State aid: Commission approves public support to Frankfurt-Hahn airport

Frankfurt-Hahn airport is a regional airport located in the German State (Land) of Rhineland-Palatinate, approximately 120 km west of the city Frankfurt/Main. In 2016, the airport's traffic was around 2.6 million passengers and 72,600 tonnes of cargo. Frankfurt-Hahn airport is currently loss-making. Since 2009, it has been controlled by the Land of Rhineland-Palatinate, which on 1 March 2017 signed a share purchase agreement with the Chinese HNA Group for the sale of its 82.5% of shares in the airport.

The approved measure aims to cover the airport's expected operating losses over the period 2017-2021 up to a maximum amount of €25.3 million. If, however, the operating losses turn out to be lower than that amount, less state aid will be paid out.

According to the Commission's 2014 Aviation Guidelines public funding is allowed to cover the operating losses of smaller regional airports until 2024 under certain conditions. One of these conditions is that a credible business plan is presented, which demonstrates the return of the airport to viability at the latest by April 2024.

In its assessment, the Commission found that public funding to Frankfurt-Hahn airport will cover the operating losses whilst HNA Group makes the necessary private investment to enable the airport's return to viability, which is due in 2023. The Commission also took into account that Frankfurt-Hahn airport is located in the Rhine-Hunsrück district, economically weaker area within Germany, and is important for the local economy. According to the Rhineland-Palatinate authorities, the airport is responsible for providing around 11,000 jobs in the region. Furthermore, there are no other airports located in a radius of 100 km, or one hour's traveling time, around Frankfurt-Hahn airport. This reduces the potential negative effects of the support on competition and trade.

On this basis, the Commission concluded that the operating aid is in line with EU state aid rules.

Background

The assessment criteria for public interventions in airports and airlines are set out in the Commission's Aviation Guidelines, adopted in February 2014 (see MEMO and a policy brief). The Guidelines aim at ensuring good connections between regions and the mobility of European citizens, while establishing a level playing field among airports and airlines in the Single Market.

More information will be available under the case number SA.47969 in the State Aid Register on the competition website once any confidentiality issues have been resolved. New publications of state aid decisions on the internet and in the Official Journal are listed in the State Aid Weekly e-News.

Daily News 31 / 07 / 2017

Statement by the Spokesperson on the Election to a Constituent Assembly in Venezuela

A spokesperson's statement on the Election to a Constituent Assembly in Venezuela was issued today: *"The events of the past 24 hours have reinforced the European Union's preoccupation for the fate of democracy in Venezuela. The European Union deeply regrets the violence and unrest during yesterday's election. It expresses condolences and its sympathy to the families and friends of all those killed. All sides must refrain from violence. The European Union condemns the excessive and disproportionate use of force by security forces. The Government of Venezuela has a responsibility to ensure respect for the rule of law and fundamental rights, such as freedom of expression and the right to peacefully demonstrate. Venezuela has democratically elected and legitimate institutions whose role is to work together and to find a negotiated solution to the current crisis. A Constituent Assembly, elected under doubtful and often violent circumstances cannot be part of the solution. It has increased division and will further de-legitimise Venezuela's democratically elected institutions. The President and the government have a special responsibility to restore the spirit of the constitution and to re-establish the trust lost by their attempt to set up divisive parallel institutions. The fate of democracy in Venezuela is a legitimate concern to all countries in the region, and to Venezuela's partners across the world. In support of ongoing regional mediation efforts, the European Union will continue to seek urgent relief for the people of Venezuela and promote a political solution to the crisis."* Read the statement here. It is available in Spanish here. *(For more information: Catherine Ray – Tel.: +32 229 69921; Carlos Martin Ruiz de Gordejuela- Tel.: +32 229 65322; Christina Wunder – Tel.: +32 229 92256)*

Commission proposes to review all permits of large combustion plants in order to tackle pollution

