Dear Reader,

For many years now Zurich Airport has been open 365 days a year, even during the coldest winters and periods of exceptional weather. We are proud of our professional winter services organisation, on-call 24 hours a day, ready to free runways, taxiways and stands of snow and ice, enabling us to maintain reliable flight operations. Both airlines and passengers can rest assured that aircraft will be able to take off and land safely at Zurich Airport even during wintry weather. This issue of the Political Newsletter provides further information about our winter services organisation.

Our planning looks much further ahead than just the winter season, however. Flughafen Zürich AG is already having to give serious thought to the infrastructural changes necessary to ensure we can continue to efficiently handle the expected volume of flight movements in future. As things stand, the treaty on flights approaching Zurich Airport over German territory has been approved only by the Swiss parliament. The ratification process is still suspended on the German side. Operationally speaking, an upgraded East Concept with further restrictions on operating hours or additional safety requirements is the only feasible alternative. The necessary planning work is already underway to ensure we are ready in good time. With respect to runway extensions, the government and the parliament of the Canton of Zurich, and in my opinion also the Zurich electorate, will decide. You can find out more about our planning projects on the next page.

Flughafen Zürich AG is not only investing in the runway system, however, it is also investing in many other important buildings and equipment to ensure optimum airport operations. Following the opening of the central Security Check Building and the new Dock B in December 2011, Terminal 2 is now undergoing extensive upgrading. In carrying out this work, we are also simplifying processes and making them more efficient, and consequently more customer-friendly. Zurich Airport regularly receives awards for the high quality of its products and services – most recently it was voted “Europe’s Leading Airport” by the World Travel Awards for the tenth consecutive year.

Further interesting articles in this issue of our Political Newsletter include a guest contribution from State Secretary Marie-Gabrielle Ineichen-Fleisch, Director of the State Secretariat for Economic Affairs SECO, plus information on the implementation of the new EU regulations concerning the entry of nationals from third countries who are subject to visa requirements.

I wish you a stimulating read and all the best for the Christmas season.

Stefan Conrad
Chief Operation Officer
High-quality infrastructures and efficient processes

Every flight begins and ends at an airport. Airports are therefore an important interface between the airlines and their passengers, and also air freight customers, and perform an overarching allocative function. They provide the infrastructures required by a wide variety of stakeholders. Efficient processes, safe and robust operations, attractive infrastructures and friendly staff remain long in the memory of travellers.

The link to international markets is vital for the Swiss economy. To cite just a couple of key statistics, 1/3 of all exports by value leave Switzerland by air, and 1/3 of all overnight visitors from abroad travel to Switzerland by plane. To fulfil the mandate of the federal government to provide optimum direct connections to Europe and important global centres, and consequently satisfy market demand, the Federal Department of the Environment, Transport, Energy and Communications (DETEC) granted Flughafen Zürich AG the licence to operate Zurich Airport, a key element of Switzerland’s transport infrastructure, until 2051.

Private-sector company
Flughafen Zürich AG is a private-sector company whose origins go back to a referendum. On 28 November 1999, the electorate of the Canton of Zurich voted to transfer the company operating Zurich Airport into a company listed on the stock exchange. Since that date, private capital has provided the finance and borne the risk. The state, and therefore the taxpayer, no longer has to bear any financial risk. Flughafen Zürich AG finances its infrastructure itself, and Zurich Airport is one of the biggest employers and taxpayers in the Canton of Zurich. The canton has a share of 33.3% and the City of Zurich has a 5% share, so together they hold a stake of over 38% in the company.

One million francs – every day
To establish a first-class airport infrastructure capable of meeting the demand, since its privatisation Flughafen Zürich AG has invested around one million francs a day, primarily in infrastructure directly related to flight operations. To date the company has invested a total of around four billion francs. Almost 90% of this has been invested in plant and equipment with an operating life of 20 to 30 years. This testifies to our long-term planning horizon.

