

UK airport policy paralysis, not an option for the EU

by Olivier Jankovec, Director General, ACI EUROPE



Yet again, less than a decade after 9/11 and SARS, aviation is facing another crisis. After being hit by unprecedented rises in oil prices, the credit crunch-induced global economic slowdown is starting to take its toll. Although one has followed the other in an almost perfect sequence, an opposite trend is likely to follow in the near future. As economic growth comes to a stand still and recession becomes a reality, demand for oil will decrease. Coupled with presumably less appetite for speculation on commodities, oil prices are likely to go further down from their present level, which is already 30% lower than at the beginning of 2008 and down nearly 50% from its mid-July high of USD\$147.

But as economies will eventually rebound and financial markets will hopefully recover, so will the price of oil in the face of tighter future reserves and supplies. The medium to long-term challenge for aviation will not be about surviving another economic slowdown. It will be about adapting to high energy costs and becoming even more sustainable. In working together with industry stakeholders, the EU has a key role to play in this regard.

Indeed, the EU has already identified the instruments helping aviation to face the challenges of energy efficiency and climate change: the long-awaited Single European Sky, the Clean Sky project and the inclusion of aviation in the EU Emissions Trading Scheme (ETS). However, the EU has yet to clarify that the combined effect of these instruments will allow the reconciliation of aviation growth with its ambitious environmental objectives.

As a result, aviation remains exposed to high regulatory and policy risks. The agreement reached over the summer between the Council and the European Parliament on the design elements of the Directive for the inclusion of aviation in the EU ETS will indeed place a very high burden on our sector. The vote that has just taken place on 7 October in the Environment Committee of the European Parliament on the update of ETS as of 2013 even makes things worse and essentially discriminates against aviation. There is no doubt that taxing aviation (this is what auctioning might be about after all...) demands less courage and commitment than achieving the Single European Sky and the time needed to develop clean engine technologies means that 100% auctioning by 2020 would condemn aviation to abandon any reasonable prospect for future growth.

Beyond the longer-term, the lack of a positive EU policy direction for aviation and the environment is clearly not providing the adequate incentive for Member States to take the right decisions now.

The situation in the UK is quite indicative, with London-Heathrow for too long being synonymous for airport congestion. There has been a number of public consultations – including most comprehensively a UK government White Paper on the Future of Air Transport, which received more than 500,000 responses and concluded that more airport capacity is urgently needed in London, with a focus on a new runway at both Heathrow and Stansted. That was in 2003. Yet, despite this work and the fact that no runway has been built in the South East of England since the second world war, the debate over a third runway for the airport has spiralled on for a further 5 years. It is quite extraordinary to see a major European State failing to implement a sound infrastructure policy and thus, jeopardising its own future. Claiming that it all comes down to competition issues simply misses the point. BAA, the operator of the primary London airports (except Luton and City airports), has for years campaigned relentlessly for a new runway both at London-Heathrow and London-Stansted. Forcing it to sell two of its London airports will not address this issue and might actually make it more difficult to leverage and get permission. The point is that it all comes down to having the political courage and vision to deliver much needed new airport capacity.

With Europe facing an airport capacity crunch over the next 20 years, the third runway at London-Heathrow is a disheartening case study of government indecision and a burning example of why the EU urgently needs to review its stance on aviation and the environment.