



# **PALERMO AIRPORT** **The Commercial Policy** **2024/2025** \* W25/26

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Guidelines on incentives for supporting the  
traffic development of PALERMO AIRPORT  
REV. 7.0

VALIDITY: 31/03/2024 - 28/03/2026

## Preamble

In compliance with the relevant EU and national regulations, the Management Company of the "Falcone Borsellino" International Airport of Palermo, has developed this Policy to support flight operations which has as its key target the introduction of new connections aimed at increasing the air traffic also, the expansion of routes already existing and/or the consolidation and the implementation of air traffic at Palermo airport.

Gesap S.p.A, regardless of its ownership structure, is a company that operates in a competitive market, stipulating, for certain specific activities such as incentives to carriers, private contracts.

Airport operators, more generically, for the promotion of air traffic development may use their own resources.

## Legal Framework and Regulatory References

These Guidelines are specifically referenced in the legislation:

- European Community , on start-up aid for routes (Commission Communication 2014/C 99/03 of April 4, 2014, on state aid to airports and airlines) when using resources having a public nature;
- Italy, most recently enshrined in paragraphs 14 and 15 of Article 13 of Decree-Law No. 145 of December 23, 2013, converted with amendments by Law No. 9 of February 21, 2014, as amended by Article 1, paragraph 7 of Decree-Law No. 104 of August 10, 2023, converted with amendments by Law No. 136 of October 9, 2023, on urgent provisions to protect users, economic and financial activities and strategic investments.

## Founding principles and purposes

Gesap has prepared the document in compliance with the principles of transparency and non-discrimination and, more generally, with the principles and criteria established in this matter by the current National and EU regulations, as well as by the development policies of the Airport Management Company itself.

Thus, the Policy ensures the same opportunities and is accessible to all applicant operators, provided they meet the requirements stated in the Policy (see general minimum requirements) to benefit from the conditions arising from the incentive plan.

Gesap's Commercial Policy is intended to outline the program, targets, and actions in the matter of incentives to Air Carriers for the period S2024/W2025-26, subject to changes that Gesap reserves the right to make if necessary, at any time and its discretion, depending further changes in market trends and/or infrastructural and operational reasons and/or changes in current regulations.

The policy is published on the Palermo Airport website and can be consulted by all interested parties. It constitutes an implementation tool of legal and regulatory compliance, from which, through its publication, no obligation to contract arises from Gesap and, likewise, no subjective right or legitimate interest in the payment of incentives to carriers operating at the airport. The aforementioned Policy will produce effects and benefits for the selected carriers, only by written agreement, stipulated between the parties.





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# Section 01

## Purposes, Communication and transparency / Beneficiaries

### Purposes

- Consolidation and Increase of passenger traffic volumes;
- Development of International air mobility through new direct connections and connections to so called HUB Airports.
- Increase International connections operating throughout the year (All Year Round), in order to reduce the service gap during the winter season and improve the existing levels of connectivity and mobility;
- Optimization of airport infrastructure utilization and environmental sustainability;
- Optimization of domestic network coverage;
- Fostering conditions for the development of foreign and domestic tourism for the benefit of the local economy and entrepreneurship.

### Communication and transparency / Beneficiaries

GESAP SPA will evaluate the applications for admission to the Incentive Plan for all interested parties (Air Carriers) who meet the requirements, without any discrimination between categories of operators (e.g.: Scheduled, Charter, Low Cost, etc.). GESAP SPA will also make sure that its Policy will have the largest diffusion through the main communication channels, the website, as recommended by the appropriate MIT Guidelines.

All applicant Airlines are requested to submit to Gesap the Traffic development plans for new routes (traffic forecasts/seat capacity offered and/or route scheduling) covering a period of at least 3 years or less where the agreements are of particular strategic interest to Gesap.

In any case, the validity of the agreements will be governed by the individual contracts signed with the carriers.



## Section 02

### Scope of application of the commercial incentive policy

#### General requirements

##### Minimum traffic thresholds

No direct economic incentives are provided for activities that do not exceed at least the thresholds of 40,000/year Domestic departing passengers and/or 10,000/year International departing passengers as entry thresholds.

However, Gesap and on its behalf, the BoD may consider possible marketing, advertising, web advertising, and promotion actions in favor of carriers that do not exceed the aforementioned passenger volumes in a year, in order to expand the visibility of routes and the presence of carriers at the airport.

##### Exclusions

Gesap will not provide incentives on served routes where the seat capacity offered is deemed by Gesap to be already adequately met.

In cases of served routes, any incentive will be related only to incremental volumes with respect to the total registered by the different airlines on the same route and in any case cannot be combined with other agreements that may exist.

Gesap does not enter into agreements with carrier groups and alliances; each company is evaluated on its specific traffic and development planned and submitted at the application stage.

Incentives per departing passenger are excluded for specific domestic routes identified under main traffic routes (i.e. FCO- LIN) at Palermo Airport.



