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Regional airports' direct connectivity down -3.4% since 2008

For immediate release

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Funchal, 14 May 2014: This year's 7th annual ACI EUROPE Regional Airports Conference & Exhibition^o opened yesterday and continues today in Funchal, Madeira – hosted by Aeroportos da Madeira.

The event provides an opportunity to review trading conditions and key challenges for regional airports. As usual, it was preceded by a plenary meeting of ACI EUROPE's Regional Airports Forum*.

SUBDUED AIR TRAFFIC RECOVERY

Looking at air traffic developments over the past years, ACI EUROPE revealed that regional airports' growth has significantly underperformed the industry average – with passenger traffic growing by just +3.4% between 2008 and 2013 compared to an overall industry average of +11%.

Olivier Jankovec, Director General of ACI EUROPE said *"After 10 years of extremely dynamic growth, the global financial crisis was really a turning point for regional airports across Europe. Their traffic recovery has lagged behind the industry average. This is mainly due to the fact that airlines have not added much capacity in the market and that they have tended to retrench on hubs, trunk routes and larger markets which are able to deliver higher yields."*

While the first quarter of 2014 indicates that passenger traffic at regional airports is finally growing more in line with the rest of the industry, the slow pace of the economic recovery and continued structural market changes are pointing to the permanence of slower growth prospects and increased competitive pressures.

Jankovec added *"Low Cost Carriers are moving upmarket, increasingly targeting primary or larger airports. At the same time, Full Service Carriers tend to limit capacity growth to their long-haul network out of their hub airports, while Regional Airlines are focused on survival. All this means regional airports will continue to face significant headwinds – with network instability, seasonality risks and fierce inter-airport competition."*

ECONOMIC SUSTAINABILITY & CONNECTIVITY

The number one challenge for regional airports remains **economic sustainability**. The traffic recovery has not yielded an improvement in profitability, with 58% of airports with less than 5 million passengers per annum and 75% of those with less than 1 million passenger per annum now being loss making★. Their ability to increase their aeronautical charges is almost non-existent, due to the impact this would have on keeping existing air services and attracting new ones. With public financing retreating and tighter EU State aid rules, the only way forward appears to be cutting costs further.

Jankovec warned *"In the wake of the financial and euro-zone crises, most regional airports have already gone through extensive cost cutting. There is very little low hanging fruit remaining and we now face the very real prospect of airport closures in several countries – notably in the UK, France, Germany and Italy"*.

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At the same time, regional airports are facing **increased connectivity risks** – which are also directly affecting their communities. Unveiling some of the preliminary findings of a comprehensive *European Airport Industry Connectivity Report* due to be launched next month⁺, ACI EUROPE pointed to a worrying trend which has seen direct connectivity from regional airports with less than 5 million passengers per annum decrease by **-3.4%** since 2008. In contrast, their indirect connectivity – via hubs and other airports – has increased by +17% over the same period.

Jankovec said *"The recent losses in direct connectivity reflects an increasing concentration of air traffic. They also show that regional airports are becoming more dependent on hubs to deliver the connectivity that their communities are requiring. Direct routes and frequencies have been lost, and this is detrimental to regional and local economic development. Market developments are presently not moving towards restoring these connectivity losses and if airline consolidation finally takes hold in Europe, the situation is going to get worse before it gets better. This is precisely what has happened in the US, where airlines have squeezed out smaller cities - as reported in a 2013 MIT report[◆]."*

ACI EUROPE linked these challenges to its own competitive agenda for Europe's regional airports. This agenda calls for **more tailor-made policies and regulations** adequately reflecting the constraints inherent to these airports and the increasing market dominance of airlines.

Thomas Langeland, Chair of ACI EUROPE's Regional Airports Forum and Director of Avinor, Kristiansand Airport in Norway commented *"Policies and regulations in Europe need to be more supportive of regional airports so as to safeguard their unique contribution to local economies. This includes making sure the review of the recently adopted State aid guidelines in 4 years' time will still allow for operating aid for smaller airports. This also includes banning the one bag rule through the revision of EU legislation on passenger rights and tackling the increases in Terminal Navigation charges which directly hurt our competitive position."*

Langeland concluded *"With a new European Parliament about to be elected and a new European Commission scheduled to take office after the summer, I really hope that these issues will be tackled. These are issues that ultimately have a very direct and tangible impact on the life of businesses and citizens across the Regions of Europe."*

ENDS

Notes for Editors:

◦ This year's event comprises 7 sessions, covering the full spectrum of issues affecting regional airports and brings together more than 200 delegates from regional airports, local and national authorities the European Commission, airlines (including AirBerlin, easyJet, HOP! and TAP Air Portugal) and ACI EUROPE World Business Partners.

* Regional Airports' Forum is the dedicated ACI EUROPE group for regional airports. It currently comprises more than 350 airports. The Chairman is Thomas Langeland, Director of Avinor, Kristiansand Airport in Norway. The Vice-Chair is Alberto Martin, Director of Aena - Gran Canaria Airport.

★ In 2011, 51% of airports with less than 5 million passengers per annum and 65% of airport with less than 1 million passengers per annum were loss-making.

✚ ACI EUROPE's forthcoming *European Airport Connectivity Report* measures the connectivity of European airports based on a composite index reflecting both quantitative and qualitative elements. It includes data analysis on direct connectivity, indirect connectivity and hub connectivity.

◆ *Trends and Market Forces Shaping Small Community Air Service in the US* - MIT International Center for Air Transportation

A special keynote Prezi presentation on the State of Europe's Regional Airports, given by ACI EUROPE's Olivier Jankovec at the event, is also viewable [here](#).

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ACI EUROPE is the European region of Airports Council International, 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 1.6 billion passengers, 16 million tonnes of freight and more than 16 million aircraft movements each year.

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