Investment in infrastructure
In order to make departure handling processes easier and more transparent for passengers, Flughafen Zurich AG constructed a centralised security check building.

At the same time, following temporary decommissioning and interim use, Dock B was rebuilt on the basis of the existing support structure as the most cost-efficient option. Dock B permits flexible handling of Schengen and non-Schengen flights on two levels at up to nine docking bays. Passengers get through passport control more quickly and consequently benefit from shorter transfer times. Airlines benefit as well from increased efficiency and greater flexibility in planning rotations. Flughafen Zürich AG is investing over 400 million Swiss francs in the implementation of these two projects.

With an investment volume of around CHF 220 million, currently the biggest single construction project is our comprehensive...
refurbishment of Terminal 2. Along with upgrading technology, above all we are renewing our operational infrastructure. This is centred on rebuilding the check-in hall to increase check-in desk capacity, which will reduce waiting times for passengers.

**Investment in hub infrastructure**

One of the biggest challenges for Flughafen Zürich AG is getting the right infrastructure in place to ensure that no bottlenecks arise during the few peak periods with high passenger frequencies. The airline SWISS runs its hub at Zurich Airport, the centre of its network of tightly coordinated short- and long-haul flights. Passengers benefit from very short transfer times, minimising the time required for their total journey by air. When passengers do need to wait a bit longer for a connecting flight, Zurich Airport provides an attractive environment with a high degree of comfort. This high-quality environment is much appreciated by passengers and helps the hub airline to position itself successfully in the global market. For the airport owner, however, this means that infrastructure such as terminals, aircraft stands or fast taxiways needs to be provided to cope with these periods of peak demand, even if it is little utilised during less busy periods. The vast majority of the three billion Swiss francs invested since privatisation, plus around another three billion francs to be invested over the next ten years, relate to requirements for operating an efficient hub infrastructure.

**Designing more efficient processes – win-win all round**

Although Zurich Airport already boasts a high-quality infrastructure, efficient processes and great user-friendliness, Flughafen Zürich AG is constantly striving to streamline processes further and make them even more efficient. We are always aiming to reduce costs for our partner companies too. Ultimately this boosts the competitiveness of Zurich as an aviation hub.
Reliable snow clearing at Zurich Airport

Zurich Airport is open 365 days a year, even during periods of extreme weather. Flughafen Zürich AG’s winter services ensure flights can continue to operate safely and efficiently even after heavy snowfall.

Environmentally sensitive
Finally, if necessary, the areas used for flight operations are also sprayed with de-icing agents (formates) in order to prevent the surfaces icing over. The formates used are very reliable, environmentally friendly and biodegradable. Salt is not used, as this would have a corrosive effect on the wings, engines and landing gear of aircraft.

Zurich Airport always open right through the winter
Our professional and well-equipped winter services team at Zurich Airport has ensured that Zurich Airport remained open for operation through all the winters in the past. This achievement is often underestimated. The airlines can rest assured that their aircraft will be able to safely take off, land and taxi to their stands at Zurich Airport even if snow has fallen.

Airlines benefit from the high quality of winter services
Closure of the airport due to snow on the areas used for flight operations would result in aircraft being diverted to other airports, with passengers then having to transfer to Zurich in replacement buses. This would incur high costs for the airlines, and the additional time required would greatly inconvenience passengers. In particular, the professional snow clearing service at Zurich Airport is a key competitive advantage for our hub carrier SWISS and the Star Alliance, guaranteeing that passengers can still make their transport connections even in wintry conditions.

From the middle of October to the middle of April each year, around 350 staff from the Airfield Maintenance department of Flughafen Zürich AG plus many external drivers, who all have other full-time jobs, as well as 120 vehicles and machines are available to be called up at any time.

