Dear Reader,

Owing to the global interconnectedness of business, culture and science, along with increasing holiday travel, the demand for aviation services at Zurich Airport continues to rise. To enable the airport to reliably handle this demand into the future, long-term development perspectives are needed. One key public policy instrument underpinning its long-term development is the Confederation’s Sectoral Aviation Infrastructure Plan (SAIP). The SAIP detailed plan for Zurich Airport has now been published – it sets out the framework for the operation and infrastructure of the airport and the parameters within which it must operate.

In the proposed draft, various minor measures address current operational issues. For instance, punctuality during peak times will be improved, complexity will be reduced and the safety margin will be increased. Flughafen Zürich AG welcomes this. However, since the SAIP was intended above all to serve as a spatial planning instrument to create long-term planning certainty for all stakeholders, we would have also liked to see something about the long-term development of the airport in line with demand forecasts. Sadly, this has not been addressed. If, however, we want to preserve the present high quality of our airport, then honest, forward-looking planning is required.

At the same time, long-term growth should not be at the expense of limited natural resources. The aviation industry is committed to continually reducing emissions and is also setting ambitious climate protection targets. For example, compared with 1991, CO2 emissions from airport infrastructure have already been reduced by more than 40 percent. And Flughafen Zürich AG has set specific climate protection targets aimed at achieving further reductions in CO2 emissions by 2030.

Another aviation policy instrument is currently being considered by the National Council, namely the partial revision of the Federal Aviation Act (known as “LFG1+”). As it also includes measures for improving safety, Flughafen Zürich AG is in favour of the proposed revision and is calling for its swift implementation. Likewise, implementation of the Swiss aviation policy report (LUPO) as approved by the Federal Council in February 2016, which seeks to strengthen aviation as a keystone of Swiss transport policy, should be set in hand without delay.

I wish you a stimulating read.

Stephan Widrig
CEO Flughafen Zürich AG
Sectoral Aviation Infrastructure Plan (SAIP) for Zurich Airport

In the detailed plan for Zurich Airport specified in the Sectoral Aviation Infrastructure Plan (SAIP), the Confederation sets out the general operating conditions for the future development and operation of Switzerland’s largest airport. Although some significant improvements with respect to safety margins and the punctuality of flight operations have been made, the recently published draft does not address the measures necessary to meet current and future demand. Without a moderate increase in capacity, especially at peak times, Switzerland is at risk of gradually losing its attractiveness as a business and tourist location.

While the demand for aviation services has risen sharply in Switzerland over recent decades, the available capacity of its international airports has largely stagnated. For instance, since its third runway came into operation in 1976, Zurich Airport’s capacity has hardly changed at all, and in fact has actually decreased over the last few years due to more stringent safety requirements and the restrictions imposed by Germany on overflying its airspace. During the same period, the number of passengers has almost quadrupled from around 7 million to over 26 million, and the number of flight movements has almost doubled from just under 140,000 to nearly 270,000.

Demand continuing to rise
According to the Confederation’s latest forecasts, demand in the aviation sector is expected to slow in comparison with the last 40 years. However, owing to increasing internationalisation, population growth, higher average earnings - especially in growth markets in Asia – and the popularity of travel generally, growth is still set to remain high at around 2 to 3 percent per year. In its aviation policy report, the Confederation acknowledges this expected future growth and expresses its commitment to the growth of aviation in Switzerland in line with demand. In the detailed plans under the Sectoral Aviation Infrastructure Plan (SAIP), the federal government is seeking to create the conditions that will enable the individual airports to continue fulfilling their mandate in future, taking demand forecasts into account.

Solution for current problems
The measures set out in the present draft will enable the most urgent operational issues relating to safety and delays to be resolved. Specifically, by making some adjustments to routes, it will be possible to stabilise the capacity reductions determined by more stringent safety requirements, and increase capacity slightly as well. In addition, the new concept for north-easterly winds (“bise”) and fog allows for streamlining the respective flight paths and hence greatly reducing complexity. This package of measures contributes to a stabilisation of air traffic at Zurich Airport - especially in poor weather - and consequently helps to avoid delays. Flughafen Zürich AG welcomes the measures proposed in the SAIP which increase safety margins and improve punctuality at peak times thanks to this reduction in complexity. Other elements permit a modest expansion of capacity.

