Dear Reader,

The inhabitants of Switzerland have once again shown that they are keen travellers. Despite a fantastic summer at home, many felt the pull of faraway places. As a result, on 19 July this year 96,786 passengers passed through Zurich Airport – more than ever before on a single day.

The Swiss hotel industry, on the other hand, is being severely tested. After the Swiss franc rose so sharply against the euro and has remained strong since the beginning of the year, Switzerland simply became unaffordable as a holiday destination for many foreign tourists. By constantly innovating and improving our efficiency, by providing a friendly and above-average service quality, together with the hotel industry we as an international airport must strive to create a good first impression of our country for every visitor so that Switzerland can remain an attractive destination. Our politicians must also ensure that the Swiss hospitality sector is not additionally encumbered by administrative red tape. A favourable economic framework is essential in these challenging times. See the article by our guest contributor, the President of the Swiss Hotel Association hotelleriesuisse, for more on this subject.

The aviation industry in Switzerland also needs a favourable regulatory environment in order to be able to compete internationally. The Swiss Federal Council is currently in the process of revising the 2004 aviation policy report and defining new strategic policy guidelines for the next decade. As they provide access to both European and intercontinental destinations, the international airports of Basel, Geneva and Zurich are part of Switzerland’s basic infrastructure. What is now required is a strategy that will enable these international airports to develop in line with demand and ensure that Zurich’s intercontinental hub can compete with other medium-sized air transport hubs in Europe.

The Zurich Government Council is setting an example. It supports the popular initiative “Give people the vote on runway modifications” and has called on the Cantonal Parliament to approve it. The Government Council is in favour of allowing the people to have the final say on any runway extensions at Zurich Airport. Flughafen Zürich AG welcomes this decision of the Government Council and trusts that the Cantonal Parliament will give it sympathetic consideration.

Cooperating with the airport’s neighbouring communities is extremely important to us, which is why we always seek direct dialogue and discuss complex matters with the authorities whenever there are significant new developments or consequential decisions to be taken. Only together will we be able to steer Zurich Airport into a successful future as part of Switzerland’s essential infrastructure. We look forward to continued constructive cooperation with policymakers at all the various political levels.

We wish you a stimulating read.

Joana Filippi
Head Public Affairs
Clear political commitment to aviation needed

The federal government is currently reviewing and refocusing its aviation policy. Zurich Airport’s capacity is already exhausted at peak periods. Particular attention should therefore be paid to Zurich Airport’s role as an intercontinental aviation hub. If it is to continue successfully performing this role in future, Flughafen Zürich AG will need a regulatory environment that allows for demand-led further development. The aviation policy report must put the necessary conditions in place in the interests of the Swiss economy as a whole.

Since it will remain in force for at least ten years, the Swiss Federal Council’s aviation policy report is the key pillar on which the further development of Swiss aviation rests. Since the first aviation policy report was issued by the Federal Council in 2004, the aviation industry and the environment in which it operates have rapidly evolved. This is why the federal government is reviewing its aviation policy and redefining it for the next decade.

Zurich Airport needs a favourable regulatory environment

Supporting 280 companies and around 25,500 jobs, Zurich Airport is the most important element of Switzerland’s civil aviation infrastructure. With approximately 265,000 flight movements and 25.5 million passengers, it handles more than half of all Switzerland’s air transport, makes a substantial contribution to the economy and provides access to the world’s major cities. If Zurich Airport is to survive in competition with other European hubs and ensure Switzerland continues to have access to international markets in future, Swiss aviation policy must be fit for purpose.

Capacity already limited at peak periods

The existing runway system at Zurich Airport has not changed since 1976 - despite the fact that passenger numbers have since increased almost five-fold and the number of flight movements have more than doubled. In addition, more and more security regulations and various politi-
cally motivated restrictions are constraining flight operations at Zurich Airport. As a result, Zurich Airport is already operating at the limits of its capacity during peak periods. Due to the efficient planning of aircraft rotations, if there are delays during the morning it is often not possible to catch up during the course of the day. In some cases flights can be pushed right back into the late evening. What is indisputable is that the existing system can no longer cope with the rising demand at peak times.

