



AEA and ACI EUROPE short and mid-term requirements in the immediate aftermath of the Icelandic volcano eruption
(Brussels, 22 April 2010 – ver2)

European governments closed two thirds of European airspace following the eruption of volcanic ashes from Mount Eyjafjallajokull. It is estimated that from 15-23 April, 110,000 flights will have been cancelled. AEA airlines alone will have lost revenues totalling € 850million, while ACI EUROPE estimates airports lost revenues of € 250m (without counting the cost of assisting stranded passengers). In total, an estimated 9.5m passengers were unable to fly due to the closure of airspace.

- For European airlines, the closure of European airspace meant the withdrawal of their operating basis. Although services to/from Europe can be resumed fairly quickly, European airlines' operational flexibility was impeded by EU Regulations.
- For European airports, it meant total paralysis for the vast majority (at the height of the crisis, 313 European airports were totally disabled – 75% of the European airport network), and partial paralysis for the others (those airports where flight operations remained possible were obviously also severely affected by the total paralysis of their peers, suffering significant levels of flight cancellations¹).
- For non-European airlines, the closure of European air space effectively denied access to an important market.

¹ For example: AENA (Spanish airports) saw 36% of their flights cancelled (despite the vast majority of the 7 airports remaining accessible except for a very short time), Athens International Airport and Lisbon airport saw respectively 23% and 29% of their flights cancelled (despite remaining fully accessible for the entire duration of the crisis). Faro airport saw 82% of its flights cancelled (despite remaining fully accessible for the entire duration of the crisis).

INDUSTRY REQUIREMENTS

I. Short-term measures

1. Financial compensation for the damages incurred from the partial or total closure of European airspace. A precedent exists for these measures in the context of the consequences of the terrorist attacks on 11 September 2001. At the time, the European Commission had developed proposals, subsequently endorsed, in its Communication dated 10/10/2001. This compensation would cover all the elements of the value chain, including:
 - i. Airports (for both aeronautical and commercial revenues): To date the following calculations have been established; these are based upon initial estimates and are subject to further elaboration and confirmation.
 - 1) Loss of revenue during the period 15–20 April: € 250 m
 - 2) Costs resulting from air space closure: € 10 m
 - ii. ATC providers
 - 1.) Loss of revenue during period: estimated € 225 m.
 - iii. Airports' ground partners: including ground handling companies, travel retail and travel food & beverages companies, airport security companies and parking operators - assessment on-going.
 - iv. Airlines: To date the following calculations have been established; these are based upon initial estimates and are subject to further elaboration and confirmation. It should be noted that some of these losses will continue to increase during the recovery period (eg. cost of assistance to passengers).
 - 1.) Loss of revenue during the period 15–23 April € 850 m.
 - 2.) Initial estimate of costs resulting from the air space closure: € 198.2m for airlines (airports' costs still under assessment), including:
 - a. Costs for assistance to passengers € 194 m
 - b. Cost for stranded crew € 1.7m
 - c. Cost for aircraft positioning € 2.5m
2. Temporary suspension/waiver of legislation. It is clear that it will take a number of weeks until normal services can be fully resumed. To assist in resuming stable operations as soon as possible and to facilitate the repatriation of stranded passengers, the following measures should be taken:
 - i. Operational flexibility: limitations on national/local night curfews, noise quotas, movement limits and other measures restricting the full usage of runway capacity to be suspended for the duration of the recovery period. Penalties associated with these restrictions should not apply during the temporary suspension.

- ii. Regulation 95/93: Suspension of 80:20 slot allocation rule. The regulation provides for the period of airspace closure to be disregarded in calculating slot usage. It is essential to clarify to the slot co-ordinators that the recovery period should also be similarly disregarded.
- i. Directive 2009/339/EC: RTK data of base year 2010 must be re-evaluated in view of the effects of disruption and the recovery period. The scheme of progressive MRV measures must be adapted in its implementation to reflect the impact of air space closure on traffic data and resultant calculated certificate requirements.
- ii. Regulation 261/2004: We require a clear political statement that this Regulation does not cover extraordinary circumstances such as the closure of air space.

II. Mid-term measures

1. Review of EUROCONTROL Option 3 procedure to deal with safety in case of volcanic ash.

The current procedure requires active involvement of all the EU and EUROCONTROL governments and is therefore cumbersome and unnecessarily slow, involves computer model calculations, is insufficiently based upon real time data, and is not aligned with procedures outside the European Union. The US FAA procedures by contrast are practical and based upon scientific data; they are fully in line with ICAO recommendations and place responsibility for the safety of the operation on the aircraft operator. The aviation industry urges EU institutions to adopt the key parameters of the scheme implemented successfully by the US FAA for several years; it had been presented by EUROCONTROL as "Option 2".