Snow clearing from runways, taxiways and stands
As soon as the weather forecasts predict snow, clearing teams are organised the previous evening. They often begin clearing at 2:00 a.m. so that the runways, taxiways and stands are free of snow before the first flight lands at 6:04 a.m. The snow is cleared using convoys of sweeper vehicles one behind another. First a snow-plough pushes the snow off the surface, which is then brushed free of snow and ice. In a third step, a strong fan blows away any moisture.
The airport – a vital piece of foreign trade

Switzerland is an open economy with a strong focus on international trade. The limited size of the Swiss market forces Switzerland to look to foreign markets if its domestic economy is to achieve the necessary growth. The strategy for accessing new markets is based on a number of complementary pillars. On the one hand there are multilateral agreements under the auspices of the World Trade Organization, and on the other hand there are bilateral or regional free trade agreements. The former permit all WTO members access to certain markets without discrimination, while the latter enable a deepening of economic relations within a narrower framework.

Aviation plays a key role in international trade. The agreements cover all air transport services, with the exception of traffic rights and any services connected with the exercise of these rights. For certain sections of the Swiss economy, aviation plays a vital role. It is not only important for the export and import of goods, it is also crucial for the services sector. For instance, air transport is one of the links in the logistics chain and helps to connect enterprises in Switzerland with their partners and customers abroad.

The internationally relatively high prices of flight connections from Switzerland, due to some extent to the lack of competition, is a not insignificant cost factor for Swiss business. Additional flexibility for establishing flight connections would strengthen competition. The consequent positive price effects would on the one hand result in a welcome reduction in costs for business, and on the other hand would reinforce and enhance the position of Zurich Airport as an international hub.

Zurich Airport must endeavour to continually improve the services it provides under the prevailing conditions. It must continue to make every effort to offer an optimum price/performance ratio which does not create further cost disadvantages for Swiss companies competing internationally.

Marie-Gabrielle Ineichen-Fleisch
State Secretary, Director of the State Secretariat for Economic Affairs SECO
Introduction of Visa Information System

A bilateral agreement on civil aviation between Switzerland and the EU came into force in June 2002. Under this agreement, Switzerland must transpose all EU regulations and directives relating to aviation into national legislation within a specified period of time.

As a signatory to the Schengen Agreement and under the bilateral civil aviation agreement with the EU, Switzerland has until October 2014 to implement the “Visa Information System”. The Visa Information System is a system for exchanging data about short-stay visas between states within the Schengen Area.

**New rules create additional processes**

As well as performing various data checks, it will now also be necessary to take the fingerprints of passengers arriving at Zurich Airport. The new rules will apply to all passengers arriving in the Schengen Area who are not from a country that is a signatory to the Schengen Agreement and who consequently require a visa. This applies to approximately 20% of passengers arriving at Zurich Airport. As a result of the additional processes and data exchange with the central Schengen database, entry controls for these passengers will increase from 60 to approximately 90 seconds.

**Additional border control staff required**

Border controls at Zurich Airport are handled by the Zurich cantonal police. Flughafen Zürich AG expects from the Canton of Zurich that it will increase the number of officers provided for border controls when the new rules come into force. This is the only way to avoid longer waiting times on arrival and maintain a high standard of quality for passengers.
Planning the development of the runway system

The runway system at Zurich Airport has been continually developed since it went into operation in 1948, and has had its current form since the V-runway was introduced in 1976. The expansion of the runway system was necessary as a result of the advent of ever larger aircraft and the growing volume of air traffic. Ensuring the safe operation of flights was and is always a superior requirement.

Since the implementing regulation introduced in stages by Germany since 2001, operations at Zurich Airport have had to gradually adapt. In view of the possible implementation of the treaty on flights approaching Zurich Airport over German territory, it must be assumed that further extensive changes will be required. While the Swiss Parliament in June 2013 voted to ratify the treaty, in Germany the ratification process was suspended. At the request of Germany, a number of technical questions in connection with the treaty are being clarified. If the German Bundestag accepts the treaty and the presidents of both states ratify it, Switzerland will then need to implement the treaty.

