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ACI EUROPE Annual New Year Reception

Welcome speech by Augustin de Romanet, President of ACI EUROPE

European Parliament (Brussels), 18:30, Tuesday 24 January 2017

Dear **Deirdre**, dear **Istvàn**, Ladies and Gentlemen - good evening.

On behalf of the entire Board of ACI EUROPE, it is both a pleasure and an honor to address you here this evening.

Holding this reception on the eve of our January Board meeting has become **a tradition** for ACI EUROPE over the past years. This is the opportunity to **reconnect** every year with our institutional and industry partners here in Brussels – and to **share** with you our agenda for aviation at EU level.
But as I **look back at 2016**, I must say that **I find it difficult** to start this evening with our **usual wish list** for aviation policy. Do not worry, I will get there eventually… But before I do that, I would like **first to reflect** on the fact that 2016 saw us – Europeans – **entering a new era**.

An era shaped primarily by **geopolitical instability**, with both external and internal **disruptive forces** that are presenting the EU with an **existential threat**. These forces threaten its unique achievement of securing peace for more than 70 years, and its track record in integrating and developing our economies.
We – airports – have **benefitted so much from the EU**. **Our success** over the past 30 years owes a lot to the **creation and expansion of the Single Aviation Market**. It is EU policies that have allowed us to become **businesses in our own right**, focused on developing **connectivity** and driving **economic growth for our communities**.

I believe that this **places a special responsibility on us** – as an industry – **at this time**. A responsibility **to stand up for the EU** and **to support it**.

The 25th of March will mark the **60TH anniversary of the Treaty of Rome**. In the coming weeks, ACI EUROPE will approach **other aviation associations** to join forces. We want to use the opportunity of this anniversary to reiterate the **central importance of the EU project to our sector**.

Quite simply, we want - and need – the Single European Aviation market to **keep prospering**. With it, the EU has given European citizens unprecedented access to affordable, extensive and efficient air connectivity. That should be celebrated and showcased.

And we certainly hope that despite the latest announcements regarding Brexit, we will also find ways to keep the UK aviation market as integrated as possible in the EU one.

Amongst the geopolitical risks we are now facing, **terrorism** is of course prominent – and we as airports know that all too well. Last year, **Brussels Airport** and **Istanbul-Ataturk** were hit by dreadful attacks – and with the threat showing no sign of abating, **security** is on the very **top of our agenda**.

I would like to take this opportunity to **praise the reaction of the Commission** to these attacks. Indeed, there was no knee jerk reaction and no mandatary entry checks were imposed at our terminals. This is s commendable. There is no question that **landside security is a major challenge** – and you can rest assured that ACI EUROPE will continue to work hand-in-hand with the Commission and ECAC – building on our recent guidelines on the subject.

But beyond our own efforts, the changes required in aviation security will need to come from **leveraging intelligence capabilities** and **more cooperation between States**. Security cannot and was never about stopping terrorists once they are at an airport. It is about stopping them before they ever reach an airport. If they manage to get there, we have already lost. Addressing this goes well beyond our remits.

This year will see the Commission moving forward with its **Aviation Strategy** – which is very much supported by airports. We are especially keen to see the Commission making progress with its **negotiations** with **ASEAN, Qatar and Turkey** – and we also hope that more countries will follow. **Opening up market access is a MUST** to develop connectivity and drive economic growth.

I am worried that while **fair competition** is a **legitimate concern**, this concept is being **used abusively** to derail liberalisation efforts. We have seen this recently with attempts to block **Norwegian** Air Shuttle from further developing its transatlantic network. This is **not the way to go** – and I hope that reason will also prevail when it comes to review of **Regulation 868**. Closing our skies will never be a successful business strategy for Europe.

The Aviation Strategy also includes an **evaluation of the Directive on airport charges** – which has just started. As you can imagine, this is a very important issue for us and for the airlines. But this is also a very important issue for **consumers** and **the economy**.

Apart from costs linked to security or safety - which are imposed by regulation - **the main driver of airport charges is investment** in new capacity and better services. These investments are **massive** and they are essential if we are to **avoid congestion** and continue to **develop connectivity**. As such, they directly support economic growth and jobs – the EU's number one priority.

But the additional airport capacity enabled by these investments is **also essential in less visible ways for consumers**. Today, we are releasing a **new study** from **SEO Aviation Economics and Cranfield University. Its findings reveal** that airport congestion results **in higher fares** for consumers. Already today, passengers are paying **€2.1 billion** each year in higher fares due to a lack of airport capacity. By 2035, with congestion predicted to rise further, this figure will rise to **€6.5 billion**.

This means that **airlines are collecting scarcity rents** at capacity constrained airports – which of course gives them **no incentive to support capacity expansion** and also explains why they so **fiercely oppose increases in airport charges**.

Ultimately, what this shows is that **what may be good for airlines** - like lower airport charges - is **not necessarily good for consumers and connectivity**. Along with airport competition, this calls for a **significant reset of airport regulation** - both in scope and content.

More generally, external relations and airport charges show the need to do away with the lingering old habit of regulating aviation for the sake of airlines' short term interest. **Consumers** and **wider economic benefits** need to be at the forefront of our policy objectives.

In closing, I would like to **stress just how much airports themselves are now focused on consumers and the economy**. Our business interest revolves around developing connectivity and providing quality – which **closely aligns us with the interest of our communities** – whose economy relies on the same connectivity. I think this is also **visible in many of the things that ACI EUROPE does**. Aside from the study on air fares we are releasing today, I would also like to mention ***Airport Carbon Accreditation*** and our **initiative for affordable water at airports after security checks**.

Now, before I pass tthe floor, I would like to **warmly thank Deirdre and Istvàn** for partnering with us tonight – and also for their understanding of airports' needs. Deirdre has been a vocal supporter of regional airports – and I hope she will be able to be with us in May when our 10th annual Regional Airports Conference will take place in Cork. As a keen advocate for aviation but also for tourism – Istvàn is very well versed in air connectivity issues. We look forward to continue working with you and with your colleagues in the coming weeks.

I thank you for your attention – Deirdre, the microphone is all yours.

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