Lack of forward-looking planning
In its revised aviation policy report in February 2016, the Confederation stated that, as a keystone of Switzerland’s transport infrastructure, aviation should be strengthened and that the demand for air transport would continue to grow. It also highlighted the great economic benefits of Zurich Airport. The present SAIP detailed plan for Zurich Airport focuses on current issues. The function of the SAIP, however, is to map out long-term spatial planning. The current SAIP draft does not offer any solutions for alleviating already existing capacity bottlenecks during peak daytime hours, nor does it address how the demand predicted for the medium and long term can be satisfied - even though the forecasts clearly indicate that these bottlenecks will further worsen. If future demand is to be met, another revision of the SAIP is inevitable. This approach does not provide any long-term planning certainty. Politicians must therefore take action to specify forward-looking spatial planning parameters.

High-powered business location needs competitive airports
Thanks in particular to the successful hub operation of Swiss International Air Lines, Switzerland currently benefits from direct
connections to the world’s major cities. These direct flights mean that our country enjoys above-average accessibility and consequently make it an attractive location for companies. If Switzerland is to maintain its excellent links to the world, solutions that will allow Zurich Airport some moderate growth in line with demand forecasts are needed. Failing to offer solutions that address this issue may not have any noticeable impact in the short term, but over the medium to long term it will gradually erode Switzerland’s appeal as a location, and also create legal and planning uncertainty for local residents and communities as well as for the airport operator itself.

Politicians called on to create planning certainty

To allay these uncertainties, one of the most important functions of the SAIP is to safeguard the spatial planning aspects of realistic and politically desirable development of the forecast air traffic in the long term. As rightly stated in the aviation policy report, the Federal Council wishes to allow the country’s most important international airport a moderate degree of growth. In view of this, it is essential to put at least the conditions in place to enable the airport to meet demand during the midday peak. This is crucial if the airport is to operate successfully as a hub. Only if this is done honest, forward-looking planning will be possible to create the necessary legal and planning certainty for all concerned. To facilitate reliable long-term planning, these key aspects must thus be taken into account in the current SAIP process and included in the detailed plan for Zurich Airport.
Swift implementation of revision 1+ to the Federal Aviation Act

Flughafen Zürich AG welcomes the changes and measures anticipated by the current revision of the Federal Aviation Act. As well as enabling the airport operator to better fulfil its mandate, the measures will help to further improve safety. Therefore, it is vital to implement them without delay. In such a rapidly evolving sector as aviation, remaining at a standstill is equivalent to going backwards, so improving the framework within which the airport operates will remain a high priority even following this partial revision.

With this further partial revision of the Federal Aviation Act, the Federal Council is seeking to build on its efforts to update aviation legislation in Switzerland begun with the first partial revision. Following some widely divergent responses during the consultation phase, it scaled back its originally planned partial revision 2 to the present partial revision 1+ (known as LFG1+). Flughafen Zürich AG welcomes the fact that controversial proposals such as the withdrawal of operating licences or reversion of airport installations have been dropped as this will allow important, broadly uncontroversial modifications to be agreed and implemented swiftly. The airport operator will thus be in a better position to fulfil its mandate, and various measures that have a positive impact on safety can be quickly put into operation.

Security measures adapted to meet modern-day challenges

Two changes in this respect should be highlighted in particular. Firstly, the structures are now in place that will allow the airport owner to be notified directly of any offences or ongoing proceedings in relation to people holding an airport ID card. Secondly, deliberate evasion of the airport’s security procedures is now a criminal offence. These two initiatives help to further increase security at airports and adapt security measures to meet modern-day political and social challenges.

Rigorously pressing on with projects already started

On the other hand, some important objectives of the wide-ranging revision as originally envisaged have had to be dropped. From the point of view of Flughafen Zürich AG, these specifically include measures to shorten the lengthy proceedings – sometimes lasting years – relating to the further liberalisation of air traffic control and safety aspects, as well as measures to strengthen the Sectoral Aviation Infrastructure Plan at the legislative level: this would create the basis for more reliably balancing diverse interests during approval processes. This need to continually improve the framework conditions for aviation, as set out in the aviation policy report, to modify them in line with current developments, and hence to create an environment in which aviation can thrive in Switzerland, will therefore be an ongoing task. So even once this important work in connection with the current partial revision has been completed, further adjustments will be necessary and will have to be tackled swiftly.
Modern-day tourism is inseparable from air travel. More than half of all visitors to Switzerland travelling by air arrive at Zurich Airport. Last year saw another rise in the number of scheduled flights for Zurich airport, as well as for the country’s other airports in Geneva, Basel and Bern. Given this importance, from a tourism point of view it is especially important that this gateway to the country already presents a “typical” slice of Switzerland from the very outset. It does this in a number of ways. For instance, the minute they disembark, visitors are bombarded with the “achievements” of Switzerland: chocolate, pocket knives, watches and much more besides which fits in with the clichés many foreigners have about our country. To returning Swiss citizens, all this may perhaps seem too stereotypical and over-the-top, embodying rather too much “Swiss-ness”. However, it meets the expectations of visitors which we have carefully cultivated in our marketing of Switzerland as a dream destination with pristine mountain landscapes, rich traditions and high security. And not without reason. What other country can offer, within such a small geographical area, culture, urban living and a wide variety of sport and leisure activities set in a unique and diverse landscape? And if we are honest, even the welcome yodel of the “Heidi-Bähnli” at Zurich Airport engenders warm homecoming feelings in many a Swiss citizen returning home after a long absence.

