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Press release

No Magic Spell to Finance Airport Investment Requested by Airlines

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Brussels, 11 December 2009: Responding to today's attack by the Association of European Airlines (AEA) on the agreement reached by Frankfurt airport with airlines over the future evolution of its charges, European airport trade body ACI EUROPE said that AEA's statement once again misrepresented the reality of the aviation industry in Europe.

While European airports continue to be heavily affected by the global crisis[1], they have been working closely with airlines to ensure that both parties weather these extremely difficult times. Just like Frankfurt airport, they have sought to reach balanced agreements with airlines that address the immediate challenges arising from an unprecedented slump in demand for air travel, without compromising long-term developments – in particular the need to be ready for the rebound and to keep developing airport facilities[2].

Whenever possible, European airports have sought to freeze or even reduce charges[3], fully aware that competitive charges are key to incentivising air traffic recovery. However, their ability to do so is directly affected by their investment cycles[4] and the considerable increase in capital costs linked to the financial nature of this crisis. This means that for some airports, there is simply no alternative but to increase charges – which is the case of Frankfurt airport.

While charges at Frankfurt airport barely increased over the last 5 years, the staged increases planned from 2010 onwards reflect a massive investment programme totalling €7 billion. This investment will allow the airport to address its current lack of capacity and secure its future position and that of its hub airline. It will involve a new runway (2011) and several Terminal expansions, including a new Pier at Terminal 1 for nearly €700 million (2012), exclusively dedicated and tailored to the hub airline. It is interesting to note that while Frankfurt airport was willing to defer the new Pier and related investment to reflect the exceptionally challenging trading conditions, the hub airline insisted on maintaining the planned schedule.

Olivier Jankovec, Director General ACI EUROPE commented *"Unfortunately, we are not living in wonderland, where money for airports grows on trees, with airlines enjoying a free ride. Like it or not, airports in Europe are now businesses in their own right, increasingly competing with each other. They are abiding to fiscal discipline, responding to their shareholders and the communities they serve. Their prime mission is no longer about subsidising former flag carriers. It is about offering efficient and diversified facilities at competitive rates, acting as drivers of airline competition."*

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Note to editors:

[1] For example, the closure of Coventry airport in the UK earlier this week. Redundancies are also taking place at Amsterdam Airport Schiphol (up to 25%), Dublin Airport Authority (up to 12%) and SEA Milan Airports (up to 30%).

[2] Authoritative EUROCONTROL estimates reveal that notwithstanding the present crisis, demand for air services in Europe will double by 2030.

[3] In 2009, amongst 200 airports surveyed by ACI EUROPE, 50% decreased their charges, 19% remained unchanged, 25% introduced lower-than-planned increases, leaving just 6% who had no other option than to maintain planned charges increases.

[4]Capital investments for European airports currently stand at €50 billion for the period 2008-2013.

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ACI EUROPE is the European region of Airports Council International (ACI), the only worldwide professional association of airport operators. ACI EUROPE represents more than 400 airports in 46 European countries. Member airports handle 90% of commercial air traffic in Europe, welcoming nearly one and a half billion passengers each year.