

56. urges the Commission, in simplifying regional policy, to take account of the 'user viewpoint';

57. asks the European Commission to clarify what role the proposed political framework document will play in relation to the programming phase at national/regional level, and what consequences the yearly drafting of national progress reports will have; the CoR assumes that the constitutional situation of the Member States will be taken into consideration and asks for assurance that the preparation of these political framework documents will be based on an equal partnership in accordance with the subsidiarity principle;

58. considers it sufficient for the European institutions to address priorities and results at most every two years. This

examination could take place at the Spring European Summit, which is to focus on the Lisbon and Gothenburg Agenda. In this way the implementation of the programmes at regional level will not be delayed and their structure will not be changed;

59. notes that the European Commission has not taken on board the CoR proposal to modify the n+2 rule with an n+3 rule as it would reduce the problems linked to the implementation of large-scale projects and calls on the Commission to reconsider these proposals (of local and regional authorities) and provide a full explanation should it decide to reject them.

Brussels, 16 June 2004.

The President
of the Committee of the Regions
Peter STRAUB

Own-initiative opinion of the Committee of the Regions on 'Low-cost airlines and territorial development'

(2004/C 318/02)

THE COMMITTEE OF THE REGIONS,

Having regard to the decision of its Bureau on 19 March 2004, and the fifth paragraph of Article 265 of the Treaty establishing the European Community to draw up an opinion on the role played by low-cost airlines in territorial development, and to instruct the Commission for Territorial Cohesion Policy to undertake the preparatory work;

Having regard to the opinion (CdR 388/2002 fin) of 9 April 2003 on Territorial Cohesion (rapporteur: Mr Ramón Luis Valcárcel Siso, President of the Autonomous Community of Murcia (ES/EPP));

Having regard to its opinion of 15 May 2002 on the Proposal for a Regulation of the European Parliament and of the Council on the granting of Community financial assistance to improve the environmental performance of the freight transport system (COM(2002) 54 final — 2002/0038 COD) (CdR 103/2002 fin) ⁽¹⁾;

Having regard to its outlook opinion on The capacity of regional airports (CdR 393/2002) ⁽²⁾ adopted on 2 July 2003 (rapporteur: Mr Bob Verburg, Vice-Governor of the Province of Noord-Holland, NL, EPP);

Having regard to the Guidelines for the Application of Articles 92 and 93 of the EC Treaty and Article 61 of the EEA agreement to State aids in the aviation sector COM(1994) 350 final;

Having regard to the rulings of the Court of Justice C-159/91 and C-160/91 of 17 February 1993 on 'Christian Poucet v Assurances Générales de France and Caisse Mutuelle Régionale du Languedoc-Roussillon' and C-82/01 of 24 October 2002 on 'Aéroports de Paris v Commission of the European Communities';

⁽¹⁾ OJ C 278 of 14.11.2002, p. 15.

⁽²⁾ OJ C 256 of 24.10.2003, p. 47.

Having regard to the draft opinion (CdR 63/2004 rev. 1) adopted on 5 May 2004 by the Commission for Territorial Cohesion Policy (rapporteur: Mr Keymer, Leader of Tandridge District Council (UK/EPP));

Whereas:

- 1) The exponential development of low-cost carriers in Europe has allowed for the development of a network of services that provide point-to-point inter-regional air connections, as well as connections from the regions to international hub airports.
- 2) The continued development of this network has a clear and undisputed regional dimension; it facilitates region-to-region connection; supports citizens' mobility, encourages economic development and employment growth, promotes tourism, aids the regeneration of peripheral and less-developed regions in particular and thereby has a positive impact on economic, social and territorial cohesion in Europe.
- 3) The recent decision of the European Commission in the Ryanair/Charleroi (Belgium) case confirms the support of the Commission for the further development of the low-cost airline sector; however it has highlighted the uncertainty that exists with regard to the future development of inter-regional air connections for the regions, their airports and the airlines providing low-cost services, as well for the business community and the ordinary citizen.
- 4) The soundness of investments made by the regions in their airport infrastructure and by the airlines in low-cost air services has been called into question by the Commission's application of European competition and State aid rules.
- 5) This situation substantially weakens the opportunity for public authorities to target public-sector investment in airport infrastructure and air services where that is consistent with the need to improve economic, social and territorial cohesion across the European Union.

adopted the following opinion at its 55th Plenary Session on 16 and 17 June 2004 (meeting of 17 June).

