Revision of the GBER (state aid): extension to ports and airports

May 2016

BRITTANY REGION'S CONTRIBUTION

to the European Commission's consultation on the revision of Regulation (EU) No 651/2014 on the compatibility of "certain categories of aid compatible with the domestic market in application of Articles 107 and 108 of the Treaty".

Preambule

The Region of Brittany shares the objectives of the European Commission to simplify and reduce administrative burdens, facilitating aids that contribute to a more dynamic and competitive single market. For this purpose, it would seem appropriate to limit and simplify the "full text" in its content to produce in addition to the electronic form needed for the exemption procedure.

As stated by the Commission at the launch of the consultation, port and airport infrastructures are more than ever essential for economic growth and regional development.

For a peripheral maritime region such as Brittany, these infrastructures are vital as they provide access to the region for the flow of goods and passengers, access to supplies and energy self-sufficiency, balanced growth from the east to the west, and competitiveness of the Breton industries, especially the agro-food industry.

Ports are indeed the "cornerstones" of the logistics for our industries and they enable our industries to open up to international markets via their imports and exports.
They are also home to strategic industrial activities for the European Union, such as marine renewable energies or the shipbuilding industry.

In the context of its port strategy adopted in 2010, Brittany has chosen to make ports, tools at the service of economic sectors and balanced regional development, in perfect harmony with the objectives of the Europe 2020 strategy for the polycentric and inclusive territorial development of the European Union.

Mobility of people works as a lever for regional development and constitutive liberty of the common market. This mobility is based in part on the proximity of airport infrastructures that are connected to the rest of Europe and the World.

The regional airport policy is part of an overall transport strategy, which ensures the promotion of complementarity between hubs, as well as means of transportation, in particular rail and sea.

The regional airport network is and should remain a part of the transport supply of the region, as it provides accessibility to regional and European capitals that no other mode of transport can provide today.

With these objectives, the Brittany Region would like to participate in the European Commission's consultation, submitting its observations regarding the provisions included in the draft regulation on the aid categories compatible with the domestic market.

Propositions de la Région Bretagne

I – Provisions relating to the ports relatives aux ports

1. Scope:

Article 13 of the GBER :

As a tool for economic development, port infrastructures accommodate a growing part of activities that are not directly related to transport, but wish to benefit from the proximity of these logistics. These industrial sectors are also facing additional strong competition from other countries, outside of the European Union.
The ports are therefore at the heart of a major industrial revolution in regards to the Marine Renewable Energies (MRE) and contribute to the energy self-sufficiency of the European Union, its economic competitiveness and environmental performance (decreased reliance on fossil fuels).
Similarly, shipbuilding and repair in Europe should be considered as a strategic sector for the EU. The industrial competitiveness of this field of activity must be able to receive aid for projects that invest in infrastructure and equipment.

The investment costs that are not related to transport, but which benefit the activities of the shipbuilding industry and energy production from renewable sources should be eligible for the exemption from the notification requirement.

2. Maximum amount of aid permitted :

Paragraphe 8 of the preambule, article 4.ee, article 56 ter of the GBER :

As regards to ports, it does not seem consistent with the objectives of economic, social and territorial cohesion, and building a single European transport area published by the European Commission in the Europe 2020 Strategy, to distinguish core network ports and ports in the global network.

The latter are in fact a part of the construction of an integrated maritime transport chain, and are particularly resource-efficient (transport of goods by coastal shipping as closely as possible to consumption zones).

Ports in the global network impact competition even less, as they can only be developed in partnership with core network ports, through short-sea shipping or feedering. Breton ports, for example, carry out between 30% (for the Saint-Malo port located at the heart of considerable ferry traffic) and 65% (for the Brest port) of their annual traffic with core network ports.

Furthermore, the maximum amount of €120 million does seem to reflect the reality of future port investments, needed according to the development of the vessels size, but also the development of emerging industries (such as vessels of the future and MRE).

