AIRPORTS COUNCIL INTERNATIONAL

Arnaud Feist
President

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Mrs Violeta Bulc
Commissioner for Transport
EUROPEAN COMMISSION
200, Rue de la Loi
1049 - Brussels
BELGIUM

Dear Commissioner Bulc,

On behalf of Europe's airports, I would like to congratulate you on your appointment as Commissioner in charge of Transport and wish you every success.

As the voice of Europe's airports, ACI EUROPE has a long standing tradition of closely cooperating with the European Commission in support of the EU's Transport policy. Indeed, our association has always approached EU policy making in a constructive way. I would therefore be keen to meet with you in the coming weeks, to hear about your priorities and to provide you with an overview of the State of our industry - in the hope of establishing a lasting dialogue.

In the meantime, I would like to present hereafter our views on the main challenges faced by European aviation today and their implications for the EU transport policy.

1. Aviation & Connectivity & the Global economic shift – it is all related

Europe is dealing with the impact of the global economic shift towards Asia and emerging countries in other parts of the World[1] – which is considered as the biggest economic transformation in modern history. This involves a significant competitive challenge for the EU, as well as an increasing reliance on external investment and trade – so as to be able to tap into these new and future sources of wealth.

This global economic shift is also directly affecting transport and in particular aviation, which is being reconfigured to match and support new trade flows - especially the so-called South-South trade. As a result, the global hub position of European aviation is being challenged. This challenge is reinforced by the way many emerging countries are actively supporting their aviation sector - using it to boost their connectivity as part of their own economic development policy.

These developments all point to the increasing strategic relevance of aviation and air connectivity for the European economy. Yet, this strategic role has so far not been factored in the EU Transport policy – let alone in the EU's wider Economic Policies.

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[1] 2013 was the first year in which emerging markets accounted for more than half of World GDP

2. Europe is losing out in terms of air connectivity

Our recently released *Airport Industry Connectivity Report 2004-2014* shows a worrying trend as regards the EU's air connectivity (see. attached synopsis: "*Why Connectivity Matters*" as well as the full report):

- While the **EU's total air connectivity** has just recovered its pre-financial crisis (2008/2009) level, it has remained essentially **flat since 2011**. A specific concern relates to the fact that **direct air connectivity has actually decreased by -7%** compared to its peak 2008 level.

- While **EU hubs** have been more resilient than smaller & regional airports, their direct connectivity gains since 2008 have been unimpressive (+2,1%). EU hubs have actually **lost a 10% market share** for connecting traffic to non-EU Hubs (Turkey & Russia) and other non-European hubs (mainly in the Gulf).

- The **relevance of the top 3 EU hubs[2] on the intercontinental market has considerably weakened**. Back in 2004, their combined level of intercontinental connectivity was thrice that offered by the top 3 Gulf hubs[3]. Today, the situation has reversed, with Dubai airport alone offering a level of intercontinental connectivity equivalent to London-Heathrow, Paris-CDG and Frankfurt airports combined.

These findings show that connectivity cannot be taken for granted. In fact, they point to Europe being by-passed more and more as an aviation hub and significant player in providing global connectivity.

Beyond aviation, this is also **hitting the European economy and its competiveness** - more specifically through its global outreach, its ability to support trade with its main partners/emerging markets as well as to foster job creation. Indeed, this issue is directly related to BUSINESSEUROPE's call for improved access to worldwide markets as being one of the top priorities for our economy[4].

The link between air connectivity and GDP is well documented[5]. One simple measure of the positive impact of air connectivity on job creation is the fact that a single new long haul service from a European hub typically generates jobs and other local benefits equivalent to having several SMEs setting business in the area.

3. Air connectivity must be part of the EU's Growth & jobs agenda

While air connectivity is primarily shaped by market forces and technology, public policies and regulations have a key role to play. The example of how other countries have integrated aviation within their economic development policy – notably in the Gulf, but also in the US and Asia – shows the potential for the EU to up its game and treat aviation as an essential element of its competitive position.

On this basis, **the strategic relevance of air connectivity for the EU economy needs to be part of the forthcoming EC package on Jobs, Growth and Investment** – making way for a **specific review of EU Aviation policy**.

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[2] London-Heathrow, Paris-Charles de Gaulle and Frankfurt.
[3] Dubai, Abu Dhabi and Doha.
[4] *10 priorities to boost investment, growth & employment* - BUSINESSEUROPE
[5] See attached Synopsis: "*Why Connectivity Matters*"

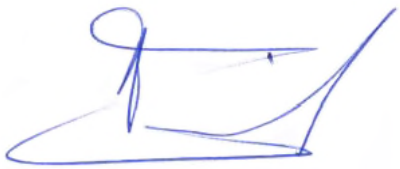
In this regard, it is worth noting that aviation infrastructure (airports & air traffic management) is mostly self-financed and does not require substantial amounts of EU funding – other than in relation to the Single European Sky & SESAR.

4. Proposals for a review of Aviation policy

The review of Aviation policy needs to be targeted at redressing the competitive gap between European aviation and other World regions through a range of supporting measures – thus allowing to align aviation policy with the EU's wider economic policy objectives. Our specific proposals are attached.

I hope you will find this contribution useful in your endeavour to put transport – and aviation in particular - back at the top of the EU agenda, and I look forward to discussing these proposals with you at your earliest convenience.

Yours sincerely,



Annexes.