Today the Commission takes action to tackle pollution from large combustion plants, such as power stations and district heating plants, which are responsible for about one-third of all air pollutants from industry. Large combustion plants – with a total thermal input of more than 50 megawatt, irrespective of the type of fuel used – are the biggest sectoral emitters in the EU. Therefore more cost-effective and technically feasible reductions of emissions are required. The adoption today of an implementing act by the Commission brings into effect "Best Available Technique" (BAT) conclusions for large combustion plants. These are techniques that are environmentally performing, economically viable and technically proven and developed through a transparent and thorough process over several years with EU Member States, industry and environmental NGOs. For all affected installations (around 3 500 in the EU) the Commission proposes that a review of their permits must happen within four years, so that by mid-2021 stricter EU-wide standards for all large combustion plants will be met. To tackle pollution from large combustion plants is in line with this Commission's Energy Union priorities to steer the on-going energy transition towards a low emission economy. Clean energy transition is a priority for the Commission and the "Clean Energy for all Europeans" package presented last November aims at providing a stable regulatory framework to deliver on the transformation of the energy system, which will be crucial for the implementation of the Paris Agreement. More information here. *(For more information: Daniel Rosario – Tel.: + 32 229 56185;* Iris Petsa – *Tel.: + 32 229 93321)*

New EU school scheme to promote healthy eating habits

The new EU scheme for distribution of milk, fruit and vegetables at schools comes into force as of 1 August, ahead of the new school year. Aimed at promoting healthy eating habits among children, the scheme will also include dedicated educational programmes on nutrition. Phil **Hogan**, Commissioner for Agriculture and Rural Development, said: *"The scheme will benefit millions of European schoolchildren and will provide support to thousands of farmers in every Member State. I am happy to be involved in an initiative to promote a healthy lifestyle and I am convinced that this scheme has a valuable part to play."*The new scheme merges and optimises the existing projects that last year reached already over 20 million children. All 28 Member States indicated they will take part in the initiative in 2017/2018. They are free to decide how exactly the programme will work in schools on their territory, and to top up the €250 million of EU funding with dedicated national funds. *(For more information: Daniel Rosario – Tel.: + 32 229 56185; Aikaterini Apostola – Tel.: + 32 229 87624)*

Commission seeks views on amicable resolution of disputes between investors and public authorities in the Single Market

The Commission today launches a consultation on ways to facilitate investments made in another EU country. The objective of this consultation is to investigate whether EU rules could be useful in the context of preventing and resolving disputes amicably between investors and public authorities within the Single Market. Amicable resolution of investment disputes, such as through mediation, could help find consensual solutions to problems where they arise. Vice-President Valdis **Dombrovskis**, responsible for Financial Stability, Financial Services and the Capital Markets Union, said: *"The Single Market already contains clear safeguards for setting up businesses or buying companies in other EU countries. But for a well-functioning Single Market the adequate and amicable prevention and resolution of disputes could be a useful supplement to existing rules. This is why the Commission is exploring whether rules for the amicable resolution of investment disputes should be set up in order to save time and money both for EU investors and* *national authorities."* This initiative follows the new priorities set out in the Capital Markets Union Mid-term Review of June 2017. Interested parties are also asked to identify areas where better clarity about EU investors' rights is needed in order to feed into the upcoming Commission guidance. The consultation questionnaires are available here and will be open until 3rd November 2017. *(For more information: Vanessa Mock – Tel.: +32 229 56194; Letizia Lupini – Tel.: +32 229 51958)*

State aid: Commission approves public support to Frankfurt-Hahn airport

The European Commission has found public support by the Land of Rhineland-Palatinate to Frankfurt-Hahn airport in Germany to be in line with EU state aid rules. The support ensures the airport can continue to serve the area's transport needs until private investment enables its return to viability. According to the Commission's 2014 Aviation Guidelines public funding is allowed to cover the operating losses of smaller regional airports until 2024 under certain conditions. One of these conditions is that a credible business plan is presented, which demonstrates the return of the airport to viability at the latest by April 2024. In its assessment, the Commission found that public funding to Frankfurt-Hahn airport will cover the operating losses whilst HNA Group makes the necessary private investment to enable the airport's return to viability, which is due in 2023. The Commission also took into account that Frankfurt-Hahn airport is located in the Rhine-Hunsrück district, economically weaker area within Germany, and is important for the local economy. According to the Rhineland-Palatinate authorities, the airport is responsible for providing around 11,000 jobs in the region. Furthermore, there are no other airports located in a radius of 100 km, or one hour's traveling time, around Frankfurt-Hahn airport. This reduces the potential negative effects of the support on competition and trade. On this basis, the Commission concluded that the operating aid is in line with EU state aid rules. A full press release is available online in EN, FR and DE. *(For more information: Daniel Rosario – Tel.: + 32 229 56185; Yizhou Ren – Tel.: +32 229 94889)*

