



## Case Study

*on Commercialization, Privatization and Economic Oversight of Airports and Air Navigation Services Providers*

# Belgium

## Background

There are a total of 43 airports in Belgium, 27 of which have paved runways. Five airports handle scheduled traffic: Brussels National/Zaventem Airport, Ostend-Bruges International Airport, Charleroi-Brussels South Airport, Liège-Bierset Airport and Antwerp International Airport. Kortrijk-Wevelgem International Airport does not receive schedule traffic but still handles a significant number of commercial charter flights. Ostend-Bruges, Antwerp, and Brussels National airports are in the Flemish Region, while Charleroi-Brussels South and Liège-Bierset airports are in the Walloon Region. Brussels National is the busiest airport in Belgium, receiving most of Belgium's scheduled domestic and international traffic. Other Belgian airports are specialized: Charleroi is mainly used by low-cost carriers; Liège and Ostend focus on air cargo; and Antwerp focuses on business travel.

Following World War Two, the Government of Belgium created a public entity specifically in charge of planning and overseeing air transport infrastructure. The Airways Authority (RLW-RVA, standing for Régie des Voies Aériennes in French, or Regie der Luchtwegen in Dutch) used to own and operated Belgian main airports on behalf of the Belgian State and to assume the provision of air navigation services on behalf of the Ministry of Communication.

The Belgian Civil Aviation Authority (previously the Aeronautic Administration) is responsible, within the Federal Public Service (FPS) Mobility and Transport, for civil aviation.

## Commercialization/privatization: Airports

The Government of Belgium has engaged a process of federalization of the Belgium State. The Special Law on Institutional Reforms of 8 August 1980, and its subsequent modifications, gave the Regions the responsibility for airports and aerodromes located on their territory. The Federal Government kept the responsibility for Brussels National Airport and implemented a gradual privatization process. It created in 1987 a new company, the Brussels Airport Terminal Company S.A. (BATC) to expand and operate the landside functions of the airport. RLW-RVA hold 30.77 per cent per cent of the new company's share, while the remaining portion was held by several institutional and private investors (among them, Société Générale, Société Nationale d'Investissement, Groupe Bruxelles Lambert, and Almanij). The RLW-RVA remained in charge of the airside and of the provision of air navigation services. The Government subsequently decided to separate the provision of air navigation services from the provision of airport services. It proposed to create a single entity responsible for Brussels National airport, while the RLW-RVA's air navigation services would be assumed by a new public entity called Belgocontrol.

The Brussels International Airport Company (BIAC) was thus created in 1998 as a public limited company from the merger of BATC S.A. and the RLW-RVA's Brussels airport activities. BIAC has been responsible for running the entire non-air traffic control airside, landside, commercial and auxiliary services at the airport. The Government of Belgium controlled 63.56 per cent of the new company, while the remaining shares went to Belgian banks and financial holding groups (including P&V, GBL, KBC, Dexia, and Ackermans & van Haaren).

BIAC was finally privatized in 2004. After a competitive bidding process involving the Australian Macquarie Airports, the French Vinci, the Dutch Copenhagen Airports A/S, and the Spanish Ferrovial, Macquarie won the bid in November 2004. All eleven private shareholders sold their participating interests in BIAC to Macquarie, while the Belgian State disposed of its majority holding. Macquarie thus purchased 70 per cent of BIAC's shares, while the Belgian Government kept the remaining 30 per cent. . Since 2006, the company operating the airport is known as "The Brussels Airport Company N.V/S.A".

Despite its commitment time to keep its shares in Brussels National until 2014, Macquarie traded its stakes in the Brussels (and Copenhagen) airports to the Ontario Teachers' Pension Plan (OTPP) in July 2011, in exchange for the OTPP's 11 per cent stake in Sydney airport. Currently, 75 per cent of the Brussels Airport Company's shares are held by a consortium of private investors, while the Belgian State owns the 25 per cent remaining shares.

The remaining Belgian airports were transferred to the Walloon Regional Government in 1991 and to the Flemish Regional Government in 1992.

The Walloon Government decided to grant the concession of its two airports to limited companies which would operate them on a commercial basis. First, the Brussels South Charleroi Airport limited company (BSCA) was created on 9 July 1994 and was granted a 50-year concession to operate the airport. Its ownership structure is as follows: Belgian Airport (a private group formed by Save and the Holding communal) owns 27.65 per cent of the shares; SOGEPA (a Walloon government-owned company) owns 27,65 per cent ; Sowaer (the Walloon Government airport company) owns 22,56 per cent; and Sambrinvest (a semi-public body in charge of supporting the economic development of the region of Charleroi) owns 19,16 per cent. Second, the Liège-Bierset Airport Development and Promotion Company (SAB S.A. standing for Société de développement et de promotion de l'aéroport de Liège-Bierset) was created on 30 April 1994 by Meusinvest, a body in charge of the economic development of the region of Liège, with the support of the Walloon Government and has a 50-year concession to operate the airport. Its ownership structure is as follows: Ecetia (an intermunicipal agency) owns 50 per cent of the shares, Sowaer owns 25 per cent, and Aéroports de Paris Management (ADPM) owns 25 per cent.

The Flemish Government has directly operated and managed the airports of Ostend and Antwerp on a commercial basis through a Separate Management Service within the Flemish Ministry of Mobility and Public Works.

### **Commercialization/privatization: ANSP**

The Government of Belgium dissociated the RLW-RVA into two services in 1998. On the one hand, Brussels airport activities were merged with BATC S.A. to create the Brussels International Airport Company. On the other hand, the Government created Belgocontrol, an autonomous public limited company, to take over the provision of air navigation services previously delivered by the RLW-RVA at Belgian airports. Belgocontrol is a self-financed entity, meaning that it raises its own budget from the fees it charges for delivering its services.

### **Economic oversight: Airports**

The Regulatory Service for Railway Transport and for Brussels Airport Operations was created as regulator for the Belgian railway by the Royal Decree of 25 October 2004. This decree was amended by the Royal Decree of 1 February 2006, adding the competence concerning the economic regulation of Brussels Airport. For the moment the Regulatory Service is hosted by the Federal Public Service (FPS) Mobility and Transport. It is however no hierarchical part of this administration. A more autonomous statute is to be implemented in the near future.

The competences of the regulator are the following: it approves and follows-up the quality charters for passengers and airlines, the airport charges for the regulated activities of Brussels Airport, and the service level agreement between Brussels Airport and the ground handlers. It also imposes the content of the conditions of use of Brussels Airport and stipulates the rules on publicity of these conditions of use. Brussels Airport is currently regulated on a rate of return basis with some yardstick elements (light-handed regulation). The regulator has planned a gradual move from the single to the dual-till over the coming years. Furthermore, the regulator requests that a consultation of Brussels Airport's users takes place before any final determination of charge increase.

Regarding other Belgian airports, the Walloon government issued a Ministerial Decree in 1994 establishing the framework for setting user charges for Walloon airports, and it established an independent airport economic oversight authority in charge of approving airport charges at Brussels South Charleroi Airport in 2011, thus complying with European Directive 2009/12/CE.. The Flemish Government also issued a Ministerial Decree on 10 December 1999 establishing the framework for determining airport charges for Flemish airports, subsequently amended on 16 December 1999.

### **Economic oversight: ANSP**

The Regulatory Service for Railway Transport and for Brussels Airport Operations is in charge of supervising the conclusion between Brussels Airport and Belgocontrol of a service level agreement. Air navigation services charges are set in the management contract signed by Belgocontrol with the Government of Belgium.

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