



## Cannes World Air Transport Forum, 2007

Speech by Robert J Aaronson, Director General, Airports Council International

### **“What economic measures will airports use to manage constraints?”**

It's a pleasure to be with you again this year here in Cannes and to participate in these discussions that are critical to the future of our industry and the many interests we serve.

I will focus on the airport view of aviation's environmental challenges and discuss some of the management and economic tools that airports can use to manage environmental constraints effectively.

The ACI membership is committed to the principles of sustainable development, which include finding the appropriate balance between the social, economic and environmental aspects of growth. We believe that we can indeed grow and respect limits. The question is how, and what are the best strategies for each of the aviation stakeholders to employ in meeting their environmental responsibilities.

All of us here know that artificially restraining aviation development and growth is not the solution. Heavy handed taxation, imposing unjustified ceilings on flight movements, refusing to expand capacity at airports: these are all short-sighted measures that would affect hundreds of thousands of jobs and entire national economies, with long-term impact worldwide.

Rather, airports are committed to implementing environmentally sound initiatives that are in harmony with economic development and our industry's healthy expansion.

Climate change is the beast that all of us in air transport now are confronting. But airports have concern with a range of impacts, not just our contribution to total CO2 emissions. Issues of noise and local air quality are major concerns for the populations living around airports — and thus for airports. Our scope of action must take all environmental impact parameters into account as we prepare for the future.

ACI's member airports are forecasting steady traffic growth in the coming years. Additional regions will become aviation powerhouses as their economies develop, their living standards rise and new travel opportunities are created to satisfy demand.

The scale of growth will be impressive. Airports anticipate more than 9 billion departing and arriving passengers by 2025. That is more than double the 4.4 billion who used airport facilities in 2006. These aren't just numbers of tickets sold, or revenue earned, or kilometres flown. These are individuals and their families – who will expect and deserve good service delivered in an efficient manner. More and more, they will also demand environmentally responsible lifestyle choices.

The challenge is not down the road, it is now. How will we cope in a sustainable development framework? What elements may constrain growth? And what are the tools that airports can use to address constraints?

As demand continues to rise, the infrastructure capacity to accommodate traffic – both passenger and cargo – must keep pace. New airlines, new routes, new services – all of us recognise that this growth and diversity is positive for local, national and regional economies, for employment and for the many nations that rely on travel and tourism. The other side of the coin, if we do not respond adequately, is congestion and the spectre of ever declining service levels.

I was pleased to see last month that the European Parliament's Transport Committee challenged the EU Commission plan to tackle congestion at European airports by simply optimising existing capacity. Optimisation will be insufficient to meet the rise in demand. The report adds that the capacity shortage "will necessarily open a market for new major airports (up to 10 according to a Eurocontrol study) and medium-sized airports (up to 15 according to Eurocontrol)".

The report goes on to emphasize that building new capacity can remain environmentally friendly, actually helping to eliminate unnecessary emissions caused by en route or ramp congestion. It also calls for improving existing capacity, and cites the introduction of market-based mechanisms for allocating airport slots and improving ground-handling services as means to better balance the system.

Airports agree that economic measures, such as participating in the Emissions Trading Scheme and differentiating airport charges according to environmental performance, can help achieve that balance. These are economic tools that we must consider where appropriate.

Various aviation and green taxes have been and no doubt will continue to be proposed – it is an 'all too popular' pre-election trick – but the funds collected are not necessarily earmarked for environmental mitigation. They are a sloppy demand-side mechanism that in reality does not create the targeted disincentive to operate inefficient fleets. And the reality is that, with today's oil prices, the incentive for operating efficient fleets already exists.

We were pleased to see that the UK Conservative Party now has dropped more radical proposals for a limit to the amount that people could travel and a moratorium on airport expansion. David Cameron said that "airport expansion would be decided through the planning-system, not by ministers" and he is right – the planning process is the appropriate forum and expansion decisions should be based on all the facts, not politics.

The tax proposed by past-president Jacques Chirac in France was designed to meet other government goals and ambitions in tackling poverty in developing nations. Although the design may have been noble, the means were totally inappropriate.