Just as the airport projects well-known Swiss symbols and folklore, it also stands for a whole other side of Switzerland: for excellent infrastructure that works like clockwork (a theme that is continued in the reliable and widely admired rail connections directly at the airport), for technical innovation, for precision, and for much else that characterises Switzerland as a location for business, research and production. Switzerland is regularly found in the top rankings for innovation thanks to its flexibility and its pioneering spirit – Solar Impulse is just one of many trail-blazing projects that we could mention. Innovation can be found everywhere in our country – in technology, in research, and even in tourism. Indeed it is said that tourism has its origins here.

The airport combines, as few other hubs, a wide variety of aspects of our small but scintillating country: in a thrilling mix of adventure and excitement, business and activity, farewells and homecomings, traditional and fairy-tale worlds, every time one passes through the airport one experiences a kind of “quintessential Swissness” – whether we are arriving, departing or simply stopping off for a spontaneous quick visit.

So let’s take care of this gateway from and to the rest of the world, for it is real, tangible and visible proof of an open, welcoming and modern Switzerland!

Barbara Gisi
Director, Swiss Tourism Federation
Strong aviation – fundament of the Swiss economy

For Switzerland as an export nation and companies based here, aviation is a primary locational factor. In order to maintain their excellent links to the world’s major economic centres into the future, its airports must have scope to develop in line with demand. At the 6th Swiss Aviation Congress hosted by the Swiss Business Federation economiesuisse, a number of eminent speakers highlighted the vital importance of aviation for Switzerland as a business location and called for action from politics.

As a land-locked country, there can scarcely be another country whose economy is so greatly dependent on a dense network of direct flight connections to global economic centres. With a transport capacity of around 50 million passengers and over 600,000 tonnes of freight, aviation is of colossal importance to the Swiss economy. The three international airports in Zurich, Geneva and Basel are consequently infrastructures of national importance.

Rising demand for air transport

The strategic importance of aviation for Switzerland as a business location was highlighted by economiesuisse President Heinz Karrer on opening the congress. “The demand for air transport is set to rise in Switzerland too”, said Karrer. The challenges now were therefore to create the conditions in which aviation infrastructures could keep pace with the rising demand. If we failed to do that, direct connections would move to other hubs and Switzerland would gradually lose its importance as a business location.

Aviation is vital for Switzerland as an export nation

This was confirmed by Dr Christoph Franz, Chairman of the Board of Directors of Roche: “Aviation is vital for Switzerland as an export nation to enable its companies to compete globally. The Swiss economy needs a strong aviation sector which is constantly modernising and expanding its infrastructure to meet demand.” A globally active pharmaceuticals enterprise was dependent on functioning air transport. And this applied not only to passenger transport, but to air freight as well: pharmaceutical products represented 45% of all exports. Owing to the lack of capacity, an increasing volume of these products were being taken by road to other European hubs where they were transferred onto aircraft. Already today there were considerable capacity bottlenecks at peak hours at Zurich and Geneva airports. These would only get worse in the coming years if the infrastructure could not be expanded in line with demand.

Zurich Airport – a major trump card for the Zurich economic region

Government Councillor Carmen Walker-Späh, Head of the Department of Economic Affairs of the Canton of Zurich, expressed the view that, with its dense network of direct flights and the fact that it was possible to reach the centre of Zurich within nine minutes, Zurich Airport, was a major trump card for the Zurich economic region when competing against other European business centres. The majority of the Zurich electorate were basically behind the airport. The voters had demonstrated that, for instance, by opposing a referendum proposal to restrict the number of flight movements to 250,000.

Punctual flights are in the interests of all Switzerland

Federal Councillor Doris Leuthard, Head of the Federal Department of the Environment, Transport Energy and Communications (DETEC) indicated that the Federal Council wished to further strengthen civil aviation for the benefit of society and the economy.
However, this required the courage to take decisions. “Taking decisions is part of the job of politicians”, said Leuthard. In future the federal government would step in where necessary decisions are “being kicked into the long grass”. It was in the interests of all Switzerland that its most important international airport was able to deliver punctual air transport. It was consequently necessary to eliminate existing capacity bottlenecks, and the proposed SAIP detailed plan would make an important contribution to this.

