

ACI EUROPE

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Airport industry responds to airport charges allegations by big 5 airlines

For immediate release

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Brussels, 17 June 2015: Following remarks released by the CEOs of AirFrance-KLM, easyJet, IAG, Lufthansa Group and Ryanair this morning at a joint press conference in Brussels, the European airport trade association wishes to set the record straight about airport charges.

THE TRUTH ABOUT REGULATION

Airport charges are already regulated at EU level since 2007. The implementation of this regulation has been the subject of an extensive report at European level, as recently as last year. It remains a subject that is regularly monitored by the European Commission.

AIRLINES ALREADY SUBSIDISED BY AIRPORTS

Airlines are NOT paying the full cost of the airport infrastructure they use – far from it. Each year, the revenues collected from airport charges levied on both airlines and passengers fall over €3 billion short of covering airports' operating expenses. This also means that not one cent of airport capital expenditure is paid for by airlines. This situation reflects the extensive competitive pressures on airports and the fact that airport competition is now a reality across Europe.

GOOD FOR THE CONSUMER?

The airline position contends that reductions in airport charges at major airports through tighter regulation would save consumers €1.5 billion in lower fares. This extraordinary claim hinges on one key assumption – that any such reduction in airport charges would be passed on 100% by airlines to passengers.

Yet, independent research* has shown that at major airports, airlines are in fact able to charge passengers a significant non-cost related premium. This implies that any mandated reduction in airport charges is highly unlikely to be passed on to passengers. Hence, the underlying rationale of airline lobbying to artificially lower airport charges is more about benefit to airline shareholders than the travelling public.

This in turn, would also prevent airports from investing in expanding capacity, or at least make the cost of such expansion more onerous and the business case for it, more difficult. As a result, this lobbying ultimately also appears to be about protecting the position of incumbent airlines at major airports and limiting airline competition.

Olivier Jankovec, Director General of ACI EUROPE said *"Major airlines already have a free lunch, now they also want a free dinner. Let's get real here, airline interest does not necessarily equal consumer interest. Assuming airlines would pass mandated reductions in airport charges on to consumers is ludicrous to say the least. More than that, it flies in the face of reality – just consider the fact that most airlines do not even effectively refund airport charges** and other ticket taxes to passengers who do not take their flight."*

He added *"We find it disappointing that the 5 biggest European airlines rely on such an archaic suggestion as one of their main contributions to the forthcoming EU Aviation strategy."*

ENDS

Notes to Editors:

**Impact of Airport Expansion Options on Competition and Choice – Frontier Economics, April 2014*

****** Getting such refunds usually involves unnecessarily cumbersome administrative requirements and “processing fees” that all serve to ensure that passengers rarely see those refunds. These passengers fees thus retained by airlines are estimated to reach up to €3.5 billion a year (source: www.airtaxback.com).

20% of Europe’s active air routes are subject to regular route churn with airlines opening & closing routes each year.

84% of airports have a dominant airline customer with more than 40% capacity. The 5 airlines involved in today’s announcement individually hold very significant shares of the capacity at their home airports, giving them clear negotiating advantage.

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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 460 airports in 45 European countries. In 2013, our member airports handled over 90% of commercial air traffic in Europe, welcoming more than 1.7 billion passengers, 16.8 million tonnes of freight and 20.8 million aircraft movements.

EVERY FLIGHT BEGINS AT THE AIRPORT.