

Näringsdepartementet dnr. N 2013/3391/MK e-post: <u>n.registrator@regeringskansliet.se</u>

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Europaforum Northern Sweden Viewpoint on the revised draft of EU Guidelines on State aid to airports and airlines

As part of the European Commission's State aid modernization efforts, the Commission published the revised draft guidelines on State aid for airports and airlines¹. Europaforum Northern Sweden hereby submits our viewpoint on the proposed guidelines to the Ministry of Enterprise, Energy and Communications as part of its efforts to develop the standpoint of Sweden.

Background

The draft guidelines specify the conditions under which the public financing for investment, operating and start-up to airlines may constitute State aid and the conditions under which the State aid can be declared compatible with the internal market.

For Europaforum Northern Sweden, the issue of operating aid is of most importance. The premise of the Guidelines is that operating aid may be granted only for regional airports with less than 3 million passengers per year. Operating aid will be phased out within a 10 year period. Exemption to this general principle is that some airports of regional significance can continue to receive operating aid. This assumes that the airport is declared as an SGEI Airport (Services of General Economic Interest), i.e. it produces a service of general economic interest. According to the revised draft, this is possible inter alia if part of the area potentially served by the airport would be, without the airport, isolated from the rest of the EU to an extent that would prejudge its social and economic development.

The viewpoint of Europaforum Northern Sweden

Each one of the airports in the area covered by Europaforum Northern Sweden contributes to the creation of improved regional connectivity and increased opportunities to reduce the distance to other parts of Sweden and to the rest of the world. The region covers more than half of Sweden's area but only about 10 percent of the population. Transport comprises a survival factor for the industry in areas with

¹ <u>http://ec.europa.eu/competition/consultations/2013_aviation_guidelines/aviation_guidelines_en.pdf</u>



large distance to markets and expertise and it is also important for citizens to have access to long-distance travel without undue sacrifice.

Europaforum Northern Sweden understands that the proposed guidelines are based on the Commission's experiences that there are examples of distortion of competition between airports in the EU, due to the fact that certain airports receive public funds. This may be a fact in those parts of Europe that have much shorter distance and much larger passenger base. In Northern Sweden, the situation is quite different, which requires special consideration.

The premise for Europaforum Northern Sweden in the following viewpoint is that the guidelines in their final form will have the same wording as proposed in the draft.

In the area covered by Europaforum Northern Sweden, there are currently a number of defined SGEI airports. This applies to the following airports: Härjedalen Sveg Airport, South Lapland Airport (Vilhelmina), Hemavan Tärnaby Airport, Lycksele flygplats, Arvidsjaur flygplats, Lapland Airport (Gällivare), Pajala-Ylläs Airport. Our interpretation of the Commission's revised draft is that these airports will maintain this SGEI status and thus be allowed to receive public operating aid as required. However, this assumes that the government does not change the SGEI status.

Apart from the above airports, there are 4 additional regional airports of great strategic importance for the region as a whole. These are: Sundsvall Timrå Airport, Högakusten Airport (Kramfors), Örnsköldsvik Airport och Skellefteå Airport. The airports are currently granted in varying degrees public operating aid that we believe will be necessary even after the transition period of 10 years. To ensure their continued existence, Europaforum Northern Sweden presupposes that the government will define them as SGEI airports.

Europaforum Northern Sweden assumes that the government in its future dialogue with the Commission ensures the ability for our regional airports to continue to exist and to develop.