## Route Categories and Selection Criteria

Gesap has identified by order of priority the categories for the provision of incentives according to the scheme below:

### CAT. PRIORITY 1

Direct connections unserved destinations		Up to a maximum <b>50%</b> discount on the average airport fare
A) <i>INTERCONTINENTAL DESTINATIONS</i> Long haul > 5 hours flight time	B) <i>EUROPEAN DESTINATIONS AND NON-EUROPEAN</i> Hub Airports - Mid-range > 3 hours flight time	C) <i>SHORT-HAUL DESTINATIONS*</i> < 3 hours flight time and National  <small>*Proposals for new domestic routes must be approved in advance by GESAP .</small>

### CAT. PRIORITY 2

Destinations with unsatisfied demand. Operation increase from seasonal to annual base.		Up to a maximum <b>40%</b> discount on the average airport fare
A) <i>INTERCONTINENTAL DESTINATIONS</i> Long haul > 5 hours flight time	B) <i>EUROPEAN DESTINATIONS AND NON-EUROPEAN</i> Hub Airports - Medium Haul > 3 hours flight time	C) <i>SHORT-HAUL DESTINATIONS</i> < 3 hours flight time and Domestic*  <small>*(Destinations for which the seat capacity offered is deemed insufficient to cover potential demand.)</small>  <small>*Note that for this category, the incentive will be related only to the incremental volumes related to the (periods) months of additional activity and in any case cannot be combined with other agreements that may exist.</small>

### CAT. PRIORITY 3

Increase of Frequencies of served International and domestic routes. Destinations with unsatisfied demand.		Up to a maximum <b>30%</b> on the average airport fare
A) <i>INTERCONTINENTAL DESTINATIONS</i> Long haul > 5 hours flight time	B) <i>DESTINATIONS INTERNATIONAL</i> Hub Airports - Medium Range > 3 hours flight time	C) <i>SHORT-HAUL DESTINATIONS</i> < 3 hours flight time and Domestic  <small>*Destinations for which the seat capacity offered is deemed insufficient to cover potential demand. Developments of existing domestic routes are also eligible for the incentive provided they are directed to airports whose traffic to and from PMO, in GESAP's opinion, has not yet reached an adequate capacity of seats offered.</small>  <small>The incentive for this particular category will be regulated through the application of specific thresholds or limits on traffic volumes determined in each bilateral agreement.</small>

GESAP SPA reserves the right to evaluate the received applications according to the criteria listed above, in addition to those of economic sustainability (MEO test); in case of impossibility to accept all the applications received or in case of equality of requirements, GESAP SPA will make a selection according to its free entrepreneurial activity, verifying the wider adherence of each application to its strategic.

## Section 03

### Specific requirements for access to incentive schemes

#### Requirements and evaluation criteria

##### Outbound Traffic Volumes per Connection Category and per route/destination

For Cat. 1 Unserved Routes:

- At least two frequencies per week for a minimum of 26 consecutive weeks (average over the three-year term of the agreement) and/or Capacity offered equal to or greater than 10,000 seats/year - International departing traffic.

For Cat. 2: Underserved destinations - Increased operations from seasonal base to annual operation:

- At least two frequencies per week for the previously unserved IATA season, as an increase over existing traffic volumes compared to the previous season's operations.

For Cat. 3 (Increase of Frequency/ Existing Routes) Served destinations:

- Destinations sub (a) If the increase is proposed by the same carrier operating the route there must be an increase in frequencies of at least 30% compared to the previous year on the route. If the increase is proposed by a different Airline, a minimum number of at least 28 frequencies over at least 14 consecutive weeks of the year is required. In any case, the offer of new frequencies must represent an effective incremental service in addition to the existing options, this is to avoid overlapping schedules that do not significantly increase the level of service provided to users.
- Destinations sub b) and c)- the incremental activity (compared to the total traffic reported on the route in the previous 12 months) must be at least 50 frequencies per year, whatever the operating carrier. GESAP SPA reserves the right to vary (with 90 days' notice) the above numerical requirement for subsequent years if the total traffic on the candidate route was less than or equal to the previous year due to the termination of operations by other airlines.

In the case of new proposals on the same routes submitted by different airlines who intend to start the new service at the same time (in the same IATA season), Gesap will select the one with the highest frequency (flight) volume/capacity for each route.

##### Three-Year Plan - Operational Capacity

To apply for the admission to the incentive program the carrier must submit a proposal containing traffic forecasts, together with all operational (Fleet, Bases, Network, Maintenance Structure, etc.) and organizational information as well as any other information deemed useful for the correct identification of the initiative's potential and its prospect of sustainability in the medium and long term.

GESAP SPA reserves the right to request any further details on this matter where necessary.

##### Commitment to Regularity of Payments

The carrier may be eligible for the incentive, by entering into an appropriate contract, only if it is already in good standing with the payment of all invoices issued by Gesap that are already due and soon to be due in the year of entering into the contract, or if it has been admitted to a repayment plan and has met the due date of the plan, both for operator's fees and fees for the use of services and infrastructure according to published tariffs and authorized by the competent authorities and provided that there is no dispute.