I think on this score IATA and ACI are fully aligned – such politically motivated aviation tax initiatives are nothing more than poorly disguised efforts to milk air transport for more money, not to protect the environment.

Air transport is not always on the top of the governments' favoured sectors list, but a united approach will help us to make a better case for sustainable growth instead of watching States impose crippling legislation. Airlines and airports need to plan together cooperatively and transparently to agree on the needed enhancements in infrastructure—and then to advocate their prompt implementation.

Adequate infrastructure can significantly reduce the fuel wasted by aircraft in holding patterns and waiting on taxiways. Airports call upon governments to streamline the approvals process, rather than take 15 or 20 years to reach a conclusion while airport congestion builds. Rigorous scrutiny of demand forecasts and external impacts of airport expansion are accepted by airports as a necessary part of the process, but a stranglehold on planning does nobody any good.

It is particularly timely to discuss the issue of ground delays, and specifically in the United States. In the first six months of this year, 909,000 flights were delayed in the U.S. – that's nearly 30% of all flights. In June alone, 462 flights taxied for more than three hours--or the equivalent of emissions from over 20 return flights from Cannes to New York.

There are many factors involved in the delays—some exceptionally bad weather, an increase in smaller regional jets, and an overwhelmed ATC system produced by significant infighting within the industry over who should pay. At New York JFK, the runway capacity is for 44 flights an hour and yet airlines are scheduling 57 flights--the situation where airlines basically scramble to be first to the end of the runway to take off cannot go on.

While air transport system delays in the US are forecast to cost the economy \$22 billion a year by 2015, according to the FAA, there is also an enormous cost to the environment of having aircraft sitting on the tarmac, engines spooling, going nowhere. The cost in terms of customer service is incalculable.

We are perhaps an industry in denial, and we have reached the end of our run. The stack-up on runways is unsustainable. We will continue to work vigorously to expand infrastructure to meet demand wherever that is possible. But we must balance the use of the infrastructure we actually have, to reduce congestion and to reduce emissions.

It is important to recognise that it is not the environmental debate alone that impedes the air transport industry from providing the infrastructure for the future that can alleviate environmental impacts. There are many other restrictions and deterrents. These include:

- having sufficient real estate available for expansion,
- traffic rights and outdated bilateral restrictions,
- operational limitations such as curfews,
- air traffic management restrictions,
- aircraft production capacity to meet demand,
- unexpected external events – health, geopolitical, natural disaster – which require time to rebuild the business,
- And let's not forget human factors: will we be able to recruit and train enough qualified personnel (controllers, pilots, mechanics, ground handlers, airport management staff)?

With these many variables in mind, I will turn to the question of what airports can do to balance the flow of traffic in an environmentally responsible way. Clearly airports must consider economic incentives as well as other avenues of endeavour to encourage the most efficient use of airport facilities. Three options available to airports are slot optimisation, peak charging schemes and noise reduction incentives.

Slots are the primary means available to limit congestion administratively. Airports strongly prefer to optimise the use of slots, not limit them. Scheduling co-ordination and allocation of airport slots maintains a degree of coherence and stability in international air transport. However, with a few exceptions, the procedures and processes of slot allocation are still dominated by the interests of individual airlines. At London Heathrow – the world's busiest international airport – the lack of control that BAA has over its slots means that there are still airlines flying 50- seat aircraft into an airport running at 98.5% full – this is not optimum use of capacity.

The airport operator must be allowed a strong role in the efficient allocation of slots to airlines, balancing available capacities with the hourly movement rates for runways (aircraft movements), terminals (passenger movements) and aprons (number of aircraft parking stands)—and doing so in consultation with airlines, air traffic control and other appropriate authorities as necessary.

Given the increasing congestion at major airports, ACI supports adaptable, flexible charging structures for airlines and general aviation. Despite the best efforts of airport operators to expand their capacity to meet demand and remove artificial capacity restrictions, traffic peaking may reduce the effects of those efforts. This is a subject of serious concern for airport operators around the world.