State aid: Commission approves Finnish support for the construction of a multifunctional arena in Tampere

The European Commission has approved, under EU state aid rules, Finland's plans to grant public support to the construction of a multifunctional arena in Tampere. The Commission found that the measure will promote sport and culture while preserving competition in the EU's Single Market. The arena will host sport, recreational and cultural events. It will be available to professional teams, including two local ice-hockey clubs, but also to non-professional sport users, and social and cultural events. Finland will ensure that the access to the arena is granted on a transparent and non-discriminatory basis. The pricing conditions for its use will be publicly available. The Commission found the aid to be proportional because it does not exceed the funding gap. The non-confidential version of this decision will be made available under the case number SA.47683 in the state aid register on the Commission's competition website once any confidentiality issues have been resolved. *(For more information: Daniel Rosario – Tel.: + 32 229 56185; Yizhou Ren – Tel.: +32 229 94889)*

Mergers: Commission clears acquisition of a business unit of Esso Italiana by Intervias

The European Commission has approved, under the EU Merger Regulation, the acquisition of a business unit of Esso Italiana S.r.l. ("Esso Italiana fuel stations business") by Intervias Group Ltd of the UK. The Esso Italiana fuel stations business consists of 1,176 fuel stations located in Italy. Intervias is active in the operation of fuel stations, convenience stores, car washes, bakeries, restaurants, hotel activities and car rentals in Belgium, France, Luxembourg, the Netherlands and the UK, via its wholly owned subsidiaries Eurogares Ltd. and European Forecourt Retail Group,. The Commission concluded that the proposed acquisition would raise no competition concerns, because Intervias and the Esso Italiana fuel stations business are not active in the same Member States. The transaction was examined under the simplified merger review procedure. More information is available on the Commission's competition website, in the public case register under the case number M.8563. *(For more information: Daniel Rosario – Tel.: + 32 229 56185; Maria Sarantopoulou – Tel.: +32 229 13740)*

Mergers: Commission clears acquisition of Bureau Van Dijk Electronic Publishing by Moody's

The European Commission has approved, under the EU Merger Regulation, the acquisition of Bureau Van Dijk Electronic Publishing BV (BvD) of the Netherlands by Moody's Corporation, of the USt. BvD provides company information and other business intelligence services. Moody's is active in credit ratings, research, tools, analysis and professional services related to financial markets. The Commission concluded that the proposed acquisition would raise no competition concerns given the companies' low market shares in the areas where their activities overlap as well as in related markets. The transaction was examined under the simplified merger review procedure. More information is available on the Commission's competition website, in the public case register under the case number M.8537. *(For more information: Daniel Rosario – Tel.: +32 229 56185; Maria Sarantopoulou – Tel.: +32 229 13740)*

Eurostat: Estimation rapide – juillet 2017 – Le taux d'inflation annuel de la zone euro stable à 1,3%

Le taux d'inflation annuel de la zone euro est estimé à 1,3% en juillet 2017, stable par rapport à juin, selon une estimation rapide publiée par Eurostat, l'office statistique de l'Union européenne. S'agissant des principales composantes de l'inflation de la zone euro, l'énergie devrait connaître le taux annuel le plus élevé en juillet (2,2%, comparé à 1,9% en juin), suivie des services (1,5%, comparé à 1,6% en juin), de l'alimentation, alcool & tabac (1,4%, stable comparé à juin) et des biens industriels hors énergie (0,5%, comparé à 0,4% en juin). Un communiqué de presse est disponible ici.*(Pour plus d'informations: Annika Breidthardt – Tel.: + 32 229 56153;*

