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To:	COMP STATE AID GREFFE
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Subject:	HT.4691_Reply_from_an_organisation
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Dear Sirs,

IAG's Response to the European Commission on its Draft Commission Regulation (EU) amending Regulation (EU) No 651/204 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty

IAG expresses its thanks for the opportunity to comment on the new draft and welcomes the European Commission's initiative in introducing the investment aid to regional airports in the block exemption (GBER).

As holding of four European airlines, we only refer to the Section 14 of the Draft on Aid for regional airports.

In general terms, we consider that the approach of DG Comp has not been as ambitious as expected bearing in mind the capacity constraints at EU airports as acknowledged by DGMOVE, EUROCONTROL and the European Economic and Social Committee on its Opinion on airport capacity.

In particular, IAG would have welcomed the inclusion in the GBER of investment aid for airports with average annual passenger traffic of above three and up to five million passengers. This would have been in line with the Guidelines on state aid to airports and airlines (2014/C 99/03) and even with case experience collected by the Commission, as for example in the State aid case SA.22932 (Plate-forme aéroportuaire de Marseille-Provence - Plainte AIR FRANCE), the Commission cleared the investment aid for the restructuring of the airport and the construction of the low cost terminal in Marseille airport, whose passenger volume was clearly over five million.

In our view, the objectives of the GBER based on reducing administrative burden and costs and speeding up the implementation of projects would be attained in a much effective way with a wider scope of application of the GBER. Furthermore, the Commission is always entitled to monitor ex-post any state aid measure granted according to the GBER.

On top of that, the setting of fixed thresholds may be problematic or even discriminatory for those airports with a passenger traffic hardly exceeding the three million passengers, but still far away of five million, which will not benefit from the GBER. Some relevant examples are Hannover airport whose average passenger traffic amounted in 2015 to 3.381.681, Cagliari 3.714.174, Turin 3.659.312, Vinnius 3.334.891, Tenerife Norte 3.815.315, Aberdeen 3.433.064 or Leeds 3.446.831.

We note with some concern the requirement set up in the Draft according to which the aid shall not be expected to cause the airport to increase its average passenger traffic above three million passengers within two financial years following the granting of the aid. It appears contradictory with the main aim of any state aid measure in airports. Pursuant to the Guidelines, any investment must have satisfactory medium-term prospects, what in the aviation sector is necessarily translated in an increase of the passenger traffic. On top of that, there are many airports whose traffic volumes are nearly three million passengers, so that any small traffic increase will imply for them the non-fulfilment of the conditions laid down in the GBER. We are referring for example to airports such as Billund in Denmark with a volume of 2.909.231 or Menorca in Spain with 2.867.482 passengers in 2015. In a similar situation there are airports such as Belfast City, Bremen, Zagreb, Verona, among others.

Finally, we would like to mention that the restriction on location of the beneficiary airports should be revisited as bus/train ticket prices and journey durations are away from being similar to those of the high-speed train.

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