

BERLIN BER OPERATOR CONFIRMS ADDITIONAL COSTS OF 770 MILLION EUROS

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The airport operator needs an additional 770 million Euros to complete the new Berlin Brandenburg Airport (BER). This has been admitted in the airport operator's new business plan which has been available since Thursday. The extra money is needed to complete BER by the planned opening date in 2020 and to commence operations.

A spokesman said "The airport operator is in constructive talks with the shareholders about the details of the financing".

Half the money, 385 million Euros, will take the form of a commercial loan, 80% of which will be guaranteed by the shareholders. The second 385 million Euros will be an interest-free loan from the shareholders. That second tranche will include 142 million Euros tax revenue from Berlin and Brandenburg and 100 million Euros from the federal government. This funding route obviates any need for the EU Commission to re-examine and approve the additional funds.

The situation will be clearer next week

On the one hand, Airport Manager Engelbert Lütke Daldrup wants to secure the new cash injection by this summer. On the other hand, the money may not be available until after the BER opening. In the meantime, the airport operator is already rapidly burning its way through a billion Euros line of credit, which was intended for essential airport extensions, so much so that the airport operator is struggling to keep its head above water. Next week, the government parties involved will meet to discuss the BER financing.

Lütke Daldrup said in January that the airport will need 300 to 400 million Euros. Plus additional money to pay off loans and pay interest. Last year, the company had to raise 140 million Euros to service its debts. However, at that time Lütke Daldrup emphasized that overall the additional costs would be less than one billion Euros.

Authorities reluctant to provide further financial aid

Both in Berlin and in Brandenburg, the governments are reluctant to make further payments. The state government of Brandenburg recently said taxpayers should not be burdened unless absolutely necessary. On Friday, the Brandenburg Minister of Finance, Christian Görke, with his characteristic conservative hard-liner attitude, said "My clear expectation is unchanged that the company must contribute to the finances through its own entrepreneurial efforts. After the commissioning of BER, if any expansion is required then the operator FBB must secure its own independent sources of finance".

The political opposition in Brandenburg recently raised concerns about the economics of the new airport. "First they shift the finish date, then they want more money", scoffed Brandenburg's CDU faction leader Ingo Senftleben. "This is a disaster in the making".

Total cost will be 7.3 billion Euros

The Berlin Finance Senator Matthias Kollatz-Ahnen (SPD) confirmed on Friday that he has been looking at the numbers. He said the operator must reduce the funding gap by optimizing its activities.

Originally the total costs for the new airport were pegged at 2 billion Euros. Now they are estimated to rise to just under 7.3 billion Euros.

Financial shortfalls likely even after the opening

In order to handle the expected air traffic, the BER will have to be extended. Up to now, it had been assumed that those additional costs would be one billion Euros.

In January in the Berlin House of Representatives, Financial State Secretary Margaretha Sudhof (SPD) said that by 2030 the expansion alone might cost some three billion Euros. She said, "Regardless, additional costs will be incurred by the postponement of the opening". These costs will be airport construction costs, airport operating costs, and lack of income from storage rental and landing fees.

Image result for new Berlin Brandenburg Airport

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