

# Incentives for the creation of new routes and expansion of the offer of existing scheduled routes

*2<sup>nd</sup> November 2021*

## Incentives for the creation of new routes and expansion of the offer of existing scheduled routes from 2<sup>nd</sup> January 2022

### INTRODUCTION

It should be indicated that there are three catchment areas:

- Paris and the Ile de France area with an airport network comprising Roissy (Charles de Gaulle), Beauvais and Orly;
- Brussels with its airport network comprising Zaventem and Charleroi;
- Lille and its Euroregion with Lille Airport.

Implementation of an incentive-based pricing policy and assistance for start-up costs by the airport operator, so as to stimulate development of activities at Lille Airport, is legitimate since the catchment areas are different.

Insofar as the airport is acting as an investor and operator working in a market economy, such a policy has the following objectives:

- On the one hand, meeting the travel requirements of companies and people residing in the catchment area of Lille Airport;
- On the other hand, boosting the appeal of the local region for economic trade and bringing more French and foreign visitors to Lille and the wider Region.

The following provisions concern creation of new routes and expansion of capacities on existing scheduled routes. These policies are transparent and applicable to all airline operators.

These provisions may not be applicable to routes operated as a public service obligation (OSP).

It should be reiterated that these measures are not intended to simply encourage a shift of traffic from one route to another. In particular, they should not lead to any unjustified shift of traffic with regard to frequency and viability of existing services departing from an airport located in the same city, conurbation or airport network serving the same comparable destination in line with the same criteria.

In order to inform airline operator clients, to better understand the effectiveness of these measures and to ensure their adaptability, where appropriate, an annual overview will be presented to the Economic Consultative Commission, which is the consultative body between the airport operator and airlines.

## INCENTIVES FOR THE CREATION OF NEW ROUTES

### A/ Eligibility criteria

Eligibility for rebates on airport fees will be available to any scheduled route or direct charter between Lille Airport and any new international destination.

A new destination is any air route serving any destination airport outside of FRANCE, an airport network within a catchment area which is not directly served by Lille Airport, or any air route which has not been operated in the last 12 months from the start date of scheduled flights operated in the framework of this incentive programme.

In the event of any route being discontinued by an airline operator due to entering administration, and if any new airline operator should resume operation of said route, the latter may also benefit from the incentives even if the 12-month waiting period is not respected and under the condition that the new operator is not directly or indirectly controlled by the same shareholding as the previous operator having entered administration.

So as to benefit from these incentives, the scheduled route or chartered flights must be operated for at least three years, in a consecutive manner during any IATA season and with a minimum of two rotations per week.

The carrier will no longer be eligible for these incentives if it fails to respect this rule, with a tolerance of 5% being accepted for the frequency of flight cancellations due to operating issues of the airline, notwithstanding any case of force majeure. This 5% tolerance does not include any external events, such as notably weather conditions, air traffic issues and, more widely, all cases of force majeure.

These provisions are open to all air carriers or tour operators for chartered routes.

If, during the period of application of these incentives for any beneficiary to a given destination, a second carrier should also open up a route to the same destination, the second carrier will benefit from the same incentive from the first flight operated, albeit at the same rate in force for the first carrier and for the remaining period as for the first carrier.

### B/ Content of incentives

#### B1/ Airport fees

The rebates which follow concern the following fees:

- Landing fees
- Apron lighting fees
- Parking fees
- Passenger fees at the rate in force.

Rebates applied:

- A 70% reduction for the first year of operations;
- A 50% reduction for the second year of operations;
- A 20% reduction for the third year of operations.

### ***B2/ Marketing support***

In addition to the rebates on airport fees, marketing support is offered by Lille Airport to the airline offering scheduled routes or to tour operators for chartered routes, to assist with start-up, promotion and advertising costs. The airport consequently acts as an investor and operator in a market economy.

The airline or tour operator is bound to present a detailed plan and schedule of marketing initiatives backed up with costing figures.

Payment of the contribution by Lille Airport will be made upon presentation of all supporting documents.

Depending on the destinations, the total amounts of support will vary and will be capped as follows:

- At four euros per departing passenger during the 1st year;
- At three euros per departing passenger during the 2<sup>nd</sup> year;
- At one euro per departing passenger during the 3<sup>rd</sup> year.

### ***B3/ Contracting***

These provisions will, where applicable, be formally outlined in a contract so as to show the eligibility of the project.

## **INCENTIVES FOR EXPANSION OF THE OFFER ON EXISTING SCHEDULED ROUTES**

In the framework of implementation of this incentive programme, and beyond the mere creation of new routes, Lille Airport would also like to give a boost to expansion of its capacities across existing routes. These measures should, therefore, also integrate the fact that there is assistance for real expansion of the offer and avoid, at the same time, any reduced capacity over other route(s) operated by the same airline.

### ***A/ Eligibility criteria***

Eligibility for these provisions will be for any regular scheduled routes operated for at least 3 consecutive months over one IATA season with a minimum of one rotation per week.

Expansion of capacities will be evaluated on the variation in the number of seats offered (arrivals/departures) between the IATA season in year N, and the same IATA season in year N+1, and to any given destination. The threshold for triggering eligibility for the incentive is a minimum increase of 20% of the number of seats offered, regardless of the scheduled route and destination.

This increase in capacity may be undertaken by an increase in frequency and/or increase in capacity of the type of aircraft operated by the airline over the route in question.

In light of the COVID-19 crisis, for 2021, this expansion would be observed on the basis of traffic levels for 2019.

However, an airline may not benefit from these incentives if it simultaneously reduces its overall capacity or discontinues another route from its network which it already operates from Lille Airport. This evaluation will be undertaken by a calculation of tonnage landed and per IATA season. The total tonnage landed of the network operated by an airline over the IATA period considered may not be less than the total tonnage landed for the same IATA season of the previous year.

As this is a transparent and non-discriminatory measure, these provisions are applicable to all airlines.

The airport acts as an investor and operator in a market economy.

### **B/ Content of incentives**

Marketing support intended to promote this incentive is granted by Lille Airport in the form of payment of promotion and advertising costs.

The total marketing support offered for an expansion of capacities stands at:

- 3 euros per additional available departing seat for international routes and overseas departments and territories of France;
- 2 euros per additional departing seat for European and domestic routes.

Support provided in line with the aforementioned eligibility criteria will come in the form of marketing support through payment of promotional and advertising fees by Lille Airport, which will however be capped at 45,000 euros per route.

These fees are reimbursed to the airline by the airport following presentation of invoices.

AÉROPORT DE LILLE SAS

