

**ACI EUROPE**

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# Regional airports report on current performance, issue warning on Brexit

For immediate release

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**Cork, Ireland. 16 May 2017:** The regional airport community gathers in Cork today and tomorrow, for the **10th annual ACI EUROPE Regional Airports Conference & Exhibition**, hosted by Cork Airport. With over 170 participants from airports, airlines, industry suppliers and institutional stakeholders, the event's theme is *A New Era of Engagement & Digital Innovation* – with a focus on addressing the main challenges faced specifically by regional airports across Europe.

## IMPROVING TRAFFIC

While 2016 still saw regional airports underperforming the wider industry average in terms of passenger traffic growth (**+4.3%** versus **+5.1%**) – 2017 is off to a better start, with regional airports now growing at a faster pace (Q1: **+7.9%** versus an industry average of **+6.9%**).

**Olivier Jankovec, Director General, ACI EUROPE** commented "Many regional airports are now attracting more dynamic passenger growth, but it's not a free-for-all. Airline partners have become much more discerning about where they establish new routes. Their focus now tends to be on growing larger & established markets in search of higher yields, rather than venturing into new ones. This makes airport competition for new flights and network development fiercer than ever."

## DEVELOPING CONNECTIVITY

These changes are also driving Low Cost Carriers (LCCs). In fact, these airlines are growing their intra-European route networks at a much slower pace. Over the past 3 years, they have actually reduced their aircraft bases at regional airports by **-11%**.

Jankovec said "Network development has become more concentrated and less inclusive - leaving smaller regional airports and their communities potentially exposed to losses in connectivity\*. Since 2008, regional airports have seen their direct connectivity grow by just **+10.6%** - below the gains achieved by other airports. With the LCC revolution now going long haul, new opportunities are arising for regional airports. Cork Airport is a pioneering example of this, as it is about to welcome both Norwegian Air Shuttle and WOW air's transatlantic services. This is a fascinating development, but down the line, these opportunities will not apply to every regional airport."

## ECONOMIC SUSTAINABILITY CHALLENGE

More than ever, size dictates profitability at regional airports. **53%** of airports with less 5 million passengers are loss making – an improvement on previous years, but nevertheless a reflection of the high fixed capital costs involved in operating an airport and the importance of economies of scale.

## BREXIT

With the clock now ticking for the exit of the UK from the European Union in less than 2 years time – this is becoming a deeply concerning and consuming issue for many regional airports across Europe.

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With the legalities of the future relationship between the UK and the EU's Single Aviation Market yet to be devised, the uncertainty will soon cast a shadow on air route development in Europe, as airlines and airports will soon start planning their networks for 2019.

The EU-27's regional airports with less than 1 million passengers per year are the **most dependent on connectivity with the UK (15.4%)**. Without a clear resolution of that uncertainty in the near future, air transport in Europe risks facing significant disruption – with regional airports and their communities probably suffering the most.

ACI EUROPE continues to highlight airports' exposure to Brexit and the potential fallout for air passengers, to the relevant Brexit negotiation teams.

Looking at wider regulatory challenges, **Alberto Martin, Chair of the Regional Airports' Forum** and Director of Aena's Gran Canaria Airport said *"We fully support the European Commission's Aviation Strategy and its renewed focus on growth, jobs and investment. But we are still calling for a better policy framework for regional airports across the board - from airport charges to safety and security. Given the positive externalities airports bring to their communities, we also need a more realistic and less discriminatory approach to European funding\*\* for transport infrastructure."*

He added *"With more point-to-point medium and long haul flights becoming viable thanks to airliners such as the 737MAX and A320 neo, this means that effective aviation liberalisation really is the way forward for airports and their communities. This is about diversifying our traffic mix, offering more convenient direct connections requested by travellers and ultimately enhancing our business resilience."*

**## ENDS ##**

° source: ERA & Innovata.

\* every **+10%** in air connectivity yields **+0.5%** in additional GDP growth (source: InterVistas report on the **Economic Impact of European Airports**, released in January 2015)

Please note that at the end of the conference, **Alberto Martin** will step down after 2 years as Chair of the ACI EUROPE Regional Airports Forum. The incoming Chair is **Henri Hansson**, Senior Vice-President of Technical & Environmental Services at Finavia. The new Vice-Chair is **Niall MacCarthy**, Managing Director of Cork Airport.

\*\* On the occasion of the 10<sup>th</sup> Regional Airports Conference & Exhibition, ACI EUROPE also released its new *Guide to European Funding Instruments for Airports*.

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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 more than 500 airports in 45 European countries. In 2016, our member airports handled over 90% of commercial air traffic in Europe, welcoming more than **2 billion passengers** and contributing to the employment of **12.3 million people**, generating **€675 billion each year (4.1%) of GDP** in Europe.*

**EVERY FLIGHT BEGINS AT THE AIRPORT.**