

ACI EUROPE COCKTAIL AT THE EUROPEAN PARLIAMENT
Welcome address by Arnaud Feist, President ACI EUROPE
(Brussels, 19:30 - Tuesday 21 January 2014)

Dear George, Members of the European Parliament, Ladies and Gentlemen - good evening.
It is both a pleasure and an honor to address you here this evening, in this venerable house of Europe - for our traditional New Year's airport cocktail.

This year **is a bit special** of course, as this is our last such event before the end of the legislature and the elections of next May. I would like to take this opportunity to express **our most sincere gratitude to the Members of the Transport & Tourism Committee**. All along this past legislature, you have had to put up with ACI EUROPE, and you all did that very graciously. For the last 5 years, we have knocked on your door, asked you and your assistants to read our position papers - sparing no energy in convincing you that - yes indeed! - airports are the most exciting, efficient and useful transport infrastructure for Europe.

Yet, we always found you **ready to listen and debate** – and to look at all these regulatory issues in-depth and with a sense of balance. What we also found, is **recognition and support** for the role that airports are playing for their communities. This is probably not so surprising, given that **our communities are also your constituencies**.

So again, **thank you for your availability and support** – and we hope that we will be able to keep working with you in the next European Parliament.

In the meantime, our agenda remains quite busy.

In a matter of weeks, the Commission is expected to adopt its new **State Aid Guidelines**. These are much awaited, as the present uncertainty is good for no one. The industry needs rules that are fairer, more transparent and more effective. We understand that the Commission has worked along these lines – and we welcome that. But we are still very concerned that the balance between competition and the role of airports for economic development and job creation is not the right one. Many MEPs share these concerns. They have publicly called on President Barroso not to cause a shutdown in Europe by imposing unrealistic limitations on the financing of smaller airports. Let's hope he will listen. The implications go beyond the aviation sector. This is about promoting growth and protecting jobs across Europe's regions.

The new **Passenger Rights Regulations** is another issue with far reaching implications. I would like to recognize the excellent work done by George as rapporteur. In particular, your proposal to outlaw the abusive one bag rule, which a few dominant airlines have been using to prevent passengers from taking their airport purchases on board unless they fit in their cabin bags – and thus boost their in-flight sales.

Many of our airports are confronted by this practice every day. And what they see is that it is causing a lot of stress and inconvenience for passengers. There is little doubt that it downgrades the travelling experience – and that it also threatens our ability to modernize and develop our infrastructure through commercial revenues. We will of course work closely with the Council to further advance this issue.

On **Noise**, we have been keen supporters of the Commission proposal – which was both necessary and courageous. We are glad that its spirit has so far been safeguarded in both the Parliament and the Council. But, we do have concerns with one aspect of the Parliament position: the provisions on health impact.

Don't get me wrong on this: nobody denies that noise can have an impact on health. But the point is that we still don't have an authoritative agreed methodology on how to assess this impact.

So, if we include these provisions in the new Regulation, any attempt to carry out a health impact assessment would most likely be challenged in court - effectively blocking the process and thus delaying the withdrawal from operations of the noisiest aircraft. This is certainly not the outcome we wish for. As airports, the ability to communicate to our communities a calendar for the withdrawal of these aircraft is absolutely essential.

Finally, we are getting ready for the screening of some **Liquids** at the end this month – mainly with the objective of allowing passengers having purchased liquids items at airports outside Europe to carry them on board when they connect through our airports. This first step is not coming cheap – with an initial estimated price tag of well above €100 million. But we are committed to returning to the “good old days”, when travellers could bring on board any liquid they wanted without restrictions. For that, we still need screening technology to make significant progress – and we need to accept that this might take more time than what we hope for.

Beyond the specificities of all these issues, I think it is also important that our policy makers and regulators keep track of where we are going as an industry – especially when what they are proposing is bound to have long-term consequences.

Since last Spring, we have seen **traffic figures improving slowly but surely**, and we are looking at 2014 with **some optimism**. The European economy has stabilized and is also – finally - improving. Along with a more dynamic recovery in the US and still dynamic growth in China as well as other newly emerged markets, this should help support demand for air transport in the coming months.

Having said that, we still see significant **downside risks** – with a lot of **volatility** and **unpredictability**. Many European airlines are fighting for survival – and the risk of more bankruptcies this year is real. At the same time, others are very successful - growing fast with often disruptive impacts.

I am experiencing that myself at Brussels Airport, where Ryanair is opening a new base – a move that was completely unexpected and unsolicited and that is at odds with our own strategy to build a hub for Star Alliance. With more than 200 flights a week added on routes already operated by our other airline partners, I can assure you that the disruptive impact will be very significant...

Ultimately, what we as airports are experiencing is both constant downward pressure on our charges and slower growth prospects. This means that we are facing a **deteriorating climate for our aeronautical revenues** and that commercial activities are becoming ever more important. This also means **more focus on the short-term** and **less ability to keep investing for the long-term**, to meet future demand for air transport, both in terms of capacity and quality.

Indeed, for the period 2012 to 2017, Europe's airports have already reduced their investment plans by an impressive **€7bn** – a trend which saw EUROCONTROL sound an alarm last year. It estimates that by 2035, the lack of airport capacity and unprecedented congestion on the ground will result in more than **230 million passengers unable to fly**.

This should be a **top concern for Europe** – especially at a time when our economies are increasingly dependent on their trading capabilities and competitiveness with the rest of the World. The current shift in the Global economy means that **connectivity needs to become a key strategic policy goal for Europe** – not just intra-European connectivity, but also

external connectivity. It goes without saying that airports and aviation should be at the core of this policy.

As ACI EUROPE, we will work in the coming months on an **agenda for Europe's connectivity** – and this will be a cornerstone of our **constructive engagement with the new Parliament and the new Commission**.

I thank you for your attention, and before I leave the floor to George, I would like to warmly thank them for hosting us tonight.

Thank you very much.