Enda McNamara – Tel.: +32 229 64976)

Eurostat: Juin 2017 – Le taux de chômage à 9,1% dans la zone euro – À 7,7% dans l'UE28

Dans la zone euro (ZE19), le taux de chômage corrigé des variations saisonnières s'est établi à 9,1% en juin 2017, en baisse par rapport au taux de 9,2% enregistré en mai 2017 et à celui de 10,1% de juin 2016. Il s'agit du taux le plus faible enregistré dans la zone euro depuis février 2009. Dans l'UE28, le taux de chômage s'est établi à 7,7% en juin 2017, stable par rapport à mai 2017 et en baisse par rapport au taux de 8,6% de juin 2016. Cela demeure le taux le plus faible enregistré dans l'UE28 depuis décembre 2008. Ces chiffres sont publiés par Eurostat, l'office statistique de l'Union européenne. Un communiqué de presse est disponible ici. *(Pour plus d'informations: Christian Wigand – Tel.: +32 229 62253; Sara Soumillion – Tel.: + 32 229 67094)*

Upcoming events of the European Commission (ex-Top News)

Statement by the Spokesperson on the Election to a Constituent Assembly in Venezuela

The events of the past 24 hours have reinforced the European Union's preoccupation for the fate of democracy in Venezuela.

The European Union deeply regrets the violence and unrest during yesterday's election. It expresses condolences and its sympathy to the families and friends of all those killed. All sides must refrain from violence. The European Union condemns the excessive and disproportionate use of force by security forces. The Government of Venezuela has a responsibility to ensure respect for the rule of law and fundamental rights, such as freedom of expression and the right to peacefully demonstrate.

Venezuela has democratically elected and legitimate institutions whose role is to work together and to find a negotiated solution to the current crisis. A Constituent Assembly, elected under doubtful and often violent circumstances cannot be part of the solution. It has increased division and will further de-legitimise Venezuela's democratically elected institutions.

The President and the government have a special responsibility to restore the spirit of the constitution and to re-establish the trust lost by their attempt to set up divisive parallel institutions.

The fate of democracy in Venezuela is a legitimate concern to all countries in the region, and to Venezuela's partners across the world. In support of ongoing regional mediation efforts, the European Union will continue to seek urgent relief for the people of Venezuela and promote a political solution to the crisis.

European Commission launches infringement against Poland over measures affecting the judiciary

The Polish authorities have **one month to reply** to the Letter of Formal Notice.

The Commission's key legal concern identified in the law on the organisation of ordinary courts relates to the discrimination on the basis of gender due to the introduction of a different retirement age for female judges (60 years) and male judges (65 years). This is contrary to Article 157 Treaty on the Functioning of the European Union (TFEU) and Directive 2006/54 on gender equality in employment. In the Letter of Formal Notice, the Commission also raises concerns that by giving the Minister of Justice the discretionary power to prolong the mandate of judges who have reached retirement age, as well as to dismiss and appoint Court Presidents, the independence of Polish courts will be undermined (see Article 19(1) of the Treaty on European Union (TEU) in combination with Article 47 of the EU Charter of Fundamental Rights). The new rules allow the Minister of Justice to exert influence on individual ordinary judges though, in particular, the vague criteria for the prolongation of their mandates thereby undermining the principle of irremovability of judges. While decreasing the retirement age, the law allows judges to have their mandate extended by the Minister of Justice for up to ten years for female judges and five years for male judges. Also, there is no time-frame for the Minister of Justice to make a decision on the extension of the mandate, allowing him to retain influence over the judges concerned for the remaining time of their judicial mandate.

In addition, First Vice-President **Frans Timmermans** sent a letter yesterday to the Polish Minister of Foreign Affairs reiterating the invitation to him and the Polish Minister of Justice for a meeting in Brussels at their earliest convenience in order to relaunch the dialogue. As he said in the context of the Rule of Law dialogue: "*The Commission's hand is still extended to the Polish authorities, in the hope of a constructive dialogue*."