Views of the Committee of the Regions

enlargement of the Union and that air services operating from regional airports, including those provided by low-cost carriers, enable a region to have faster and easier access to the major centres in the EU and the rest of the world;

Introduction

The Committee of the Regions

1. stresses that the preparation of a communication from the European Commission on regional airports and the preparation of revised guidelines on the role of State aid in support of the development of regional airports and air services, presents the opportunity to provide the clarity required to ensure that the positive role played by low-cost services in encouraging regional development is realised;

2. welcomes the opportunity to take a position in advance of the preparation of the Commission's work so that the Committee's views can inform the Commission's documents;

3. confirms that the Committee's outlook opinion on the Capacity of regional airports (CdR 393/2002), adopted on 2 July 2003, represents a fundamental background for these views;

4. reiterates its view that regional airports must be considered as an asset, one that is particularly important for the development of regional and local economies;

5. draws to the attention of the Commission that the social and economic importance of air transport will grow with the

6. stresses that regional airports are another element of a region's access infrastructure, which also includes roads, rail, etc. and just as public sector investment in these access modes is supported, so too should public sector investment in regional airport infrastructure be facilitated and encouraged; the Committee further welcomes European Commission acceptance for public-sector investment to support the start-up of regional air services operating from them, including those provided by low-cost carriers;

7. stresses to the European Commission that the key issues to be taken into account are:

— the importance of identifying regional airports and regional air services as an essential tool to help regional and local authorities promote delivery of territorial cohesion and development;

— the contribution that the development of regional airports and regional air services make to wider employment creation, regeneration, social inclusion and regional and local economic development programmes;

- the significant role that low cost air services can play in supporting the sustainable economic development of small and medium sized regional airports;
- the need for the Commission to provide clear guidelines that can be used in considering the future use of public-sector funds to support the development of the network of regional air services.

Recommendations of the Committee of the Regions

Territorial cohesion and development

1. Transport is a key factor in the economic and social integration of Europe. With the enlargement of the European Union there will be greater mobility of labour, resulting in greater social interchange. This will, in turn, heighten the importance of the network of regional air services, including those provided by low-cost carriers, providing connections between regions. The importance of air travel for the development of the social fabric of the EU will increase. The existence of regional airports and inter-regional air services is therefore intrinsically linked to the economic and social development of the regions.

2. Regional airports enable faster and easier access to a region. Air services operating from regional airports provide point-to-point connections between regions, as well as links from the region to international hub airports. Such services enable citizens in island communities, regions in Central and Eastern Europe and countries on the periphery of the EU to participate more fully in Europe, thus promoting social inclusion.

3. Further development of the network of regional air services would enable a citizen to make a return trip from any region in the EU to the major economic, political and research centres within the Member State and the European Union in one day's travelling time.

4. The development of regional airports and air services, including those provided by low-cost carriers, must take place as part of the development of an inter-modal transport system serving the economic, environmental and social objectives of the Commission's regional framework for territorial cohesion.

5. The development of regional airports and regional air services must be planned in accordance with the principles of sustainable development, where development meets the needs of the present without compromising the ability of future generations to meet their own needs.

6. Regional airports have surplus capacity in terminal space and runway slots that can be utilised to provide point-to-point inter-regional air services that are in addition to, and complement, feeder air services operating from the regional airport to

international hub airports. The development of the network of inter-regional air services can therefore help relieve pressure on international hub and national airports. Congestion at such hubs can further be relieved by the development of a number of regional airports to serve as gateway airports, based on their location, capacity, facilities and current operations. The provision of low-cost inter-regional air services has a significant role to play as part of the development of this broader network of regional air services.

7. In providing a planning framework within which the development of regional airports and inter-regional air services can take place, public-sector authorities must seek an appropriate balance between inter-regional and region-to-hub air services. This balance will in part be a function of the economic and social objectives of individual regions.

8. The formulation of EU-wide air travel agreements (such as Open Skies) should not be at the expense of regional airports. Any such agreements or policies must take the wider regional territorial considerations into account and be counter-balanced to ensure that regional competitiveness is maintained.

Conclusion

9. Regional airports are critical access points to the regions. Air services operating from regional airports, including those provided by low-cost carriers, have the potential to play a key role in contributing to territorial cohesion. In order to realise this potential there is a need to provide a greater degree of certainty within which investment by the public and private sectors can take place. This is particularly the case with regard to investment in airport infrastructure, investment that is made for the longer term. The Commission should give greater prominence to the significant role of regional airports and regional air services as part of the multi-modal approach to the development of the Trans-European Transport Networks. In particular, the Commission should give consideration to the potential for investment in point-to-point inter-regional air services to complement the development of high-speed rail networks.

Economic competitiveness

10. The availability of regional air services, and in particular low-cost air services, operating from regional airports improves access to the global economy. This, coupled with the lower labour costs and facilities costs associated with the more remote regions, can encourage the business community to locate new economic investment within the region. Existing businesses in the region could develop their market share by being able to reach other parts of the Member State, the EU and the rest of the world.

11. The overall economic impact that can be realised through the development of regional air services operating out of regional airports should be considered under the following four headings:

- Direct Impact: employment and income that is wholly or largely related to the operation of the airport;
- Indirect Impact: employment and income generated in the economy of the study area in the chain of suppliers of goods and services;
- Induced Impact: employment and income generated in the economy of the region by the spending of the incomes of those direct and indirect employees;
- Catalytic Impact: employment and income generated in the regional economy by the wider role of the airport in improving the productivity of business and in attracting economic activities, such as inward investment and inbound tourism.