We believe that the time has come to experiment with peak charging schemes for use at heavily congested airports. Many traditional carriers have resisted the concept out of resistance to change of the status quo and for competitive reasons. Let me remind you that the airlines themselves charge different fares at different hours of the day and different times of the year, and it works. Airports should be able to do the same – letting market forces distribute the load and reduce congestion. This is both good business practice and good environmental practice.

As I mentioned earlier, the issue of noise pollution is a particular challenge for airports, ATM providers and authorities who are attempting to deal with rising congestion and changing air traffic routes and procedures.

Aviation partners must continue to work cooperatively to address the noise issue, by reducing noise at source, by better land use management, by operating measures that reduce noise and by operational restrictions. The ACI Noise Index is designed to give airlines an incentive to use newer, more efficient aircraft. At Narita airport, during user charges negotiations, the airport switched from a landing charge regime, based solely on aircraft weight, to the ACI index for applying charges, giving greater benefit to quieter aircraft.

- For our part, the Airports Council International is highly proactive in supporting its members' in their commitment to environmental responsibility.
- Our airports are strongly supporting and participating in the Enviro.Aero initiative.
- We work actively at ICAO on the CAEP working groups. We fully support ICAO and encourage this global body to exercise its regulatory authority on aircraft noise and emissions to the fullest extent possible.
- ACI works with its members, developing policy guidelines and sharing best practice information. We also organise specialised training programmes for airport staff.

I am happy to tell you that all over the world, we can point to great examples of airports initiating ground-breaking environmental programmes, and several of these initiatives are detailed on our website. Their efforts cover a broad spectrum of programme areas, such as emissions reduction, using alternative energy supplies, energy-efficient terminals and other airport buildings, improved waste management, wildlife preservation, employee transport incentives, energy savings for aircraft at the gate.

There are several very innovative initiatives underway!

- Dallas Fort/Worth Airport already has converted most of its vehicles to run on alternative fuels. Phoenix, Los Angeles and many other airports are committed to the same programme.
- Zurich International Airport has installed fixed electrical ground power on all its aircraft stands and made its use mandatory.
- The airport operator in Sweden has committed to become totally carbon neutral in the next few years – and is on target to meet that goal.
- BAA in the United Kingdom invested in public transport some time ago and now around five and a half million passengers use the Heathrow Express train service each year, cutting significantly the number of cars travelling to the airport.
- Many airports have invested in 'smart building' terminal control technology which dramatically cuts down on energy use by regulating the lighting and air conditioning to respond to passenger arrivals and departures and replacing traditional sources of energy with alternative forms.
- Vancouver and San Francisco Airports have installed arrays of solar panels on their vast terminal roofs that will replace electricity from the national grid with the ultimate in renewable energy.
- Speaking of roofs... Melbourne Airport in Australia has coated the roof of its terminal in a revolutionary new paint. This reduces the internal temperature of the building by up to 15 degrees in summer, cutting air conditioning use by almost half.
- As I mentioned earlier, Narita Airport in Tokyo has successfully reduced its noise footprint by introducing an economic incentive in the form of differentiated landing fees for quieter aircraft. A few weeks ago, Frankfurt and Munich Airports announced a new initiative to charge more for older, more polluting aircraft – this starts from January next year and ACI will be monitoring its progress to determine if this is a model that could be used at other airports.

While the proportion of the industry's emissions that airports have direct control over is very small, each one of these projects helps to reduce the footprint of airports, one step at a time.

Let me sum up. A vision of rapid growth can scare people. For the communities near an airport, inhabitants are concerned about the impact in terms of quality of life. For others, those billions of passengers spell visions of

congestion, poor service and greater environmental impact of aviation. We have seen interest groups telling passengers to feel guilty about flying, hoping to shame them into flying less.

This is not a solution. It is a short-sighted tactic more than an answer to a serious issue.

The growing consensus, particularly here in Europe, is that the aviation industry must reduce its climate change impact or else we will be constrained by other means.

For all of us in air transport, the key issue is to compensate for growth through effective strategic planning, technological and operational improvements and judicious use of economic tools -- addressing the issue, not just with words, but with actions and solutions that produce results and demonstrate our commitment. We can do that, and we must do it together.