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PERMANENT REPRESENTATION
TO THE EUROPEAN UNION

MALTA

Unit 03 – State Aid Policy and Case Support
European Commission
Director General for Competition
State Aid Registry
Brussels B-1049
Belgium

09 May 2016

Dear Mr. Koopman,

**Ref.: HT.4691 – Targeted review of the General Block Exemption Regulation
(State aid): Extension to Ports and Airports**

Malta would like to thank the Commission for this draft document and generally welcomes the proposed extension of the scope of the *General Block Exemption Regulation* as well as the amendments made to it, wherein it seeks to strike the right balance between simplification on the one hand, and ensuring that competition in the internal market is not distorted, on the other hand.

The Maltese Authorities would like to submit the following points on the proposed draft amendments:

Aid for Regional Airports

State aid to airports is a necessary instrument to secure investment in the aviation sector both with respect to infrastructural developments as well as the interconnection between airports within the EU. By directing such aid towards a sound use of public resources, limiting competition distortions that would undermine a level playing field in the internal market as well as strengthening the quality of the Commission's scrutiny, in line with the State Aid Modernisation Initiative, the draft amendments will reduce administrative burden and will expedite project implementation.

Malta believes that Article 56a paragraph (4)¹ of the draft Regulation should not apply to islands and single Region Island Member States so as to reflect the realities being faced by these areas.

For such Member States, air transport is the only effective mode of international travel and accessibility to mainland Europe as well as to non-European countries, since other modes of transport such as road and rail transport are not timely or do not exist. Hence such States are at a disadvantage as they cannot benefit from other State aid measures applicable in the field of e.g. rail transport. In addition, mainland territories also benefit from economies of scale which are

¹The aid shall not be granted to an airport located within 100 kilometres distance or 60 minutes travelling time by car, bus, train or high-speed train from an existing airport from which scheduled air services, within the meaning of Article 2(16) of Regulation (EC) No 1008/2008 of the European Parliament and of the Council, are operated.

absent in single Region Island Member States, posing a further limitation to such States. The exclusion stated in this paragraph could thus harm the development strategy of airports located in the same catchment area.

It is important to note that in paragraph 12 of the *Guidelines on State aid for Airports and Airlines*, the boundaries of the catchment area around the airport are considered as variable depending on the characteristics of the airport, including its location. The specific territorial characteristics that define islands should therefore also be taken into account in the GBER by including this exception in favour of these territories in the Regulation.

Furthermore, for the same reasons outlined above, Malta is of the opinion that the exclusion found in Article 56a paragraph (8)² should be limited only to aid for the relocation of existing airports in the case of islands and island regions. Therefore aid for the creation of a new passenger airport on islands (including the conversion of an existing airfield into a passenger airport) should be covered by this category of aid.

Since islands face ad hoc geographical realities and disadvantages, particularly in view of their peripherality and to ensure accessibility for the islands' residents, the possibility of granting aid for the creation of new passenger airports on islands would ensure a level playing field across all Member States.

I trust that the above submissions that are of particular relevance for Malta will be taken into account in finalising the amending Regulation to *Commission Regulation (EU) No 651/2014*.

Yours sincerely,



Andre Gialanze
State Aid & Fiscal Affairs Attaché
Permanent Representation of Malta to the EU

Copy: Chairman, State Aid Monitoring Board

² The aid shall not be granted for the relocation of existing airports or for the creation of a new passenger airport (including the conversion of an existing airfield into a passenger airport).