Flughafen Zürich AG therefore expects the new aviation policy report to set out a clear strategy for overcoming the capacity bottlenecks at Zurich Airport. In particular, the report should specify what laws and regulations need to be amended in order to implement specific development steps and measures.

**Spatial planning coordination**

One key prerequisite for the further development of the airport’s infrastructure is forward-looking spatial planning coordination of settlement areas and transport. To enable a transport infrastructure of national importance such as Zurich Airport to develop in line with demand, it is necessary to take steps today to secure the necessary land. It is also necessary to correct the situation where much stricter noise protection legislation applies to aviation than to other forms of transport.

When drafting the Sectoral Aviation Infrastructure Plan for Zurich Airport, the lack of coordination between settlement areas and transport has resulted in years of deadlock. Flughafen Zürich AG would therefore like to see the federal government take more of a lead in this area and accord Switzerland’s intercontinental hub its due importance.

**Sovereign security costs must be borne by the Confederation**

Zurich Airport must not only be in a position to meet the future demand for flights, it must also be able to compete with other European hubs. The aviation policy report must therefore include a clear commitment by the federal government that it will pay the sovereign security costs arising. At most of the European hubs with which Zurich Airport is competing, it is the respective governments that pay for such services.

If the federal government fails to put solutions at the strategic level in place soon, Zurich Airport will no longer be able to cope with the forecast demand in future. This would have significant negative consequences for Switzerland as a business location.
Charges at Zurich Airport:
Many services plus high-maintenance infrastructure

As a licence holder of the federal government, Flughafen Zürich AG operates the largest airport in Switzerland, providing a capital-intensive, high-quality transport infrastructure that has garnered many awards. To finance this infrastructure, Confederation as licenser grants Flughafen Zürich AG the right to levy charges. To maintain its ability to make long-term investments, these charges must cover its costs. Cross-subsidies from profits made in its retail operations must remain within reasonable limits.

36 francs and 40 centimes. That is what a departing local passenger currently pays in passenger charges at Zurich Airport. So what exactly does this pay for? It begins already when arriving at the airport: immediately after exiting the SBB train station or the motorway, passengers are in Flughafen Zürich AG’s buildings or on its road network and are using its infrastructure right up to the point where they board an aircraft. Not quite everything is financed by these passenger charges, however. Retail stores pay rent, the airlines and ground handling companies pay usage fees for the use of the infrastructure required for their various services (e.g. baggage sorting system, check-in machines, etc.), and every landing aircraft pays landing and parking charges. However, since they account for around two-thirds of all revenue from aviation operations, the passenger charges form the largest part.

14 francs and 50 centimes earmarked for security
A substantial portion of passenger charges is comprised of a specific security charge of 14 francs and 50 centimes. This covers all security expenses. As well as the salaries of some 1000 cantonal police officers who are responsible for passenger security checks, it also covers costs relating to national security requirements such as securing the whole of the airport’s perimeter (with a fence almost 20 kilometres long surrounding an area of 880 hectares). In contrast to most airports abroad, in Zurich these national costs are not paid for by the state, but are offloaded onto the airport and passengers.

Runways, taxiways, roads, terminals and a cable railway
Of the remaining income, 90 centimes are used to finance the infrastructure and services for passengers with reduced mobility which are provided free to users, a customary social levy all over the world. This leaves the remaining 21 francs plus revenues from aircraft landing and parking fees to finance the construction, operation, maintenance and cleaning of three runways with a total length of 9.5 kilometres, numerous taxiways plus both airside and landside roads. Added to these are three terminals with a total of 88 gates (of which 24 are bus gates) and 48 remote stands. Around 30 buses, 80 bus service staff, and the most-used cable railway in Switzerland, capable of transporting up to 8000 passengers an hour between Dock E and the Airside Center, are used for safely transporting passengers around the airport. The fire brigade is on call to respond to emergencies and guarantees to reach any point on the airport within three minutes.

