

LILLE AIRPORT LILLE METROPOLE CHAMBER OF COMMERCE AND INDUSTRY

COMISSION CONSULTATIVE ECONOMIQUE

COCOECO

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**INCENTIVES FOR THE CREATION OF NEW ROUTES AND INCREASED  
PASSENGER TRAFFIC ON EXISTING SCHEDULED ROUTES.**

This document is the version revised at the committee meeting of 12 May.  
It incorporates the discussion points between the airlines and the airport operator.

## Preamble

Firstly, it should be noted that there are three customer catchment areas

- Paris and Ile de France with an airport system made up of Roissy, Beauvais and Orly.
- Brussels with an airport system made up of Zaventem and Charleroi
- Lille and its euro-region with Lille Airport.

The establishment of an incentive pricing policy and financial support towards start-up costs by the airport authority, in order to spur the growth of Lille Airport's activities, is lawful since the customer catchment areas are different.

Insofar as the airport acts as a private investor acting in a market economy, the main objectives of this policy are:

- Firstly, to satisfy the mobility needs of companies and inhabitants of the catchment area of Lille airport to a greater extent
- Secondly, to reinforce the attractiveness of the area/region for trade and to bring more French and foreign visitors to Lille and its region.

Lille Airport hereby proposes a set of marketing support measures to promote the products offered by the airlines or the tour operators by making available the network of advertising billboards managed by the airport, advertising displays in the terminal building and/or on the Airport shuttles, insertions on the Airport's website, etc. But this is insufficient to increase traffic departing from Lille.

The following provisions add significantly to this arrangement and concern the creation of new routes and the increase of capacities on existing schedule routes. They are transparent and apply to any airline.

These provisions may not apply to air links under the public service obligation system.

One of the passages (chapter 20: compatibility criteria of the financial support for set-up, clause 79 paragraph c) of the European Union guidelines on the funding of airports and State financial support for set-up for airlines departing from regional airports, a text published at the end of 2005, should be recalled. This financial support is not intended to encourage the mere displacement of traffic from one route to another. In particular, it must not result in an unjustified diversion of traffic in comparison with the frequency and viability of existing services departing from an airport located in the same city, the same conurbation or the same airport system serving the same destination or a comparable destination according to the same criteria.

In order to inform airline customers, to pinpoint the effectiveness of these incentives and to adapt them if required, an annual review shall be submitted to the COCOECO which is the board of consultation between the operator and the airlines.

## **I - INCENTIVES FOR THE CREATION OF NEW ROUTES.**

### **A. Eligibility criteria**

Any regular route or direct charter flight connecting Lille airport to a new destination is considered eligible for these fee discounts.

For the purpose of this incentive policy, a new destination is an air link serving an airport of destination, an airport system with a customer catchment area which is not served directly departing from Lille Airport or an air link which (having previously operated) has not been operated again for at least 12 months as of the operation start-up date of a schedule of flights.

If the operation of a route is stopped by an airline due to insolvency and if a new operating company takes over operation of this route, this latter may benefit from incentives even if the qualifying period of 12 months is not reached and provided that the new company is not controlled directly or indirectly by the same body of shareholders as the previous and defaulting company.

In order to benefit from the incentive policy, the regular route or the series of charter flights must be operated for at least 3 consecutive months in an IATA season and with a minimum weekly rotation.

The carrier loses the benefit of the incentives if it does not comply with this regulation with a non-performance leeway of 5% of flights for cancellations of flights due to operating problems within the airline, except in cases of force majeure. This 5% leeway does not include external causes, such as and in particular, weather problems, problems associated with air traffic and in general any cases of force majeure.

These provisions are open to any air carrier or any tour operator for charter routes.

If, during the period of application of this incentive policy to a beneficiary for a given destination, a second carrier positions itself on the same destination, the second carrier benefits as of the first flight of its schedule, from the same incentive policy but at the rate in force for the first carrier and for a period which is that left to run for the first carrier.

## **B. Content of the incentives**

### **B1. Aeronautical fees**

Incentive reductions concern the following fees:

- Landing fee
- Lighting fee
- Aircraft parking fee
- Passenger fee at the rate in force.

Reductions applied:

- Reduction of 85% in the first year of operation
- Reduction of 65% during the second year of operation.

### **B2. Marketing support**

In addition to reduction in the aeronautical fees, marketing support is provided to the airline in the case of scheduled routes or to tour operators in the case of charter air links by Lille Airport for route set-up, promotion and advertising costs. The airport acts as a private investor in a market economy.

The airline or the tour operator is required to submit a costed plan of marketing and communication actions to be undertaken.

The funding provided by Lille Airport is settled on submission of supporting invoices.

According to the destinations, the support amounts vary and are limited to the following ceiling amounts:

- Routes to European and international destinations, and French overseas departments and territories. Per departing passenger
  - o Year 1: 4 Euros
  - o Year 2: 3 Euros
  - o Year 3: 1 Euro
- Routes to national destinations: Per departing passenger
  - o Year one: 2 Euros
  - o Year two 1.5 Euro
  - o Year three 1 Euro.

### B3. Contractual obligations.

These provisions are the subject of a standard contract to demonstrate the eligibility of the proposed route/traffic developments. The contract will cover agreed and approved marketing and communication plans between the airport and airline.

This standard contract is available on request from the manager of Lille Airport authorities.

## II - INCENTIVES FOR INCREASED CAPACITY ON EXISTING SCHEDULE ROUTES.

Within the framework of establishing an incentive policy and beyond the creation of new routes, Lille Airport also wants to stimulate an increase in the capacities on existing routes. To be eligible for these incentives there must be a real increase in capacity offered on the existing route (s) and that, at the same time, there is no reduction in capacity on (an) other route(s) operated by the same airline.

### A. Eligibility criteria

Schedule routes operated for at least 3 consecutive months over an IATA season with at least one weekly rotation are eligible for these incentives.

The increase in capacities is assessed on the variation in the number of seats offered (arrivals/departures) between the IATA season of year N and the same IATA season of year N-1, and applies to a given destination. The threshold triggering the incentive is a minimum increase of 20% in the number of seats offered irrespective of the schedule route and the destination.

This increase in capacity may be caused by an increase in frequencies and/or an increase in the capacity of the type of plane that the airline uses on the air link in question.

For all that, an airline may not benefit from the incentives if, at the same time, it reduces overall capacities or if, at the same time, it stops another of its network's routes that it already operates in Lille Airport. This assessment is conducted by calculating the landed tonnage and this applies per IATA season. The total landed tonnage of the network operated by an airline over the IATA period in question cannot be lower than the landed tonnage of the same IATA season the previous year.

With regard to a transparent and non-discriminatory incentive, these provisions are applicable to any airline.

The airport acts as a private investor in a market economy.

## **B. Content of the incentives**

Marketing support to promote this new policy is provided by Lille Airport in the form of funding of promotion and advertising costs.

The marketing support for increased capacity amounts to:

- 3 Euros per additional seat offered for international and French overseas departments and territories routes,
- 2 Euros per additional seat for European air links and domestic routes.

Any marketing support according to the conditions mentioned above in the eligibility criteria will be in the form of funding of promotional and advertising costs by Lille Airport and with a limit of 45,000 Euros per route.

The costs are reimbursed to the airline by the airport on submission of invoices.