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Ryanair

At the time of going to press, there have been many newspaper and broadcast reports of the case in Strasbourg, in which the local court has ruled that payments made in respect of the activities of Ryanair, the Irish cut-price airline providing a service between Strasbourg and British and Irish airports, are illegal under the State Aid rules of the European Community. Without a full report of the judgment it is impossible to comment in detail. However, there are questions arising from the press reports on which it would be helpful to have further and better particulars. Given that the money paid came from the local Chamber of Commerce, the first question is whether the Chamber of Commerce relies on the collection of funds from local traders or from the French government (or both). If the money does not come, even in part, from French central or local Government sources, the payments do not on the face of it appear to amount to State Aids. On the other hand, if the Chamber of Commerce is itself subsidised, wholly or in part from Government funds, there is a plausible argument that State Aids are involved.

Much has been made of the fact that Strasbourg airport, at which Ryanair has landing rights, is, like many but not all French regional airports, state-owned. On the face of it, this is irrelevant, unless the airport itself, and not just the Chamber of Commerce, grants money or other concessions having a measurable financial value to individual airlines. The second question is therefore whether Strasbourg airport does indeed make any such grant or concession to Ryanair. If not, it is hard to see what the public status of the airport has to do with the problem.

A third question, which has been partly answered by the Strasbourg Chamber of Commerce in interviews with the press, concerns the justification for the subsidy. The answer was simple. The additional influx of tourists due to the Ryanair connection made it worth while for local traders to support the continuation of the service. As their spokesman put it, if 100,000 extra visitors come to Strasbourg and spend a (conservative) average of €50 per head, it is well worth paying €1 million to keep the service running.

Another question concerns the possible claim that the subsidy is discriminatory. Air France, with its long experience of state subsidies, appears to have made the complaint about the subsidy to Ryanair; but it is not clear from the press reports whether Air France wanted to operate the service between Strasbourg and Britain itself or, indeed, whether any other operator was in a position to compete. As other airlines have found, it is quite difficult to match Ryanair's prices, with or without a subsidy. More questions are bound to arise as further details of the case become available. Meanwhile, the Commission is understood to be studying the case. If it reaches some conclusions about the merits of the case, it will have an opportunity to reflect on the effects of its conclusions on the interests both of consumers and of local traders, in Strasbourg and elsewhere. ■