Highly subsidised by retail revenues
Usually 21 francs would not be enough to gain entry to a museum or take a trip in a cable car. Clearly, therefore, this income alone is not sufficient to refinance the high-maintenance infrastructure of the airport. Consequently, today up to 30 percent of the economic profit from the retail business side is used to subsidise the aviation infrastructure. This cross-subsidy means that the cost of operating the infrastructure is just covered and no more. Any increase in this percentage would jeopardise long-term investment, create disincentives, threaten the long-term viability of such cross-subsidies, and therefore ultimately result in higher charges for passengers and airlines.
The effort is worth it

Andreas Züllig

It was 50 years ago that I first stood at Zurich Airport. Not to go on a journey, but just to get a look at aeroplanes very close up. And I was indeed deeply impressed by these technological wonders. But what fascinated me even more back then was the atmosphere. That magical mood somewhere between new departures and wanderlust, farewells and arrival. These childhood memories have long since rather faded, but Zurich Airport is still a place I like to hang out. At the same time, the importance of Zurich Airport for Switzerland, and in particular for the Swiss economy, has grown enormously. Four million tourists a year now arrive in Switzerland by air via Zurich-Kloten. While they stay in our country, they spend an estimated two billion francs. This represents a quarter of all spending by foreign visitors to Switzerland. 150,000 jobs in tourism and related sectors depend on them.

Tourism gateway to Switzerland
The importance of Zurich Airport is constantly growing as more and more visitors - especially also from countries outside Europe - are arriving in Switzerland by air. From Zurich-Kloten, tourists not only very quickly reach traditional Swiss holiday regions, but also the cities, which are becoming increasingly important for Swiss tourism as well. The trend towards ever shorter stays and European weekend breaks underscores the standing of the airport as the gateway to the tourist destination Switzerland and to the Swiss hotel industry.

First impressions count
We all know how important that first impression a visitor gets of a tourist destination is. What is the service like? Are staff friendly and helpful? Are connecting trains punctual and clean? Good onward transport links to the final destination smooth the journey for the visitor, making Switzerland even more attractive and competitive as a tourist destination. This applies not only to holiday tourism, but also especially to business tourism, for which a well-run airport, short distances and attractive hotels are essential prerequisites.

Favourable operating conditions are vital
Our competitors abroad are not sleeping on the job. Beautiful mountain peaks and sparkling lakes alone are not going to cut the mustard. Besides the concerted efforts of everyone in the tourist industry, Swiss tourism also needs political support. The freedom to travel to Switzerland must remain as unlimited as possible. Too much administrative red tape acts as a disincentive and damages Switzerland as a business location. As these make travel much easier, we also need direct flights for our visitors from distant countries.

Our task as first actors in the tourist and hotel industries is to do our entrepreneurial homework and deliver our high-quality services as efficiently as possible. I expect our new national parliament to recognise the importance of tourism, and especially also of Zurich Airport, and to provide a favourable environment. The effort is worth it: the more visitors come, the more we will all benefit. So let us all do our bit to ensure that this remains so, and that our visitors from all over the world are just as impressed by the great atmosphere at Zurich Airport as I was 50 years ago.

Andreas Züllig
President hotelleriesuisse and host
Zurich Government Council recommends acceptance of popular initiative “Give people the vote on runway modifications!”

At the beginning of November the Government Council of the Canton of Zurich presented the popular initiative “Give people the vote on runway modifications!” to the Cantonal Parliament. Submitted by a broad-based committee, the initiative had been declared valid in August and was presented to the Parliament with the recommendation that it be accepted. Flughafen Zürich AG welcomes and supports this decision and calls on the Cantonal Parliament to accept this recommendation and consequently ensure that Zurich voters will have a say at any rate with regard to possible runway changes.

