



AIRPORT INVESTMENT FOR CONSUMERS, COMMUNITIES & THE PLANET

Airport investment is a prerequisite for affordable, diversified and sustainable air connectivity.

Today, Europe has a record number of highly congested airports. This limits effective airline competition, resulting in higher air fares and suboptimal air connectivity. But while airport investment in capacity & quality is needed to meet current & future demand, it is also needed to address the Climate Emergency.

Europe's airports have been leading globally on carbon management for the past 10 years. Their commitment to achieve Net Zero for CO₂ emissions under their control by 2050 (at the latest) will require significant investment in the years to come – both to adapt existing airport facilities & equipment and develop new ones in a way that avoids CO₂ emissions.

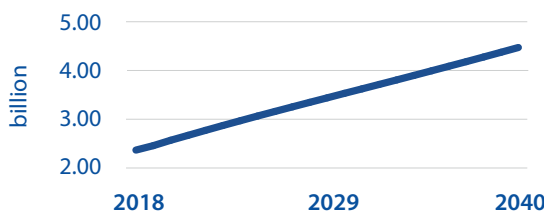


192 highly congested airports in Europe.

Europe accounts for **51%** of highly congested airports globally.

Source: IATA Worldwide Slot Guidelines

Constraints will increase as passenger traffic grows



Source: ACI World Airport Traffic Forecast

European passenger traffic set to increase by **+89.5%** (2018-2040).



2.9% Annual growth for 2018-2038

To meet this demand, airports will need to invest in:

- capacity optimisation processes & digitalisation
- runway, aircraft movement area & terminal capacity
- sustainability

INVESTMENT TO GET TO NET ZERO CO₂ EMISSIONS BY 2050

Airports need to invest in the full decarbonisation of their facilities and equipment to meet their **Net Zero 2050** pledge.

Preliminary estimates by ICF show that, for the top 50 European airports, getting their passenger terminals to Net Zero would require an additional **€25.9bn** investment (CAPEX).

Economic regulation needs to reinforce the "user pays" principle. Today user revenues (from airport charges) cover only **66.6%** of total airport costs.

Sustainability & the Climate Emergency must be part of the evaluation of the EU Airport Charges Directive.



renewable energy & procurement



building retrofits



ground vehicle electrification

THE COSTS OF DEFERRED & DELAYED INVESTMENT



+28 %

Increase of air fares in Europe in the past decade
(and +6% in the past 5 years)

Source: Eurostat, Harmonised Index of Consumer Prices (CP0733)

Airline competition is a key determinant of air fare levels. **Airport capacity constraints = weakened airline competition = airlines automatically increasing air fares through yield management tools.**

EUROCONTROL's *Challenges of Growth* report has quantified the impacts of lacking airport capacity. It has forecasted that by 2040:



1.5 million
flights will not be accommodated



160 million
passengers who would otherwise have flown will not be able to



19 airports
in Europe will be fully congested



€88 billion
of potential economic output (GDP) will have been foregone

Source: EUROCONTROL Challenges of Growth (2018)

AIRPORT INVESTMENT GAP

-12% during the past 5 years
shortfall between planned and actual investments

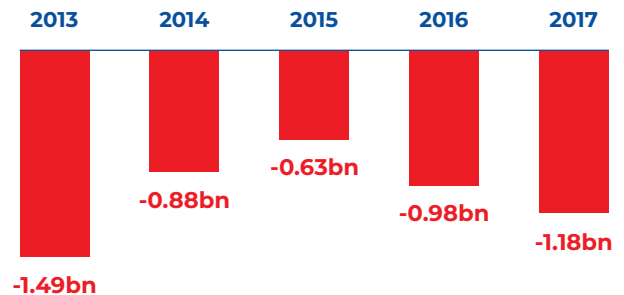
Source: ACI Economics Report

-20% underinvestment
annually from the needed levels.

€12.3 billion

gap in investment into European airports during the period 2019-2023, according to the G20's **Global Infrastructure Hub (GIH)**.

Shortfall between planned investment in prior year and actual realised investment



Source: ACI Economics Report

Despite the huge annual investments by airports, there is a shortfall resulting from challenges in obtaining permits, regulatory and airline obstacles.

Action is needed to support airport investment

- 1) Society expects businesses to take action. Europe's airports will face increased costs to ensure their **GREEN TRANSITION** – and to achieve their pledge to **Net Zero CO₂ emissions by 2050**.
- 2) **CONSUMERS & COMMUNITY WELFARE** are maximised when airport investment is adequate. Financing of capacity expansion & quality improvements must be incentivised by economic regulation.

- 3) **MARKET-DRIVEN & STABLE REGULATION** ensures legal certainty and minimises regulatory risks. As such, they are essential for timely airport investment.
- 4) Community & the air transport ecosystem need **RESILIENT & PERFORMING AIRPORT INFRASTRUCTURE**. Today's airport financing gap foreshadows **future risks**, which require priority to be given to airport investment.