedish and European prosperity.

The airports in northern Sweden contribute each to create improved regional accessibility and increased opportunities to reduce distances to other parts of Sweden and the world.

Public transportation comprise in general terms a survival factor for the local economy in areas with large distances to markets and expertise and it is important for citizens to have access to long-distance travel, but without unreasonable sacrifice. Aviation contributes to the fact that entrepreneurship can be conducted with fairly reasonable assumptions. Aviation and airports are also important for the extensive and ever-growing tourism industry in northern Sweden. The inland of Northern Sweden largely lacks the infrastructure means for passenger travel by train while car and bus services are not realistic options for long-distance travel.

Europaforum Norra Sverige is therefore assuming that the European Commission during future process will ensure the possibility for smaller airports to continue to exist and to prosper, by retaining the possibility to provide state aid to the airports.