The maximum amount of eligible costs should then be applied to both core and global network ports of the Trans-European Transport Network.

Additionally, this maximum amount should be raised to €220 million to correspond to the reality needed for port investment and the new needs for maritime economy.

3. Eligibility of funds:

3.1 *Mobile equipment:*

Article 56 ter 2.c

Mobile equipment is essential to run the infrastructure properly, as it offers logistical services which are part of enhanced competitiveness of ports in the European Union and therefore, better integration of ports from core and global networks in a complete port logistic chain.

Mobile equipment should benefit from the exemption of notification requirement, in accordance with the criteria of this Regulation (aid intensity, eligible costs thresholds).

3.2 Port dredging :

Article 56 ter 2.d :

Maintenance dredging is essential to maintain sea access capacities and therefore the quality of service provided to ship-owners in the whole European maritime area.
This activity is necessary to keep ports fully operational and to respect navigation safety requirements.
Furthermore, regular maintenance dredging has a favourable impact on the environment, by enabling the hydrosedimentary balance to be restored, which limits the accumulation of pollution in sediments, in line with the objectives of the Marine Strategy Framework Directive.

Dredging should benefit from the exemption of notification requirements, whether it is done frequently or as a part of a specific investment programme, if it meets the criteria of this regulation (aid intensity, eligible costs threshold).

II - Dispositions relating to the airports

1. Investment aid for regional airports

Article 56 bis :

Since March 2007 and after the conventions' conclusions with the State passed within the framework of the law relating to the local liberties and responsibilities of 2004, the Brittany Region has become the owner and responsible party for maintenance, planning and management of four airports : ***« Rennes-Saint-Jacques », « Dinard-Pleurtuit-Saint-Malo », « Brest-Bretagne » and « Quimper-Pluguffan ».***

Despite their proximity, the four airport hubs must be maintained, operated and developed so as to contribute to the well-adjusted planning and to the social and economic development of Brittany, respecting the environment. This goal is shared by all economic and political stakeholders. The current consultation on the renewal of the Quimper and Brest airport concessions shows Brittany Region's expectations in terms of local development and the appeal of the territory. It has therefore been decided to keep a single economic operator for the operation of the two airports in the near future in order to sustain the Quimper hub which is considered to be fundamental for the territory. This strategy of keeping a single operator aims for economic and financial collaboration between the two hubs and also reflects the desire to develop complementary commercial business strategies rather than competitive business strategies. While researching these objectives, new economic models have emerged, enabling to gradually move away from traditional concessional mechanisms regarding the exploitation of a single airport hub. Development offers and proposals should now be considered on the scale of an "airport territory". Despite these operational optimisations, in view of the passenger traffic of these four airports and given the investments required to maintain airport security (new EASA regulations), local authorities would probably not be exempt from financial support to finance investments.

Consequently, territorial specificities of Regions with a coherent hub of airports must be apprehended with more flexibility in consideration of the reality in situ. The Region of Brittany would like to adapt the definition of the airport catchment area depending on the configuration of the territory, in order to streamline procedures (airports located 50 km away or at a maximum of 30 minutes away by car, bus, train or high-speed train from an existing airport).

This should also include the exemption of notification requirements system in the particular case of airports in the same catchment area and managed by a single operator. Indeed, the criterion related to the catchment area aims to prevent unwanted adverse effects on competition and trade. Yet, in fact, if several airports in the same catchment area are managed by the same operator, there cannot be any distortion of competition.

The cost-effectiveness of aid should be appreciated at the level of the concession (contract). An approach by contract and not by investment project better reflects the effects of competition. It is the synergy of several projects/investments which enables value to be created.

Contact:
Permanent Delegation of Brittany in Brussels
14 Rond-point Schuman, 1040 Brussels
Tél : 0032 (0)2 282 61 90
Courriel : delegation.bruxelles@bretagne.bzh