

Airport capacity crunch will cost European economy €230 billion

For immediate release

11 June 2013

Istanbul, 11 June 2013: On the occasion of the joint ACI EUROPE & ACI WORLD Annual Assemblies, Congress and Exhibition taking place in Istanbul today, Declan Collier, President of ACI EUROPE, shared his views on the main challenges facing European aviation – and airports in particular.

Collier deplored the fact that, despite recessionary pressures and the weak economic prospects affecting most of Europe, there was little appetite to capitalise on the strategic role aviation can play for growth and jobs.

He said "Short-termism, micro-politics, regulatory burden, red tape, bilateralism and the urge to refill the State coffers are the forces that continue to pay havoc with the European aviation sector. Few European countries have a thoroughly thought-through and fully formulated aviation policy. Long-term challenges are being ignored at our peril."

Yet, the recently completed "**Challenges of Growth 2013**" report from **EUROCONTROL** shows that despite slower traffic growth prospects in the next 20 years, Europe continues to face a severe airport capacity crunch. The main reason for this capacity crunch lies in the fact that airports have been forced to sharply reduce their capacity expansion plans. Revenue pressures, capital costs, a lack of political support, poor planning processes and decreasing confidence are all colluding to constrain airport development throughout Europe. Indeed, **while back in 2008, airports' plans provided for a 40% increase in capacity by 2030**, these plans have been severely cut back with capacity now expected to increase by **just 17% by 2035**.

This will result in **12% of demand for air transport not being accommodated** due to insufficient airport capacity - or 1.9 million flights per year unaccommodated with 237 million passengers unable to fly.

While this airport capacity crunch will be more acute in **Turkey, the United Kingdom, the Netherlands, Bulgaria, Hungary, Germany, Poland and Italy***, it will have severe repercussions throughout Europe. In particular, delays and congestion will be skyrocketing throughout the aviation network, with average delay per flight rising from current levels of 1 min/flight to 5-6 min/flight.

Collier commented "*This "Challenges of Growth" report is a warning bell for European aviation. It means that more than ever, Europe's airport need to be given their licence to plan, finance and deliver new facilities – all within reasonable time frames.*"

He added "*Just as I speak today, the European Commission is adopting a new regulatory package on the Single European Sky. Europe's airports fully support this package, as it is about finally achieving much needed progress on ATM capacity and performance. However, this initiative, while laudable, does not address airport capacity. All the measures proposed today will be fruitless as long as ATM capacity and airport capacity remain unaligned. What use is a three-fold increase of capacity in the air, if there is no matching capacity on the ground?*"

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Collier called for a European Action Plan on airport capacity that would seriously address the airport capacity crunch. He pointed to the European Commission's initial proposal to require Member States to come up with national strategies on airport capacity to ensure alignment with the objectives of the Single European Sky. He also referred to the related impact of the new rules that the European Commission is expected to publish shortly on State aid for the aviation sector. Since these new rules are looking at curbing public financing of airport infrastructure, they will impact Europe's ability to maintain and develop adequate levels of airport capacity.

Collier warned about the harsh consequences of inaction: *"The airport capacity crunch is **set to cost airlines and airports in excess of €40 billion of lost revenues per year by 2035**. In addition, you need to add close to €5 billion in congestion costs. But ultimately, this is not going to be just about aviation – but about Europe's global relevance and economic performance. **Insufficient airport capacity will cost €230 billion in lost GDP to Europe** – that is a lot of economic activity and a lot of jobs that we cannot afford to lose."*

Finally, he noted the contrast between the way the EU and Turkey approach airport development. Referring to the plans for a new airport in Istanbul with a capacity of up to 150 million passengers - double the capacity of the current busiest European hub - he said: *"It would be good to see the rest of Europe demonstrate a similar focus on their aviation strategies"*.

He invited the Turkish Government to commit to a closer integration between the Turkish aviation market and the other European aviation markets: *"Passenger traffic has tripled in less than 10 years between the Turkey and the EU – with more growth opportunities only waiting to be unleashed. We need a fully liberalised aviation regime between the two partners without waiting for another 10 years."*

In the margins of the event, ACI EUROPE signed a cooperation agreement with the Turkish Directorate General of Civil Aviation. Through knowledge exchange and sharing of best practises, this agreement will assist the Turkish Authorities in increasing their capabilities in relation to safety, security and environmental protection.

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Notes for Editors:

* The most exposed countries in the airport capacity crunch will be Turkey (27%), the United Kingdom (14%), the Netherlands (17%), Bulgaria (22%), Hungary (17%), Germany (11%), Poland (9%) and Italy (8%)

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ACI EUROPE is the European region of Airports Council International (ACI), the only worldwide professional association of airport operators. ACI EUROPE represents over 450 airports in 44 European countries. Member airports handle 90% of commercial air traffic in Europe, welcoming over 1.5 billion passengers each year.

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