2. Single European Sky: accelerated implementation of, in particular, the central performance target setting scheme. The profile of the foreseen network manager must be clearly defined in consultation with the aviation sector in light of the recent experience gained to facilitate future co-ordination and in order to avoid inadvertently exacerbating complexity in the process. Key parameters of SES should be implemented by end 2010 at the latest.
3. Regulation 297/2010: postponement of requirement set out by the LAGs interim step (April 2011). In the current context, airports cannot afford to buy and deploy LAGs screening equipment by April 2011 – this equipment will have to be further upgraded/replaced shortly (29 April 2013 as current legislation requires). The LAGs interim steps should be abolished, leaving only the final 2013 deadline.
4. Public financing of additional security measures at national level: More stringent security measures beyond the EU baseline should be restrained and their financing should be considered as a State/public responsibility. As many as 350 additional national aviation security measures have been

imposed in one Member State alone. These measures generate substantial additional costs.

5. Accelerate liberalisation with neighbouring countries: the number of airline routes within the EU has increased dramatically since the creation of the single aviation market in 1993. This liberalisation policy should now be extended as a priority to all neighbouring countries as this would play a key role in promoting and accelerating air traffic recovery – with substantial benefits for regions and their communities. The European Commission is invited to organise an Aviation Summit with these countries in 2011.
6. Avoidance of any measures at national/EU level, which could further increase costs for the European aviation industry. This includes an immediate review of national measures, such as the Air Passenger Duty (UK and Ireland) and other similar national taxes (France), which are mere general taxes and negatively impact aviation.

DEVELOPMENTS

15 April, several national EU Authorities totally or partially closed their airspace in response to safety concerns. Traffic volumes decreased by -27.1%.

16 April: -59.2% traffic volumes.

17 April: -76.4%. No departures and landings across most of Northern and Central Europe, including Austria, Belgium, Croatia, the Czech Republic, Denmark, Estonia, Finland, Northern France, most of Germany, Hungary, Ireland, Northern Italy, the Netherlands, Southern Norway, Poland, Romania, Slovakia, Slovenia, Sweden, Switzerland, and the U.K. Southern Europe, including Spain, the Southern Balkans, Southern Italy, Bulgaria, Greece and Turkey remained mostly open and flights were operated, at least partly, in these areas.

18 April: -79.8%. Verification flights were undertaken by airlines. LH operated 11 flights from Munich to Frankfurt with A340 and B747 aircraft, as well as a Cargo flight from Frankfurt to Istanbul, and 4 flights from Frankfurt to destinations in the Russian federation. OS performed test flights between Vienna and Graz on A320 and B737. BA and KLM operated extensive testing at different altitudes, in the case of BA in the path of a test flight destined to examine the existence and composition of volcanic ash. In none of the 40 flights undertaken did boroscopic inspections reveal signs of irregularities or anomalies. It became apparent that the calculations used by the VAAC were insufficiently robust to warrant a total and prolonged closure of air space.

19 April: Traffic levels continued to be significantly depressed at -70%. EUROCONTROL submitted different procedural options for review. Transport Ministers politically endorsed a differentiated approach which came into force at 8.00 CET Tuesday 20 April, allowing for a progressive opening of airspace.

20 April: Traffic levels -54%. Different restrictions are implemented by individual Member States, ranging from further technical checks on approved flights after 3 hours, additional separate test flights to a partial closure of air space.

21 April, Restrictions are gradually eased throughout Europe.

IMPACT

The following numbers are preliminary estimates only. They are not exhaustive and do not capture all of the incremental costs as a result of the grounding. For the AEA, they cover the period ranging from Thursday 15 April to Friday 23 April. For ACI EUROPE, they cover the period ranging from Thursday 15 April to Tuesday 20 April (an update up to 23 April will be provided as soon as possible).

AEA

- **Cancelled flights** 52,400
- **Passengers affected** 4.3m
- **Loss of revenue** € 850m
- **Loss of profitability** € 445m
- **Assistance to passengers** € 194m
- **Cost of crew stranded** € 1.7m
- **Parking at airports** € 2.4m

ACI EUROPE

- **Passengers lost for European airports: 16m (15 April – 20 April)**
This number is higher than the number of passengers affected (9,5m), as all passengers traveling on intra-European flights need to be accounted both at the departing and arrival airport (airports calculate their passenger numbers based on both departing and arriving passengers). This estimate is based on EUROCONTROL data regarding both the number of flights cancelled and passengers unable to travel for the period 15 April to 20 April. It needs to be revised to include 21 April to 23 April as traffic resumed only gradually.
- **Loss of revenue: €250 m (15 April – 20 April).**
This includes loss of aeronautical revenues (79% of above mentioned total loss - landing and passenger charges) and commercial revenues (21% of above mentioned total loss – limited to retail and parking). As regards commercial revenues, food&beverages were also severely impacted. However, related lost revenues were not taken into account to reflect the fact that very small/marginal revenues were still made in all 3 categories (retail, parking and food&beverages).
- **Assistance to passengers: preliminary estimate of €10 m (15 April – 20 April).**
This includes provisional beds and lounges, reinforcement of medical services, shower facilities, meals, clothing, hotels (for elderly and sick people), internet and TV access, recreational activities, special care for children and occasionally transport by alternative modes.