## Required documentation and certifications

- The applicant carrier must not be included in the EU safety list;
- Must have a regular air carrier license, including traffic rights where necessary;
- Must not have committed legal violations and/or breaches of contractual terms with the company in the past two years;
- Certification of regular contribution and anti-mafia certification is required.

## Criteria for granting incentives

Gesap SpA will identify the most suitable type of incentive to be provided based on the strategic importance of the agreement and in particular:

- Incentive disbursed per individual departing passenger or per departing passenger to reach a specific target;
- Incentive per flight or per passenger corresponding to a percentage reduction in airport charges applied or part of them;
- Incentive disbursed per single flight or per incremental flight;
- Lump sum paid to the carrier to compensate for any start-up costs incurred by the carrier;
- Lump sum paid to the carrier upon reaching certain traffic thresholds;
- Incentive related to the possible base placement of aircraft at the airport;

The value of the incentive will be determined by Gesap from time to time, at the outcome of the negotiation with the carrier according to the above criteria.

## Timing of payment disbursement

The incentive payment will be made after verification of the achievement of the contracted targets and may be granted in a lump sum, on an annual basis, or in other timeframes to be agreed upon when the contract is signed. Payment of the incentive is tied to the regular payment of invoices issued by Gesap for airport charges and sub-concessions of areas.

## Incentives Extent

- The discount percentage will vary according to the strategic importance of the link and based on the following indicators: Unserved traffic -Served traffic -International traffic volumes -Domestic traffic volumes - Number of Total Routes - GDP of the destination reached.
- The amount of incentive provided may vary depending on the strategic importance of the route, expected traffic volumes, number of frequencies operated, and type of aircraft used by the carrier to reduce environmental impact (noise pollution and Co2 emission reductions).





## Additional bonus

In application of its free entrepreneurial initiative in the field of incentive programs, GESAP SPA reserves the right, within the limits of the aforementioned applicability of the MEO Test, to provide a further increase in the measure of the discount/incentive based on the following criteria inspired by the valorization of the achievable economies of scale, possible business synergies and the strategic importance of the business case.

## Opening Operational Base at Palermo Airport

- Total expected volumes (Route Portfolio, Weekly Frequencies, offered Seats);
- Organizational and Technical Structure (Fleet) of the carrier;
- Using next-generation aircraft for greater environmental sustainability;
- Using environmentally sustainable fuel.

## Large Volumes

For carriers able to generate volumes of more than 1.5 Million departing passengers, with a route portfolio (>20), Gesap reserves the right to evaluate, according to its exclusive entrepreneurial liberality, better opportunities of the incentives, in compliance with current regulations and in light of the sustainability of the economic commitment.

The increase in traffic for any incentivized routes, and the related assumed economic support, must always present characteristics of sustainability, and in particular, must be able to generate a positive economic return for GESAP SPA.

The characteristics of economic sustainability, a prerequisite for any other assessment, and the disbursement of the incentive will be examined by GESAP in an ex-ante manner and then ex-post for each candidate route, according to the principle of the Private Operator or Market Economy Operator (MEO) test, also to exclude any possibility that the incentive measures could qualify as state aid (see European Commission-Communication No. 2014/99C of 4.4.2014).

## Marketing Activities

Gesap will be able to provide carriers eligible for the incentive program with additional support in terms of local marketing activities (press conferences, event support, airport displays, online media, etc.) including through the provision of advertising facilities.

Should the carrier wish to open a base in Palermo (night-stop aircraft), offices and operational areas may also be granted according to the discretion of the Board of Directors of GESAP SPA, at the best conditions.

Such support will be offered by GESAP SPA to an extent related to the importance of the carrier's activities and its own availability.

The text of the Policy is not to be considered binding in its various meanings for Gesap, which reserves the right to evaluate the various traffic development plans submitted by the airlines.



## Section 04

### Documents and Deadlines for Submitting Applications for Admission to the Incentive Plan

Users-as identified in Item 9 Measure 1 Part I of Annex "A" to Resolution No. 38 /2023 of March 9, 2023, issued by the Transportation Regulatory Authority (ART)-who would like to propose new routes and/or traffic increases starting from the Summer 2024 season and for the following years, to be eligible for an incentive plan should send their applications to the following contacts:

[commercialaviation@gesap.it](mailto:commercialaviation@gesap.it)

[mariangela.ciappina@gesap.it](mailto:mariangela.ciappina@gesap.it)

Tel. Commercial Aviation +39 0917020212

### [Application Evaluation and Confirmation](#)

GESAP SPA will communicate its decision to each of the carriers admitted to the incentive program for the development of Air Traffic in Palermo, according to the evaluations based on the criteria outlined in this document and which, in the judgment of GESAP SPA, are most in line with the envisaged objectives and the required economic sustainability requirements. Subsequently, the selected user will be asked to sign a specific agreement proposed by GESAP SPA that will regulate the incentive plan.

The agreement will contain all necessary clauses to ensure compliance with Italian and European legislation, including regulations on privacy, conflict of interest, transparency, and anti-corruption. Only once the aforementioned agreement is signed, the incentive plan will be effective.



