

26TH ACI EUROPE ANNUAL CONGRESS AND EXHIBITION

Welcome address by Augustin de Romanet, President ACI EUROPE

Athens, 09:45 am, Tuesday 21 June 2016

Ladies and Gentlemen, good morning – and once again, a very warm welcome to Athens.

I would like first to thank **Yiannis Paraschis** and all his team at **Athens International Airport** for hosting our Annual Congress & General Assembly. We are delighted to be back in Greece in this wonderful setting.

For all of us in the airport industry, it has been a very **busy 12 months** since we met last year in Prague. As Olivier has shown us, traffic has been good – with market dynamics and increased competition clearly keeping us on our toes.

But, what happened in Paris, Brussels, Tel Aviv and Turkey in the past months has also brought **new challenges** - on the back of increasing geopolitical risks and instability.

I do not need to tell you that **security** – along with safety – will always be our **number one priority**. We will hear this morning from our good friend Arnaud, how he and his team at Brussels Airport went through what is surely one of the worst nightmares any airport CEO could face.

The recent terrorist attacks have effectively taken us into a **new security dimension** – one that goes beyond aviation, and one for which we, as airports, can only be one of the last lines of defence.

Europe is now faced with a much **more diverse & diffuse terrorist threat**. This means that **aviation is no longer standing out** as a target, and that security has become an issue for potentially **any public space in our communities**.

The result is that the scope of the security agenda is potentially limitless – and that we have no other choice than to focus on better **intelligence** and more effective **information exchange & cooperation**, rather than detection through systematic screening.

Let us be clear: efficient, robust security is not and has never been about stopping terrorists once they are at an airport. It is about **detecting and stopping them before they ever reach an airport...** or a train station... or a concert hall. If they manage to get to one of these places, it means we have already lost.

The fact that the **EU has refrained from imposing systematic screening landside** at airports is comforting – for now. It shows there is both understanding and acceptance that **better intelligence and better cooperation is the way to go.**

I must say that I am **very proud** of the work that ACI EUROPE has done in supporting this outcome. We are recognised as an authoritative and trustful voice on these issues – and that is the result of years of hard work and close cooperation with the Institutions in charge. But it is regrettable that it has taken so long for **Belgium** to come to terms with this logic – or that **Russia** keeps ignoring our advice in this regard.

Moving towards truly **risk-based & intelligent security** is a daunting challenge – a challenge for which we urgently need **more Europe, not less of it.** I am concerned that progress will be far too slow – and that we may even lose momentum all together.

In a matter of hours, the **UK** will be making a **crucial decision** on whether to remain or exit the EU. It is a fact that it would be harder to progress on the security agenda for both the UK and the EU without each other – with possibly harsh consequences going well beyond aviation interest.

Looking at our industry and the debate over the UK membership of the UE, I can only add that **airports thrive** and **connectivity grows** when **markets are integrated** and **common rules apply** – which is precisely what Europe has done for aviation.

Since last year, we have seen **progress** for aviation at EU level. The new **Aviation Strategy** adopted last December by the European Commission is a **step in the right direction** and it offers exciting prospects for our future. It is perhaps true that for now, some of you may find it difficult to link it to your daily business life. But this is policy at the **macro level**, setting out the long-term direction and key objectives for European aviation. For those of you in doubt, I would urge you to stand back and look at the bigger picture.

The Aviation Strategy will be amongst the important factors **shaping the airport business for the next 10 years**. As such, it should be of interest for all airports - and for anyone investing in airports.

With this Strategy, the Commission has come up with a **new & positive narrative** for aviation in Europe. We are finally getting the recognition that aviation is a **force of good for the economy** – with the underlying message that aviation needs to be nurtured. “*Taking aviation to new heights*” – this is the opening title of the Strategy. You may think of me as an optimist, but to me it almost sounds like a **European license to grow...** or at least, this is the closest we have ever come to it.

The **main focus** of the Strategy is to improve our **access to emerging markets** and **boost Europe’s connectivity**. This is a very important agenda for Europe’s airports, as it will allow us to secure **new business opportunities** and develop our route networks.