Next steps

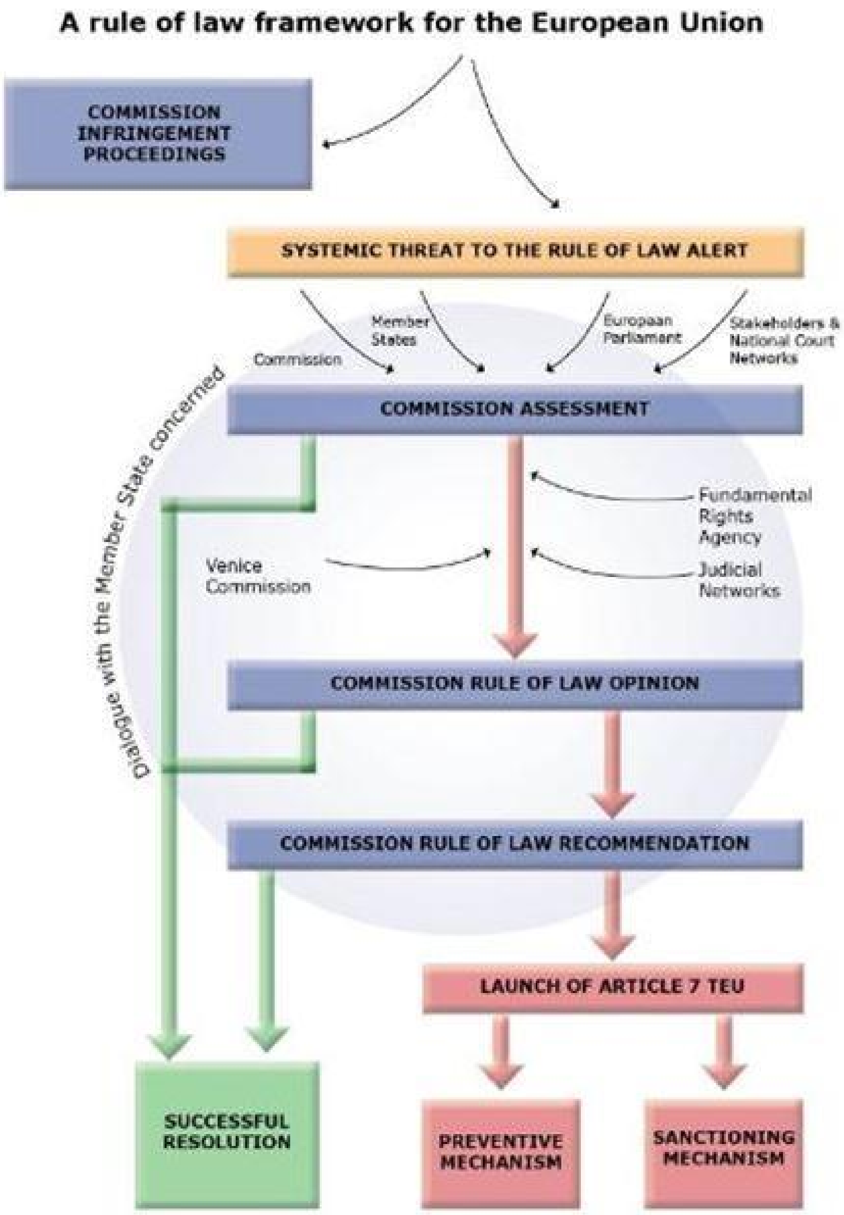
The Commission's Letter of Formal Notice requests the Polish Government to reply within one month. After examining Poland's reply, or if no observations have been submitted within the prescribed time-limit, the Commission may issue a Reasoned Opinion, the second stage of the infringement procedure.

Background

The College of Commissioners decided on Wednesday 26 July to launch this infringement procedure as soon as the Law on the Ordinary Courts Composition was published. The publication took place on 28 July.

