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# Airports issue reminder of real value of the EU Aviation Strategy

For immediate release

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**Brussels, 11 December 2017:** Following the publication by the European Commission of the Inception Impact Assessment on the EU airport charges directive, the European airport industry today expressed its view on the document, as well as on the progress of the EU Aviation Strategy, launched 2 years ago.

Reacting to yet another call by A4E (Airlines for Europe) for a revision of the airport charges directive, ACI EUROPE noted that its evaluation is not part of the 2018 Work Programme of the Commission. This reflects the fact that this evaluation is – quite rightly – not considered a priority by the Commission, under the EU Aviation Strategy.

## PRIMARY FOCUS: EXTERNAL MARKETS

Indeed, the primary focus of the EU Aviation Strategy is developing connectivity through the establishment of comprehensive new aviation agreements with third countries. Over the past 2 years, a number of important initiatives have been taken by the Commission in this regard. This includes aviation negotiations being initiated – and making good progress – with the 10 member countries of ASEAN (which currently rank among the most dynamic aviation markets in the world) as well as, Qatar and Turkey. It also includes aviation negotiations that have just been concluded with Armenia and Azerbaijan.

While opening up market access with emerging markets is of the utmost relevance in terms of further developing air connectivity, ACI EUROPE notes that A4E does not support this objective. This reflects the protectionist stance of a number of major European airlines, which is at odds with consumer interest and limits aviation's ability to support wider economic development.

### **Olivier Jankovec, Director General, ACI EUROPE** commented:

*"Developing air connectivity is at the very core of an airport's social and business mandates. For any airport across Europe, attracting more airlines to serve more destinations and open new air routes means growing the business, while delivering more choice for consumers and more economic opportunities for the communities they serve. This is why we at ACI EUROPE have, for years, been one of the strongest advocates of Open Skies. Europe's airlines are unfortunately not aligned with that objective. The current debate over the EU Regulation for fair competition in aviation tabled by the Commission is yet another illustration of that. Ensuring fair competition is necessary, but some are just trying to use this proposal to block further liberalisation efforts - without proper justification."*

## RESPONDING TO AIRLINES' REACTION

A4E's call for a revision of the EU directive on airport charges is equally driven by airlines' self-interest. It is only about boosting their bottom line, at a time when they are posting record profits – it is certainly not about benefiting consumers. Believing that tighter regulation of airports with the objective of lowering airport charges - as advocated by A4E - would result in lower air fares for consumers, is naïve in the extreme.

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Jankovec added *"Airport charges are not significant when you look at what really drives air fares. What matters above all is competition between airlines on air routes – as recently highlighted by concerns expressed over Lufthansa potentially becoming a monopoly on a significant number of routes, after the demise of Air Berlin<sup>1</sup>. Pushing airport charges down would only serve to limit the ability of airports to invest in new capacity and result in more airport congestion. By limiting airline competition, this would play into the hands of incumbent airlines - allowing them to charge higher fares. Airlines' scarcity rents<sup>2</sup> are not what consumers need or want."*

Further commenting on the Commission's Inception Impact Assessment, Jankovec added *"By ignoring these facts as well as airports' competitive dynamics, the Inception Impact Assessment comes across as uninformed. It also seems to take us back to the times when airports were used by Governments to subsidise airlines. As such, it reveals a sudden and worrying bias in favour of airlines. If confirmed, such a policy direction would send shockwaves among airport investors - making them nervous about Europe. We are confident that this cannot be what the evaluation of the airport charges directive is about."*

**## ENDS ##**

<sup>1</sup> As recently as Friday, 8 December, the EU Competition Commissioner, Margrethe Vestager voiced her deep competition concerns about the Lufthansa-Air Berlin deal: <https://www.reuters.com/article/us-airberlin-m-a-lufthansa-eu/eus-vestager-voices-deep-concerns-about-lufthansa-air-berlin-deal-idUSKBN1E21H0>

<sup>2</sup> With passenger demand to fly at peak times continuing to rise at congested airports, but the supply of aircraft & air services remaining constant, prices go up – meaning that passengers have to pay higher air fares to airlines if they wish to fly to/from these airports. And with no spare airport capacity, market access is blocked – effectively preventing more airlines from entering and competing down air fares.

For more information, download 'How Airport Capacity Impacts Air Fares': <https://www.aci-europe.org/component/downloads/downloads/4884.html>

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*ACI EUROPE represents over **500 airports** in 45 European countries. Our members facilitate over 90% of commercial air traffic in Europe: **2 billion passengers**, **20 million tonnes of freight** and **23.7 million aircraft movements** in 2016. 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.**