Around eight months after the “Give people the vote on runway modifications!” popular initiative signed by almost 10,000 voters was submitted, the Government Council of the Canton of Zurich also expressed its support. It recommended that the Cantonal Parliament should accept the initiative without any counter-proposal.

**Gap in airport legislation to be plugged**

With this decision, the Government Council is also clearing the way for a gap in the existing legislation to be plugged. In its report, the Council explicitly notes that the introduction of a right to a referendum which is linked to this initiative does not represent an unwanted special rule in the event of a negative decision by the Cantonal Parliament, but rather the special rule created with the Airport Act would round off the democratic right of consultation on decisions taken by a private company. In its report on the validity of the initiative, the Government Council also points out that neither the constitution nor the Federal Supreme Court stand in the way of such a referendum against negative decisions. In fact, the Supreme Court expressly leaves it up to cantonal legislatures to introduce such a law.

**Speedy decision by Cantonal Parliament needed**

Flughafen Zürich AG is pleased by this decision and the strengthening of citizens’ rights it represents. It is convinced that in the long term, successful operation of the airport’s infrastructure is only possible with the support of the whole population. The initiative creates the necessary conditions for this. It therefore calls on the Cantonal Parliament to make a decision on the initiative quickly and to accept it for the sake of its voters.
Transparent information for surrounding communities

For Flughafen Zürich AG, providing timely, comprehensive and transparent information to the local authorities in the communities directly impacted by Zurich Airport’s operations is important. Flughafen Zürich AG therefore regularly informs politicians and administrators in the respective municipalities about planned construction work and upcoming procedures. As well as passing on information, the regular and constructive exchange of views is also a key element.

By its very nature, the operation of an economically important transport infrastructure such as Zurich Airport has an impact on neighbouring communities. Besides the positive effects in the form of jobs, high economic added value for the region and good transport links, the surrounding communities and towns and their inhabitants are also affected by noise-related spatial planning restrictions, or they may be entitled to sound insulation measures or compensation due to noise limits being exceeded.

2015 sound insulation programme: Extensive information tour
As part of its obligations for financing sound insulation measures in areas where noise exposure limits are exceeded, in the summer of 2015 Flughafen Zürich AG (FZAG) submitted an additional sound insulation programme to the Federal Office of Civil Aviation (see also Political Newsletter 28). To prepare the affected communities for the public consultation and clarify as many potential questions as possible in advance, FZAG’s experts and staff responsible for political issues personally visited all 27 of the communities affected by the programme to inform them in detail about the measures and what they entailed, and to set out the next steps in the process. This information tour follows on last year’s orientation meetings in the communities directly affected by the 2014 operating regulations and thus continues this tradition.

Direct dialogue fosters trust and cooperation
These personal discussions are not only aimed at conveying factual information, they are also intended to foster trust in FZAG’s activities. Personal contact is used to give the relevant officials in the communities the opportunity to get to know representatives of the airport operator and exchange views. They are invited to put questions on current flight operations and trends, FZAG’s activities and their impact directly to the responsible members of staff at any time. These short communication lines help to avoid ambiguities and misunderstandings, as well as encourage better cooperation. For it is only together with all those affected that Flughafen Zürich can look forward to a successful future that is profitable for all.
Traffic statistics

Passenger volumes at European airports in 2014
In 2014, around 73.4 million passengers used Europe's largest airport, London-Heathrow. Zurich Airport was overtaken by Copenhagen Airport and is now the twelfth largest in Europe. Zurich and Copenhagen have been running neck and neck for some years now. Copenhagen is currently benefiting from the expansion of its home carrier SAS and from new offerings in the low-cost segment.