The infringement comes in addition to the ongoing Rule of Law Dialogue launched by the Commission in January 2016 and the complementary Rule of Law Recommendation issued on 26 July. The rule of law is one of the common values upon which the European Union is founded. It is enshrined in Article 2 of the Treaty on European Union. The European Commission, together with the European Parliament and the Council, is responsible under the Treaties for guaranteeing the respect of the rule of law as a fundamental value of our Union and making sure that EU law, values and principles are respected. Events in Poland led the European Commission to open a dialogue with the Polish Government in January 2016 under the Rule of Law Framework. The Framework – introduced by the Commission on 11 March 2014 – has three stages (see graphic in Annex 1). The entire process is based on a continuous dialogue between the Commission and the Member State concerned. The Commission keeps the European Parliament and Council regularly and closely informed.

Annex I – Rule of Law Framework



Annex II – Article 7 Treaty on European Union

1. On a reasoned proposal by one third of the Member States, by the European Parliament or by the European Commission, the Council, acting by a majority of four fifths of its members after obtaining the consent of the European Parliament, may determine that there is a clear risk of a serious breach by a Member State of the values referred to in Article 2. Before making such a determination, the Council shall hear the Member State in question and may address recommendations to it, acting in accordance with the same procedure.

The Council shall regularly verify that the grounds on which such a determination was made continue to apply.

2. The European Council, acting by unanimity on a proposal by one third of the Member States or by the Commission and after obtaining the consent of the European Parliament, may determine the existence of a serious and persistent breach by a Member State of the values referred to in Article 2, after inviting the Member State in question to submit its observations.

3. Where a determination under paragraph 2 has been made, the Council, acting by a qualified majority, may decide to suspend certain of the rights deriving from the application of the Treaties to the Member State in question, including the voting rights of the representative of the government of that Member State in the Council. In doing so, the Council shall take into account the possible consequences of such a suspension on the rights and obligations of natural and legal persons.

The obligations of the Member State in question under the Treaties shall in any case continue to be binding on that State.

4. The Council, acting by a qualified majority, may decide subsequently to vary or revoke measures taken under paragraph 3 in response to changes in the situation which led to their being imposed.

5. The voting arrangements applying to the European Parliament, the European Council and the Council for the purposes of this Article are laid down in Article 354 of the Treaty on the Functioning of the European Union.

Sabine Lautenschläger: Interview with Mannheimer Morgen

IKB, a German Mittelstandsbank*, was facing a serious crisis at the end of July ten years ago. Do you remember that?

The problems with subprime securities, i.e. risky home loans packaged together in bonds, started to appear in April 2007 in a US company. We already had an uneasy feeling in the spring, but we didn't think that it would send the banking systems into a tailspin.

Many people thought that it was a one-off event. Did you have a premonition of what September 2008 might bring and of what might follow?

Nobody foresaw the extent of what would happen between summer 2007 and summer 2009, even though in late summer 2007 it was becoming clearer that the turbulence could intensify.

Could such a financial and banking crisis happen again?

I would never say that there could be no recurrence of a financial and banking crisis. 100% protection does not exist. However, supervision is today in a much better position. We can intervene much more decisively and also in a more preventive way. Before 2009 supervisors in Germany could only take action if they could clearly demonstrate that banks were at risk and that damage would soon be inflicted. Supervisors can now demand much higher capital requirements for risks at a much earlier stage. A comprehensive new regulatory framework has greatly strengthened supervision.

So, banks and savings banks are now safer than ten years ago.

All credit institutions have significantly more capital and significantly higher liquidity today. The requirements have been increased, including in respect of a bank's risk management. The management board of a large bank must, for example, include a chief risk officer with wide-ranging powers who has equal status with the other board members.

Banks only need to hold 3% of their balance sheet total as capital. In Germany, measured against the risks on the balance sheets, the figure is now on average around 12%. That seems small when you look at the capital ratios of small and medium-sized enterprises, for instance.

The 3% relates to each and every bank transaction, whether it is risky or not. It is a sort of basic provision. Besides, the quality of capital is very carefully monitored. Is it immediately available to cover risks? Or is there only a commitment that the capital would be available in the event of a crisis? Supervisors closely scrutinise the risks posed by assets, loans and trading activities. The greater the risks of such deals, the more capital the bank must hold. A German government bond, for example, does not represent a risk when calculating the capital ratio, unlike securitised loans. So the average figure of 12% is only indicative.

So you take a close look at banks' books?

