

ARC Comment on COR Opinion on Low Cost Air Travel

On 3 February, the European Commission ruled in the Ryanair case. Low cost airline Ryanair received subsidies from the Walloon Region consisting of discounts for using Brussels Charleroi Airport (ground handling, landing fees) and aid for marketing costs. The Commission considered part of the subsidies illegal state aid and ordered Ryanair to pay them back to the Walloon region. ARC acknowledges that the ruling will have an influence on the future of (low-cost) airlines and thus on the future of airport regions. Airlines are drivers of airports and airports are important drivers of regions. Regional authorities have a key role in the development of their region as they have major legal responsibilities for planning and environmental issues and are important agents for economic development and job creation. As part of the European Single Market, economic activities must be driven by fair competition with a level playing field. This means that regions have a responsibility in applying state aid rules.

ARC feels it is important to take a holistic view of the impact of low-cost airlines. It would be wrong to base important and broad decisions on one ruling on one aspect of low-cost air travel.

ARC says a factor not much mentioned in the current debate is the negative impact of the rapid increase in low-cost air traffic. There is a major environmental issue - in the air and on the ground, from congestion and noise. Increased air traffic and economic activity of Regions hosting low cost carriers is accompanied by rapid increases in ground traffic and congestion, caused both by travellers and airport workers. There is also an increase in noise and air pollution.

Regional governments are elected by communities around airports and must balance all factors that affect those communities, for example: an appropriate infrastructure; affordable housing for the increasing work force at the airport; mitigation strategies; and environmental measures to diminish nuisance for local and regional inhabitants.

Any subsidies or aid to encourage the development potential arising from low cost airlines must also be directed to mitigate the nuisance that is a consequence of this development.-

Understanding of state aid rules is essential. However, state aid is a complicated field and it is not unusual for its use to be challenged. State aid rules must be presented in a clear and logical manner that leaves no room for interpretation. ARC President, Anne Devitt of Fingal County Council, Ireland, calls on the European Commission to clarify the rules applying to airports and related business. Anne Devitt says "There should be a clear level playing field for all, for public and private and international and regional airports. Otherwise more lengthy litigation could follow the Ryanair ruling".

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