



EU ORDERS RYANAIR, TUIFLY TO REPAY ILLEGAL AUSTRIAN AIRPORT AID

News / Airlines



European Union state aid regulators have ordered Irish budget airline Ryanair and TUI's German carrier TUIfly to repay millions of euros in illegal aid given by an Austrian airport.

Certain airport services and marketing agreements between the operator of Klagenfurt airport in southern Austria and Ryanair, TUIfly and HLX - which was merged with Hapagfly in 2007 to create TUIfly - gave the carriers an undue advantage, the European Commission said on Friday.

"As no profit-driven airport manager would have concluded such loss-making agreements, they amount to state aid to the airlines. Moreover, the agreements simply reduce the operating costs of the airlines, without contributing to common transport objectives," it said, without providing details on the contracts.

The Commission said it estimated the illegal aid to Ryanair at around 2 million euros (\$2.2 million), to TUIfly at 1.1 million and to HLX at 9.6 million. The companies will have to repay the money to Austria.

Ryanair said it would fight the EU ruling.

"We note the Klagenfurt decision, where we stopped flying in 2013. We disagree with the findings and have instructed our lawyers to appeal," a Ryanair spokesman said.

TUI's German arm said it would examine the EU's reasoning once it had received it and would then decide on the next steps. A spokesman noted the Commission's ruling referred to transactions that were nearly 10 years in the past and that airline HLX no longer existed.

The Commission also found that aid granted to the airport by its public owners between 2000 and 2011 was in line with EU state aid rules.'

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SOURCE: REUTERS

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