Yes. And in the end the capital ratio for one business segment may be much higher than the average. On average three times as much capital has been put aside for the trading activities of banks as in 2008. But we also need to strike the right balance between capital requirements and risk. After all, banks should always be able to issue loans to businesses and consumers and to support the real economy, to assist with mergers and acquisitions, and to organise initial public offerings on the stock market.

Savings banks and credit unions are complaining about the costs of regulation and about supervisors going too far.

Generally speaking, the same risks must be subject to the same rules. Nevertheless, a systemically important bank must today meet considerably more stringent requirements and is monitored much more closely than a savings bank or a credit union. The key point is that a major bank in difficulty is more likely to pose a threat to financial stability than a small bank, and if that is the case, distinctions are called for in some, but not all, rules. And after ten years, we should check whether the new rules are also having the intended effect.

In the United States there are plans to relax the rules for banks.

I don't believe in returning now to deregulation or to purely national rules. That would be a big mistake. We need globally consistent rules for the activities of large banks, of banks which are important for the financial system. The crisis should have taught us that. Banks are not only highly interconnected with each other but also with financial markets, and only global rules can protect us from chain reactions and regulatory arbitrage, i.e. exploiting differences in regulatory standards.

There is now a European resolution authority for ailing banks, but recently it didn't intervene in several credit institutions in Italy. Again, the taxpayer is being asked to cough up. You can't have liked that.

We have taken some enormous steps forward with the European resolution authority and our banking supervision. But we haven't yet reached our goal. For instance, European banking supervision is still lacking some tried and tested tools to be able to act more quickly and effectively. Take the moratorium tool, for example: if a bank gets into trouble, all cash outflows can initially be stopped. That tool exists in Germany but not in Spain.

But banking supervision is in any case in a state of flux because there are constant innovations. Just think of the fintechs.

Yes, there are always new developments in the banking business – but there's no need to react to every innovation with a new tool. After all, you don't buy a new screwdriver every time you buy a new shelf, regardless of whether you bought it from a Swedish furniture store or from an exclusive manufacturer.

Are credit institutions earning enough money? Banks are complaining about low interest rates and the resulting lower interest margin.

The low interest rate environment is certainly a challenge in the long run. But the earnings performance of quite a few banks was already critical when interest rates were high. That's because, among other things, we have a very large number of banks in Germany, around 1,600. There are, in fact, too many of them. They maintain a large and very costly network of branches. And because competition is fierce, the banks' margins are low. Loans are cheap, some of them too cheap, and some banking services are being provided free of charge. That eats away at earnings.

So we need more mergers.

Consolidation is necessary. Some banks have already been moving in that direction, such as in the cooperative sector. There are now fewer than 1,000 cooperative banks; 15 years ago there were several hundred more. But banks must continue to squeeze costs and open up new sources of revenue.

So prices are set to rise for customers?

Not all banking services can remain as favourable as they are now. We see aggressive rates in some areas. While the supervisor doesn't determine prices, generally speaking good services should command fair prices. Such services can't be free forever.

Do you understand why German savers are complaining about low interest rates?

Yes, I understand why, but every saver is an employee or a business person, and sometimes also a borrower. There are, for instance, many young families who can build their own home because interest rates are very low. An expansionary monetary policy helps in the medium and long term, also because, as a result of growth, jobs are created, which in turn generate income. Only that makes it possible for people to buy property or to save or invest.

You approach monetary policy as a member of the ECB's Executive Board and Governing Council. When will the ECB start to unwind its monetary policy?

The expansionary monetary policy has both advantages and side effects. As time passes, the positive effects get weaker and the risks increase. So it's important to prepare for the exit in good time. What's crucial in that context is a stable trend in the rate of inflation towards our objective of just under 2%. It's not quite there yet. Still, we need to address the issue: how should the return to normal monetary policy be arranged? What will be the time frame, what will be the tools and what will be the sequence? What steps are to be taken and when should we start to wind down the bond purchases?

That's likely to be a long process.

That's why we on the ECB's Governing Council should now answer the questions I just asked.

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* A Mittelstandsbank serves small and medium-sized enterprises.