Traffic trends at Zurich Airport in the first three quarters of 2015
20,032,206 passengers used Zurich Airport in the first three quarters of 2015, which represents a rise of 3.3% over the same period last year. The number of flight movements increased slightly by 0.3%. The volume of air freight declined by 4.6%, while the amount of airmail handled fell substantially by 20.4%.

### Traffic statistics

#### Passenger volumes at European airports in 2013 and 2014

<table>
<thead>
<tr>
<th>Airport</th>
<th>2013 (in millions)</th>
<th>2014 (in millions)</th>
<th>Change in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>London Heathrow</td>
<td>73.4</td>
<td>73.4</td>
<td>0</td>
</tr>
<tr>
<td>Paris Charles de Gaulle</td>
<td>56.7</td>
<td>56.5</td>
<td>–0.4</td>
</tr>
<tr>
<td>Frankfurt</td>
<td>30.4</td>
<td>30.7</td>
<td>1.0</td>
</tr>
<tr>
<td>Amsterdam</td>
<td>23.8</td>
<td>23.9</td>
<td>0.4</td>
</tr>
<tr>
<td>Madrid</td>
<td>22.4</td>
<td>22.2</td>
<td>–0.9</td>
</tr>
<tr>
<td>Munich</td>
<td>21.8</td>
<td>22.0</td>
<td>0.9</td>
</tr>
<tr>
<td>Rome Fiumicino</td>
<td>21.2</td>
<td>21.3</td>
<td>0.5</td>
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<tr>
<td>London Gatwick</td>
<td>19.1</td>
<td>19.1</td>
<td>0.0</td>
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<tr>
<td>Barcelona</td>
<td>17.4</td>
<td>17.4</td>
<td>0.0</td>
</tr>
<tr>
<td>Paris Orly</td>
<td>16.8</td>
<td>16.6</td>
<td>–1.2</td>
</tr>
<tr>
<td>Copenhagen</td>
<td>15.9</td>
<td>15.7</td>
<td>–1.3</td>
</tr>
<tr>
<td>Oslo</td>
<td>11.4</td>
<td>11.1</td>
<td>–2.7</td>
</tr>
<tr>
<td>Palma de Mallorca</td>
<td>9.9</td>
<td>9.6</td>
<td>–3.1</td>
</tr>
<tr>
<td>Stockholm</td>
<td>8.9</td>
<td>8.6</td>
<td>–3.4</td>
</tr>
<tr>
<td>Vienna</td>
<td>8.2</td>
<td>8.0</td>
<td>–2.4</td>
</tr>
</tbody>
</table>

Source: ACI (Airports Council International)

### Traffic trends at Zurich Airport in the first three quarters of 2015

<table>
<thead>
<tr>
<th>Category</th>
<th>2015</th>
<th>2014</th>
<th>Change in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local passengers</td>
<td>14,267,297</td>
<td>13,384,921</td>
<td>6.6</td>
</tr>
<tr>
<td>Transfer passengers</td>
<td>5,710,742</td>
<td>5,943,460</td>
<td>–3.9</td>
</tr>
<tr>
<td>Total passengers ²</td>
<td>20,032,206</td>
<td>19,388,989</td>
<td>3.3</td>
</tr>
<tr>
<td>Flight movements</td>
<td>202,110</td>
<td>201,511</td>
<td>0.3</td>
</tr>
<tr>
<td>Freight (in tonnes)</td>
<td>305,243</td>
<td>319,993</td>
<td>–4.6</td>
</tr>
<tr>
<td>Mail (in tonnes)</td>
<td>19,766</td>
<td>24,846</td>
<td>–20.4</td>
</tr>
</tbody>
</table>

¹ incl. transit, general aviation and other

Source: Flughafen Zürich AG

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Publication details

Texts prepared by Flughafen Zürich AG

Printing:
www.bmdruck.ch

© Flughafen Zürich AG
P.O. Box, CH-8058 Zurich-Airport
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www.zurich-airport.com