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WFW SUCCESSFULLY ADVISES RYANAIR ON APPEAL AGAINST ITALY'S PUBLIC SERVICE OBLIGATIONS TO TRAPANI AIRPORT



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Watson Farley & Williams ("WFW") has successfully advised Ryanair on its appeal against the Italian Ministry of Infrastructure and Transport's ("the Ministry") Decree no. 2/2020, which imposed Public Service Obligations ("PSOs") on scheduled air services between Trapani airport and other six destinations. The appeal also related to subsequent tender procedures for entrusting air services, on an exclusive basis and with compensation, to other air carriers (TayaranJet Jet and AlbaStar).

With decision no. 12045 on 23 November 2021, the Lazio Regional Administrative Court ("TAR") found that the Ministerial Decree was in breach of European legislation (EU Reg. 1008/2008), which states that PSOs should only be imposed on routes considered necessary for the economic and social development of the region the airport serves. By imposing PSOs on Trapani airport, the Ministry failed to acknowledge Palermo airport as an alternative to Trapani, nor did it recognise the connections Trapani has with other *"administrative, business, educational and medical centres"* (such as Rome, Milan, Naples and Cagliari) all of which demonstrate that Trapani should not be considered an 'isolated' area under EU Commission guidelines.

This is a noteworthy outcome because it represents a rare ruling on the subject of territorial continuity and moving forward will be a reference for public authorities in similar cases. Of note is the judicial indication not to abuse the PSO institute for commercial reasons – in cases where territorial continuity is already guaranteed – with undue provision of public contributions and restrictions on competition.

The WFW Italy Regulatory team advising Ryanair comprised of Counsel Giannalberto Mazzei, Of Counsel Matteo Castioni, and Senior Associates Arcangelo Pecchia and Alessandro Di Carlo.

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