12. The improved access to European and international markets that a regional airport is capable of providing can assist in the retention of a skilled labour force within a region. The development of low cost inter-regional air services when based at a regional airport can provide additional employment and training opportunities locally and within the region as a whole. In particular, the basing of engineering and support services at a regional airport will increase the requirement within the region for well-trained engineers and technicians capable of supporting the aviation industry. The resulting increase in employment opportunities within the region reduces the need for welfare support whilst at the same time increasing wealth creation. In addition, low-cost airlines can help to diversify, de-seasonalise and boost tourism products, which in turn will improve the quality of these products and therefore the attractiveness of a region for tourists.

Conclusion

13. The development of low-cost air services providing point-to-point inter-regional air services from regional airports can act as an effective catalyst for regional economic development in accordance with the economic and social objectives of the Commission's regional framework for territorial cohesion. The development of the network of low-cost point-to-point inter-regional air services operating from regional airports can be a major factor in raising the economic competitiveness of the regions, and therefore the EU.

State aid

14. The smaller regional airports are likely to require funds from the public sector in order to cover operating costs and investment in new infrastructure. In return they offer the potential to act as the base for regional air services that improve overall levels of accessibility to the more remote regions that in turn gives rise to significant economic and social benefits within the region they serve.

15. There is a need to give greater weight to the public service function of low-cost point-to-point inter-regional air services operating from such airports that provide a link for the region with the rest of the EU and the world.

16. Public-sector investment should be applied using a targeted approach to provide infrastructure and services that afford citizens the opportunity to fulfil their capabilities by improving the economic competitiveness of the regions.

17. The use of public-sector investment to secure a more balanced spread of economic activity across the EU is consistent with the Commission's regional policy objectives of achieving a more sustainable pattern of development by reducing the pressures of over-concentration, congestion and bottlenecks within the transport system.

18. Any consideration of the role for public-sector investment must be sufficiently flexible to reflect the diverse degree of development within individual regions across the EU, and the specific economic and spatial priorities for an individual region as identified by the relevant regional and local authorities.

Conclusion

19. There is a need to recognise that it is in the public interest to maintain and develop the network of regional air services, including those provided by low-cost carriers, operating from regional airports. Carefully targeted public-sector investment can provide modest pump-priming investment that can lead to substantial benefits to the local and regional economy. The removal of public-sector investment in these circumstances can result in the loss of opportunities for low-cost inter-regional air services to act as a catalyst for delivering territorial cohesion and improved economic competitiveness. The framework for the use of public-sector investment must therefore be capable of taking due account of the wider employment creation, regeneration, social inclusion, environmental and regional and local economic development programmes within a region.

Requirements of guidelines on State aid

20. The guidelines should provide sufficient clarity on how the Commission will interpret European competition and State aid rules in order to provide regional and local authorities with the necessary guidance to positively use public-sector investment to support the realisation of the potential for regional airports and low-cost air services to contribute to delivery of the Commission's regional policy objectives.

21. The guidelines must be developed by the Commission in full consultation with representatives of regional and local authorities.

22. The guidelines must acknowledge and respect the principle of regional diversity. They must reflect the diverse degree of development of the different regions across the European Union. They must take account of the existence of natural handicaps in the region in question, as well as the degree of development of other means of transport in the region and the peripheral and dependent nature of major airports. They should allow regional and local authorities to identify certain airport infrastructure and regional air services as being of regional significance, where these are consistent with the specific economic and spatial priorities identified by the authorities concerned.

23. The guidelines should not contain strict or rigidly applied thresholds, instead allowing regional and local authorities to consider the merits of public-sector investment on a case-by-case basis.

24. They should clearly state that public-sector investment is permitted to support the provision of regional air services,

conditional only on open access to the investment by all carriers and allocated by prior stated criteria. These criteria should include the particular benefit to regional economies arising from the development of low-cost inter-regional air services acting as a catalyst for investment in the regions.

25. They should allow public-sector investment to make a substantial contribution towards the start-up costs, including regionally targeted marketing campaigns funded through local tax revenues, associated with the establishment of such services.

26. The guidelines should allow consideration of public-sector investment in the development or provision of additional airport infrastructure where that is necessary in order to support the development of new regional air services.

27. The guidelines should not be limited in their application to pure principles of the market economy but should take into account the wider social, environmental and territorial development aspects arising from the development of new regional air services, including those provided by low-cost carriers.

28. The guidelines must promote the development of regional airports and inter-regional air services as part of the broader Trans-European Transport Networks.

29. The guidelines must have embedded within them the requirement for investment to be planned in accordance with the principles of sustainable development, where development meets the needs of the present without compromising the ability of future generations to meet their own needs.

Brussels, 17 June 2004.

The President
of the Committee of the Regions
Peter STRAUB