Changes to the runway system required
Implementation of the treaty requires changes to the current runway system which are collectively referred to as the “upgraded East Concept”. The three main construction projects necessary are the extension of runway 28 to enable long-haul aircraft to land in adverse weather conditions, a taxiway around runway 28 to reduce runway crossings, and the extension of take-off runway 32 to enable even heavy long-haul aircraft to take-off without crossing runways.

Work arising from Sectoral Aviation Infrastructure Plan
The Sectoral Aviation Infrastructure Plan (SAIP), the federal government’s spatial planning instrument for civil aviation, consequently contains specific directives for Flughafen Zürich AG. For instance, Flughafen Zürich AG must set in hand applications for the necessary extensions to runways 28 and 32. To improve safety in connection with taxi-ing traffic crossing the runway, it is also required to take suitable measures to reduce the risk for take-offs and landings on runway 28.

Planning activities do not pre-empt political decisions
By commencing planning for the “upgraded East Concept”, Flughafen Zürich AG is taking the necessary steps to prepare for the political and economic decisions in order to reduce operational complexity and be in a position to meet the requirements resulting from implementation of the treaty. This planning process will take a number of years. Planning consent and realisation of the runway projects are dependent on various political decisions. Ahead of the federal government, first the Zurich cantonal government and parliament will decide on runway extensions – and ultimately also the Zurich electorate.
Traffic statistics

Passenger volumes at European airports in 2012
In 2012, 70.0 million passengers used Europe’s largest airport, London Heathrow. It was followed by Paris Charles de Gaulle, Frankfurt, Amsterdam and Madrid airports in second to fifth rank. With 24.8 million passengers, Zurich Airport ranked 11th.

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of passengers (in millions)</th>
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<tbody>
<tr>
<td>London (LHR)</td>
<td>70.0</td>
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<tr>
<td>Paris (CDG)</td>
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<tr>
<td>Frankfurt (FRA)</td>
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<td>Amsterdam (AMS)</td>
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<td>Munich (MUC)</td>
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<tr>
<td>Oslo (OSL)</td>
<td>22.1</td>
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</table>

In 2012, 70.0 million passengers used Europe’s largest airport, London Heathrow. It was followed by Paris Charles de Gaulle, Frankfurt, Amsterdam and Madrid airports in second to fifth rank. With 24.8 million passengers, Zurich Airport ranked 11th.

Traffic volumes at Zurich Airport
19,026,390 passengers used Zurich Airport in the first three quarters of 2013. This corresponds to a slight increase of 0.3% compared with the same period last year. The number of local passengers rose by 2.1% to 12,688,369. During the same period, the number of transit passengers dropped 3.1% to 6,268,368. At 200,389, the number of flight movements during the first three quarters of 2013 saw a year-on-year fall of 2.8%. 309,649 tonnes of freight were handled.

Traffic trends at Zurich Airport in the first three quarters of 2013

<table>
<thead>
<tr>
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<th>2013</th>
<th>2012</th>
<th>Change in %</th>
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<tr>
<td></td>
<td>January–September</td>
<td>January–September</td>
<td>2013 compared with 2012</td>
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<td>Local passengers</td>
<td>12,688,369</td>
<td>12,426,862</td>
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<tr>
<td>Transfer passengers</td>
<td>6,268,368</td>
<td>6,472,144</td>
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<td>Share of transfers</td>
<td>33.0%</td>
<td>34.2%</td>
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<td>Total passengers</td>
<td>19,026,390</td>
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<td>Flight movements</td>
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<td>-2.8</td>
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<tr>
<td>Freight (in tonnes)</td>
<td>309,649</td>
<td>313,118</td>
<td>-1.1</td>
</tr>
<tr>
<td>Mail (in tonnes)</td>
<td>26,398</td>
<td>25,628</td>
<td>3.0</td>
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</tbody>
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1 incl. transit, general aviation and other

Source: Flughafen Zürich AG

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