



21st ACI EUROPE ANNUAL CONGRESS AND EXHIBITION

Welcome address by Ad Rutten,
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Our Annual Congress is always the opportunity to take stock of where we stand as an industry, and look at both our immediate and more distant future.

Since we met last year, things have definitely improved. Once again, demand for air transport has proven to be resilient – with Europe's airports playing an active part in incentivising the recovery of air traffic.

But these past 12 months have also provided plenty of evidence that European aviation still faces many challenges. In my view, they have also revealed the growing importance of getting things right, when it comes to our policy and regulatory frameworks.

We have just seen how the structure of the global aviation market is being redefined by the rise of new economic powerhouses in Asia and Latin America. These developments are posing a direct threat to the position of European aviation. In addressing this threat, it is obvious that **we should not be resisting** these changes – but rather **embrace** them, and look at making the most of underlying opportunities.

This means that we need policy making and regulations to **reflect the wider picture** and move towards **more strategic thinking** - and less tactical, or shall I say less politically motivated reactions.

The **new multipolar world economy** will further increase the reliance of Europe on international trade and tourism, which in turn will only reinforce the **relevance of aviation** as a strategic sector for our continent.

Yet, while emerging countries around the globe are wisely capitalising on aviation to boost their economies, Europe appears to be taking the benefits of aviation for granted - and even worse, prone to constrain our development. What a shame!

In the **White Paper** it adopted in March to set its vision for European transport up to 2050, the European Commission has sent out some encouraging and positive messages. Aviation is no longer treated as a sector that needs to be curbed, and there is indeed a recognition that transport infrastructure shapes mobility.

But a lot more needs to be done, as we still need these messages to be translated into a **proper European industrial policy for aviation**. The gap with emerging countries is

already phenomenal. Just one example: China is busy building a staggering 78 new airports in 10 years.

In that context, the ability of Europe to **modernise and develop its airport infrastructure** is paramount to boosting the competitiveness of its aviation market and defending its global position.

Of course, the Chinese model is a bit hard to replicate, not least because European Governments are retreating from airport financing. Today, our Governments expect the **private sector to fill the gap** – be it through debt or equity financing.

This is no small feat. Our **financing requirements will be significant, especially with air traffic nearly doubling in Europe by 2030**. But the worry is that, we may no longer be considered as the most attractive model on the runway. Investors will increasingly be lured into other markets, where growth is far more dynamic and returns more promising.

This is where policy and regulations need to help – and they can make a big difference. With this in mind, I would like to share with you 3 key priorities for a strategically oriented policy and regulatory framework supporting European aviation.

First priority – PROVIDE LEGAL CERTAINTY.

We used to have that in Europe, and it used to be a competitive advantage over other world regions, where legal uncertainty tended to be widespread.

However, in recent years, we have seen worrying examples of European governments **abruptly changing the rules** for airports, by shifting policy or resorting to unwise regulatory interventions.

I do not need to elaborate on the U-turns of airport policy in the **UK**, or the 10-year stalemate in the regulation of airport charges in **Italy**. Lately, **Denmark** is also flirting with the idea of forcing its hub airport to accept a separate terminal operator on more than dubious legal grounds.

These are all **dreadful signals to send to capital markets and private investors**, just when Europe needs them to develop its infrastructure. We need a better climate to attract private investors. Our decision makers at national and European level need to get this right – or investors will understandably look elsewhere, or simply be more demanding on returns and guarantees.

Second priority – REDUCE COSTS AND PROMOTE BOTH OPERATIONAL AND ENVIRONMENTAL EFFICIENCY

We do not need regulations that end up adding costs and complexity. We need regulations that promote operational and environmental efficiency.

Airport security is a case in point. Recent developments on Liquids, Aerosols and Gels show that a rigid date-driven approach for the deployment of new screening technology **does not work**. This kind of approach simply carries **too much risk** for the integrity of our operations, with implications not only on passenger service but also potentially on security levels.

More generally, the entire aviation security system badly **needs a re-think**. And this is not just about operational efficiency and improving the life of the passenger, but about being more effective at what we are supposed to look for.

ACI EUROPE is actively working on this through our **BETTER SECURITY** project, with the objective of developing a comprehensive set of recommendations for reforming the system. Next month, we will formally present this project to the European Commission and European States.

We also need the same focus on efficiency in relation to **ground handling, airport slots** and noise – where the review of existing European regulations has the potential of complementing the implementation of the Single European Sky and the deployment of SESAR.

This requires a **new approach to ground operations**. Airports need to be empowered to be in control of what happens within the perimeter of their facilities. They need to be recognised as **Ground Operations Coordinator**. This is essential to improving the resilience of the air transport system in case of severe disruptions – like those experienced at some airports last winter.

3rd and last priority – PROVIDE NEW BUSINESS OPPORTUNITIES

The establishment of the **Single Aviation market** in the 1990's was a **phenomenal success**. It has shaped Europe's airlines and airports, allowing for considerable network development and boosting economic capabilities for regions and citizens across our continent.

The maturity of the European market and the boom of aviation in emerging countries mean that **our most promising opportunities are now outside Europe**. We must be in a condition to attract and develop air traffic flows to and from our external markets. This is essential to protect and reinforce the position of Europe on the global aviation market. And for that, there is only one way: **liberalisation!**

Yesterday, the Board of ACI EUROPE adopted an **ambitious strategy** for expanding Europe's aviation market. This strategy calls for an acceleration of aviation liberalisation, based on a set of guiding principles and multiple priorities.

The EU must seriously look at **taking a leadership position globally** on aviation liberalisation, and make the most of the "first mover" advantage.

We need to **step up efforts to extend our open aviation market** to the East and across the Mediterranean. We also need liberalisation with our trading partners in all emerging markets – the BRICs of course, but also Mexico and the ASEAN countries. The European Commission is very supportive on this point, but it needs both a **renewed political commitment** and **adequate resources** for the task.

I know that some of our airlines might not like that. But they need to wake up! A slow moving external aviation policy would only be counter-productive, with the risk of progressive retrenchment for Europe.

Ladies and Gentlemen, Europe can **no longer** afford to follow a **business as usual approach**.

What is true for our economy is all the more relevant for aviation. European aviation is still strong – relying on airlines and airports that have been a prominent force globally. But, our political masters must better **reflect on looming challenges** and they must **have the courage of a long-term vision**.

In the same way as shifting passengers onto trains will not meet mobility needs, changing slot allocation rules cannot be the only answer to the airport capacity crunch.

More than ever, Europe needs its airports to get their **licence to grow** - with guaranteed legal certainty - through improved operational and environmental efficiency - in an increasingly open sky.