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# Europe's airports assert business transformation at ECAC-EU event

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Following hot on the heels of the Paris Air Show last week, the European aviation industry met in Rome this week for the joint ECAC-EU Dialogue with the aviation industry<sup>1</sup>. This year's event, which concludes today, looked at the challenges in financing European aviation - including the role of airport investment in the delivery of the EU's Aviation Strategy.<sup>2</sup>

## THE EUROPEAN MODEL FOR AIRPORT DEVELOPMENT & FINANCING

In the context of its focus on investment, the event highlighted the specificities of the way that airport infrastructure is being developed and financed across Europe. While other World regions have been relying on vertical integration models between airports and airlines and/or public financing in airport infrastructure - as is the case in the Gulf and the US - Europe has chosen a different path. Budgetary constraints and fiscal discipline, as well as stringent State aid rules have led to Europe's airports becoming businesses in their own right. This has come with an increasing degree of private sector involvement - resulting in airports with private shareholders now welcoming more than **75% of European passenger traffic**.

This has led to an alignment of interest between private and public shareholders - with both expecting a return in financial terms on their airport investment. At the same time, the underlying business transformation, coupled with increasing airport competition, has also redefined the way airports are managed.

## COMPETING TO ATTRACT AIRLINES & EXPANDING GLOBALLY

As a result, Europe's airports are now actively engaged in increasing their connectivity through comprehensive route development strategies & marketing. Diversifying their airline portfolio is an essential part of that - through competitive airport charges including growth-oriented rebates and incentives. Europe's airports are also focused on quality, greater operational and cost efficiency as key elements in further boosting their competitive positions. Finally, the major EU airport groups\* have also spread their wings globally, exporting their know-how and tapping into growth markets outside Europe - with more than €2 billion currently invested in overseas airport projects.

## TIME FOR REGULATION TO CATCH UP

**Olivier Jankovec, Director General, ACI EUROPE** commented "The deliberate choice made by Governments in Europe is to run airports as businesses in their own right - coupled with significant private sector involvement - and there is no way back. This now needs to be aligned with the way we are regulated. The review of the EU airport charges directive offers the opportunity to connect the dots. This means that the starting point of airport regulation can no longer be about subsidising airlines through artificially lower airport charges. It should rather be about enforcing the "user pays" principle, which is a cornerstone of EU policy for infrastructure charging. It is worth remembering that for now, airport charges and other aeronautical revenues only cover about 2/3 of our total costs - which means airlines ultimately do not contribute one euro to our capital expenditure."

CONTINUED FROM PAGE 1

He added "*Connecting the dots also means making sure that airport regulation becomes more market-driven and truly passenger-centric. This means that airports should be regulated only when they are in a position to abuse market power and that investments in capacity and quality should be priority objectives.*"

**ENDS**

#### Notes for Editors

<sup>1</sup> The following airport CEOs participated: Jose Manuel Vargas, President & CEO of Aena (Spain), Jost Lammers, CEO of Budapest Airport (Hungary), Jos Nijhuis, President & CEO of Royal Schiphol Group (the Netherlands), Nicolas Notebaert, President of Aéroports du Grand Ouest & VINCI Airports, along with Olivier Jankovec, Director General ACI EUROPE and Angela Gittens, Director General, ACI WORLD.

<sup>2</sup> The EU Aviation Strategy, launched by EU Transport Commissioner Violeta Bulc in December 2015, is focused on increasing air connectivity in support of growth & jobs.

\* Aena, Groupe ADP, Fraport, Royal Schiphol Group and VINCI 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 over **500 airports** in 45 European countries. These airports contribute 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.**