We are extremely pleased that EU Transport Ministers have just authorised the Commission to start negotiating aviation agreements with **ASEAN, Turkey, the UAE and Qatar**. With these negotiations due to start after the summer – airports are looking for **timely and effective results**. While bilateral talks will be suspended during these EU-led negotiations, it will be essential for airports to effectively gain new route development and traffic growth opportunities within a reasonable time. We need and will ask for **concrete first step results within a year**.

Similarly, we want to see continued application of **existing EU aviation agreements** – in particular with the **US**. This is why we are supportive of the Commission’s efforts to get the US authorities to respect the terms of this agreement and finally allow **Norwegian** to start transatlantic flights from Ireland.

This new external agenda is indicative of a **welcome shift** in aviation policy at EU level – towards a **more consumer & connectivity driven agenda**. This perfectly fits with airports, because our business mandate is precisely to grow traffic and develop connectivity.

In this regard, adequate **airport capacity** is also a key decisive factor for **connectivity**. Opening up market access with our key trading partners will not yield the expected connectivity benefits if we do not address **Europe's looming airport capacity crunch**. With close to **20** major European airports fully congested by 2035, this continues to be a very serious threat.

At the same time, airport capacity is also a key factor for effective **airline competition** and **lower air fares**. Just as many airlines are posting record profits, we see them increasingly opposed to airport investment and the creation of new capacity – as a way to **prevent new entrants** and **more competition**. There is no doubt that is harming consumers in a very direct way. A recent PWC study found that airlines charge a **+18% premium** on air fares at airports with capacity constraints across Europe. I find the fact that IAG is fighting against a new runway at Heathrow and easyJet opposing a new runway at Gatwick to be quite emblematic of these dynamics.

While airports do support the Aviation Strategy, we need **more ambition** and **concrete proposals** as to how address the airport capacity crunch. We know that this is easier said than done, because ultimately it is up to the Member States of the EU – not the European Commission.

But we also need **financial implications** to be properly addressed and this is something the Commission can surely do. **Airport investment, charges, capacity** and **connectivity** are all part of the **same & unavoidable equation**. You cannot get one without the other – especially in Europe where public financing is no longer on the cards for larger airports, and where more private involvement will be needed.

Times have changed – and change is what the Aviation Strategy is advocating in policy terms. And yet, for all their claims of newness,

the agenda of the latest European airline association - **A4E** on airport charges is nothing more than the **old refrain: calling for airports to prop up airlines.**

This reflects a stubborn refusal to recognise that new market realities have also reshaped **airports as businesses in their own right** - and that **competition** is now widespread and increasing. And I think that these competitive dynamics have just been perfectly illustrated by Olivier.

The **regulation of airport charges** needs to move along and even anticipate these dynamics – this is about **forward looking** regulation, as opposed to regulation with a rear view. It is also about **policy alignment**: how can we be told that airports compete when looking at State aid, but that they magically become monopolies when looking at charges? This does not make sense.

As you know, ACI EUROPE has done **more than just responding to the A4E claims** on airport charges. We have demonstrated that airports have a track record for delivering substantial **value to consumers**. We have also come-up with **suggestions** as to how regulation could foster a better, more **commercial dynamic** between airports and airlines.

In doing this, we are **moving the debate forward**, connecting the dots between 1. airport charges, 2. investment, 3. capacity and 4. connectivity – all **in line with the Aviation Strategy**.

As I said, **stand back** and look at **the bigger picture**.

In closing, I would like to say how much I have **enjoyed presiding over ACI EUROPE** in the past 12 months. As our association is celebrating this year its **25th anniversary**, I believe that it is no coincidence that the perception of the airport industry has changed irrevocably over that period of time.

Look how far we have come. And think of all the next waves of change that await us. In the words of the Greek writer, **Nikos Kazantzakis**, *“In order to succeed, we must first believe that we can.”*

And I for one definitely believe that we can – with ACI by our side. Thank you very much.