

State aid: France to recover €8.5 million of illegal aid to Ryanair at Montpellier airport

The European Commission has found that the marketing agreements concluded between the local Association for the Promotion of Touristic and Economic Flows (APFTE) and Ryanair at the airport of Montpellier are illegal under EU State aid rules. Ryanair now has to return €8.5 million of illegal State aid.

Commissioner Margrethe **Vestager**, in charge of competition policy, said: *“Competition between airports and between airlines is crucial for consumers, growth and jobs. Our investigation showed that certain payments by the French local authorities in favour of Ryanair to promote Montpellier airport gave Ryanair an unfair and selective advantage over its competitors and caused harm to other regions and other regional airports. This is illegal under EU State aid rules. France must now recover the illegal State aid.”*

Montpellier airport is a regional airport located in the French region of Occitanie. The airport served nearly 1.9 million passengers in 2018. Ryanair was present at the airport until April 2019.

Following a complaint by a competitor of Ryanair, in July 2018 the Commission opened an in-depth [investigation](#) into marketing agreements between the Association for the Promotion of Touristic and Economic Flows (*Association de Promotion des Flux Touristiques et Economiques*, “APFTE”) and Ryanair and its subsidiary AMS.

Between 2010 and 2017, APFTE concluded various marketing agreements with Ryanair and AMS, under which the airline and its subsidiary received payments worth around €8.5 million in exchange for promoting Montpellier and the surrounding area as a touristic destination on Ryanair’s website.

The Commission’s investigation revealed that:

- The agreements with Ryanair were financed through State resources and were attributable to the State. APFTE is an association unrelated to the airport operator, funded almost entirely by regional and local French public entities. These public entities closely control the use of the association’s budget.
- The payments in favour of Ryanair on the basis of the marketing agreements did not correspond to effective marketing needs of APFTE but only served as an incentive for Ryanair to maintain its operations at Montpellier airport.
- APFTE either concluded the agreements directly with Ryanair and AMS and not with other airlines or organised public tenders that were biased towards Ryanair.

On this basis, the Commission found that the marketing agreements gave an

undue and selective advantage to Ryanair over its competitors. The Commission therefore concluded that the agreements amounted to illegal and incompatible aid under EU State aid rules and that the advantage must be recovered.

Recovery

As a matter of principle, EU State aid rules require that incompatible State aid be recovered in order to remove the distortion of competition created by the aid. There are no fines under EU State aid rules and recovery does not penalise the company in question. It simply restores equal treatment with other companies.

France must now recover the illegal State aid amounting to around €8.5 million from Ryanair.

Background

In the aviation sector, the [Commission's guidelines on State aid to airports and airlines](#) (see also [MEMO](#)) reflect the fact that public subsidies may under certain circumstance be used by regional airports or regional authorities to attract price-sensitive airlines to a specific airport. Such subsidies can typically take the form of low airport charges, discounts to airport charges, success fees or incentive payments to airlines as remuneration for alleged services – especially marketing.

Public authorities or publicly-owned regional airports may offer attractive conditions to airlines in order to boost their traffic. However, in principle, such conditions must not go beyond what a profit-driven operator would be prepared to offer under the same circumstances (the market economy operator principle). If this principle is not respected, the conditions offered to airlines involve State aid.

In the last few years, the Commission has concluded a number of cases regarding aid to airlines aimed at attracting or maintaining their aircraft capacity at certain airports, finding that they were not in line with State aid rules. For example, regarding the airports of [Nîmes \(in the catchment area of Montpellier airport\)](#), [Pau](#), and [Angoulême](#) in France, [Zweibrücken](#) and [Altenburg-Nobitz](#) in Germany, [Klagenfurt](#) in Austria, and the Sardinian airports of [Cagliari](#), [Olbia](#) and [Alghero](#) in Italy.

Also, the Commission is currently investigating further agreements between public authorities and airlines in certain regional airports, for example concerning the German airport of [Frankfurt-Hahn](#) or the Spanish airports of [Reus](#) and [Girona](#).

The Commission considers that such measures can be very distortive on the highly-competitive, pan-European air transport market on intra-Union routes. Moreover, such measures can disadvantage regions and airports, which do not use unlawful State aid to attract airlines.

The non-confidential version of the decision will be made available under the case number [SA.47867](#) in the [State Aid Register](#) on the Commission's [competition](#) website once any confidentiality issues have been resolved. More

information on the Commission's state aid policy in the air transport sector is available in this [policy brief](#).