

Information

22 July 2009

AIRPORTS FLY IN THE FACE OF ECONOMIC REALITY **Airlines attack 'unacceptable' price rises as they struggle through the crisis**

The Association of European Airlines has expressed its concern – yet again – at the continuing trend on the part of airports across Europe to increase the fees they charge to their airline customers in order to compensate themselves for lower traffic levels during the current recession.

With few honourable exceptions, airports are jacking up their fees, while national authorities are stalling on implementing the EU Airport Charges Directive which will require fees to be independently regulated in a transparent and consultative process.

Nowhere is this process more evident than in Germany. Frankfurt Airport is proposing an increase of 8.4% next January, to fund future expansion, on top of a hike of about 4.6% for 'central infrastructure'. Germany's second-largest hub, Munich, announced an increase in its charges by 4%. As a result, other airports, which were intending to freeze their charges to help their hard-pressed customers, are now reconsidering this policy.

Said AEA Secretary General Ulrich Schulte-Strathaus: "Frankfurt Airport could do with a reality check. Its customers are struggling to survive in the current market and the very last thing they need is a cost increase". When airlines invested for growth, he said, they did not pre-finance their expansion through higher ticket prices; "it is evident that growth in commercial activity should be self-sustaining, sound business plans should have no difficulty attracting investors, and increased volume of business should lead to lower prices, not higher", he said.

He contrasted this behaviour with the airlines' own experience, and with other sectors suffering from the recession. "On the High Street, we don't see supermarkets raising their prices because there are fewer customers coming through their doors, we see price incentives. We don't see new car dealers doubling their prices because their sales have been halved, we see aggressive discounting. The same goes for the airlines, who are trying to stimulate the market with still more attractive price offers", said Mr Schulte-Strathaus.

Elsewhere in Europe there are similar stories of restraint in airport charges being short-lived. There is no indication that London-Heathrow or Paris-Charles de Gaulle will refrain from their planned price hikes in the course of the year. Copenhagen, which agreed to hold back charges increases, will reinstate them by the end of the year, while Warsaw and other Polish airports discriminate against network carriers in

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- Cyprus Airways
- Czech Airlines
- DHL
- Finnair
- Iberia
- Icelandair
- Jat Airways
- KLM
- LOT
- Lufthansa
- Luxair
- Malev
- Olympic Airlines
- SAS Scandinavian Airlines
- SWISS
- TAP Portugal
- TAROM
- TNT Airways
- Turkish Airlines
- Ukraine International Airlines
- Virgin Atlantic Airways

favour of no-frills operators through selective incentive deals. A similar proposal by Marseille was blocked by the French regulator.

One notable exception – for the time being at least – is Norway, where the airports have recognised the hardships facing their customers and have frozen fee levels.

Said Mr Schulte-Strathaus: “Clearly we – the airlines, the airports and other service providers such as air traffic control – are all in the same business, getting people from A to B comfortably, safely and at affordable prices. This current downturn affects all of us, but airlines much harder than the infrastructure providers because we not only have fewer passengers, but they are travelling on lower fares. Only because there are inadequacies and distortions in the value chain can one sector flourish at the expense of others. The industry and its consumers will be better served by system partnerships, rather than some sectors leveraging their monopoly position at the expense of others”.

“In better times, such behaviour was unreasonable. During the worst crisis the industry has known, it is completely unacceptable”, said Ulrich Schulte-Strathaus.

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Note to the Editor: The Association of European Airlines (AEA) brings together 33 European established scheduled network carriers. These collectively carry 366 million passengers and 7 million tonnes of cargo each year, operating 2,617 aircraft serving 662 destinations in 162 countries with 11,585 flights a day. They provide around 394,200 jobs directly, and generate a total turnover of €79 billion