No isolated national or European burdens on aviation

Matthias von Randow, Executive Director of the German Aviation Association (BDL), formulated the prerequisites for sustainable German and European aviation policy. Deregulation of aviation had been the right way to go. Companies in the aviation sector had responded to the liberalisation of markets and that had brought users many benefits. However, the politicians had not done their homework. “To guarantee fair competition between different airports, there had to be an end to imposing isolated national or European fiscal and regulatory burdens, such as the German civil aviation tax or the European emissions trading scheme.” National security costs should not be offloaded onto users alone, the public purse should also bear a significant portion of the costs.

Tourism needs a dense network of flights to Switzerland

In the subsequent panel discussion, Christian Hegner (Director Federal Office of Civil Aviation), Thomas Klühr (CEO SWISS), Stephan Widrig (CEO Zurich Airport Ltd.), Jürg Schmid (Director Switzerland Tourism) and Government Councillor Pierre Maudet (Head of the Department of Security and Economic Affairs of the Canton of Geneva) discussed the future of aviation. From the point of view of tourism, a dense network of flights to Switzerland was necessary to ensure that tourists from growth markets in Asia could reach Switzerland directly, and consequently improve the capacity utilisation of Swiss accommodation providers. For the airports and airlines, it was crucial to eliminate capacity bottlenecks in order to meet the demand for air transport into the future. The regulator concurred with this sentiment, but he also drew attention to the necessity of taking a range of different interests into account when developing air transport, and also that priority should be given to ensuring smooth and punctual flight operations. With respect to the development of Geneva Airport, the representative of the Canton of Geneva wished for more support from business, also from beyond the borders of the canton.

Key messages of the Aviation Congress

Rounding up, economiesuisse director Monika Rühl summarised the key messages of the Aviation Congress: the federal government must create the conditions that will enable the aviation industry to meet future demand. Swiss airports, and especially the Zurich hub, must be allowed some moderate further development of their infrastructures. In addition, the present operating hours must not be restricted. Moreover, Rühl continued, it was essential to maintain the Bilateral Agreement on Air Transport with the EU in order to ensure Switzerland remained directly connected to the global aviation network of the future.
Traffic statistics

Traffic trends during the first three quarters of 2016

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<tr>
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<th>2016</th>
<th>2015</th>
<th>Change in % 2016 compared with 2015</th>
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<tr>
<td>Local passengers</td>
<td>15'091'789</td>
<td>14'267'297</td>
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<tr>
<td>Transfer passengers</td>
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<td>5'710'742</td>
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<tr>
<td>Share of transfers</td>
<td>27.5%</td>
<td>28.5%</td>
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<tr>
<td>Total passengers</td>
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<td>Flight movements</td>
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<td>Freight (in tonnes)</td>
<td>314'976</td>
<td>305'245</td>
<td>3.2</td>
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<tr>
<td>Mail (in tonnes)</td>
<td>22'290</td>
<td>19'766</td>
<td>12.8</td>
</tr>
</tbody>
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1 incl. transit, general aviation and other

Source: Flughafen Zürich AG

The most recent traffic statistics are updated every month and can be found in the Internet under www.zurich-airport.com/investorrelations.

Federal Aviation Act

Article 87 of the Swiss Constitution states that aviation is a matter reserved for the federal government. With the Federal Aviation Act (FAA), the Confederation exercises its legislative power to create binding regulations for aviation in Switzerland. This legislation also takes into account the rules of the International Civil Aviation Organization (ICAO) and the European Aviation Safety Agency (EASA) which are based on international treaties and agreements. The regulations and directives of the European Union (EU), which are binding on Switzerland under the terms of the Bilateral Agreement on Air Transport with the EU, are also implemented in the Federal Aviation Act and in its related ordinances.

Of particular relevance to airports are the fundamental stipulations concerning safety and airspace, as well as the third section on infrastructure. This sets out the principles for building, for further development and for operating and financing airport infrastructures.

The associated Air Navigation Ordinance (ANO), the Ordinance on Aviation Infrastructure (AViO) and the Ordinance on Airport Charges set out the most important specifications for airports in detail. Further very specific ordinances and recommendations of the Federal Office of Civil Aviation round off aviation legislation in Switzerland. And like all other companies, airports are also subject to further laws and regulations – environmental legislation, for example.

The current version of the Federal Aviation Act is published at https://www.admin.ch/opc/de/classified-compilation/19480335/index.html