

Political Newsletter

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Zurich Airport

EDITORIAL

Dear Readers

The summer has shown that people's desire to travel remains as strong as ever. This applies not only to the numerous holiday-makers, but also to our globally oriented economy. Attractive flight connections to all parts of the world are central to both needs. In order to meet the growing demand for international mobility in the most ecological way, it is central that aviation moves towards CO₂ neutrality.

The technical solutions to initiate the transformation already exist. That is why we tirelessly emphasise that the decarbonisation of air travel will only succeed through the substitution of fossil fuels. In July, the European Parliament confirmed that the use of Sustainable Aviation Fuels (SAF) and a mandatory blending quota are most promising. It not only adopted the European Commission's proposals for the introduction of a blending quota, but expanded them. By 2050, the share of aviation fuels from renewable sources should be 85%.

Switzerland wants to follow suit, and the current draft of the revised CO₂ Act provides for a blending mandate based on the EU's plans. If mandatory blending of SAF is introduced, flying would most likely become more expensive. However, this affects all market participants equally and guarantees a level playing field within Europe. Due to its competitive neutrality, effectiveness and undeniable benefits for the climate, a blending mandate is preferable to a national air ticket levy – both from an economic and an ecological perspective.



Climate protection in aviation must also happen on the ground: Flughafen Zürich AG has the ambition to reduce its own greenhouse gas emissions to net zero by 2040. As an infrastructure operator, we achieve the greatest reduction by addressing our existing and future buildings. That is why we are committed to the highest sustainability standards – both in operation and in construction. The new Dock A is our next ambitious project. It will be built largely from wood from the region and is expected to be in operation in about ten years.

Find out more on the following pages. I wish you an informative read.

Stefan Tschudin
Chief Operation Officer
Flughafen Zürich AG

Staying the course: SAF blending quota instead of air ticket levy

With the blending quota for sustainable aviation fuels, the climate policy course for decarbonising aviation is set. Nevertheless, there are still calls for an air ticket levy. At first glance, such demands seem well-intentioned. However, they contradict the central goal of net zero CO₂ emissions by 2050 and harm the Swiss economy. A blending quota, on the other hand, is environmentally, ecologically and socially sustainable.

As an export nation, Switzerland owes a large part of its prosperity to international trade. Excellent global connections and high international accessibility are decisive success factors for our economy as well as our research and business location. In the long term, the pandemic will not change the fact that the world will remain interconnected and global exchange will continue to increase. This will inevitably lead to a growing need for international mobility, for which there is only one means of transport above a certain distance: the airplane.

Flughafen Zürich AG's ambition: net zero by 2040

This fact makes measures for greener air travel all the more important. The Swiss aviation industry takes climate protection seriously and has committed itself to the goal of CO₂ neutrality by 2050. Flughafen Zürich AG wants to go even further and has the ambition to achieve net zero by 2040 (see box). The EU will introduce a blending mandate for Sustainable Aviation Fuels (SAF). This is also included in the draft Swiss CO₂ Act, which is supported by the industry. Nevertheless, there are still voices calling for the introduction of a national air ticket levy. Such a levy would not only be ineffective in terms of climate protection, but would also jeopardise the efforts of the aviation industry. It would deprive the industry of money and thus prevent much needed investments in the decarbonisation of the sector. In short: An air ticket levy does not serve

any reduction goal, but causes a competitive disadvantage for Switzerland.

Flying will become more expensive, one way or another

Whether through blending quotas or air ticket levies, flying is very likely to become more expensive. SAF are more expensive than conventional kerosene, and this will not change overnight. With a harmonised European blending quota for SAF, the price increase will automatically occur via the market and apply equally to all participants, at least across Europe. An air ticket levy, on the other hand, would lead to a one-sided additional burden on Swiss aviation. These funds would then not be available for the purchase of sustainable fuels and for further decarbonisation steps (e.g. modern and more fuel-efficient aircraft). The blending quota is thus economically and ecologically more sustainable than a levy or a tax.

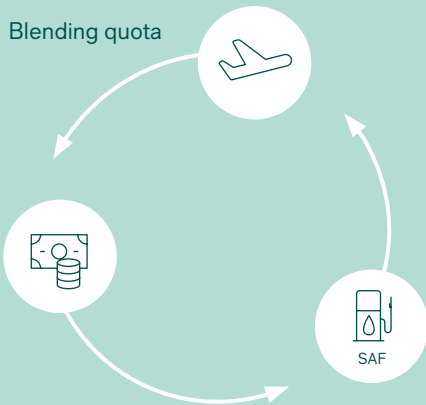
The question of climate impact

A climate measure is only effective if the intended goal can actually be achieved. A successively increasing SAF share until 2050 makes a significant contribution to the net zero target. The system starts with a blending quota in the low percentage range, which is exponentially raised over the years. This creates the necessary incen-

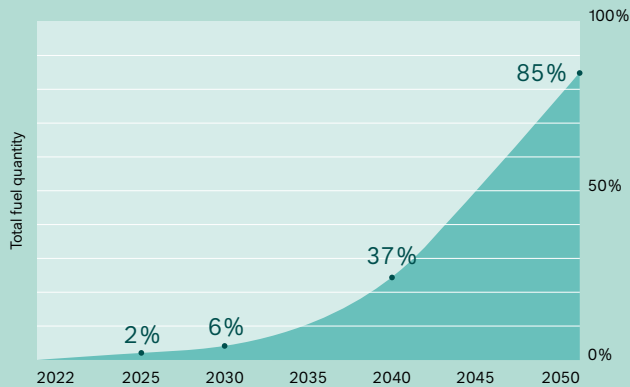
Net zero ambition by 2040

- Flughafen Zürich AG aims to reduce its greenhouse gas emissions to net zero by 2040.
- By doing so, the airport operator sets the ambition to reach the target ten years earlier than previously planned. The company wants to achieve this with a concrete reduction path without compensation.
- The focus is on measures to increase energy efficiency, reduce fuel consumption and switch to renewable fuels.

Blending mandate for Sustainable Aviation Fuels (SAF)

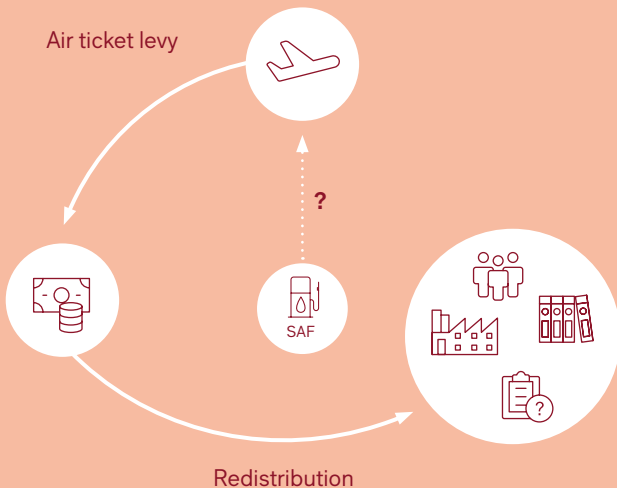


SAF share according to current EU proposal *

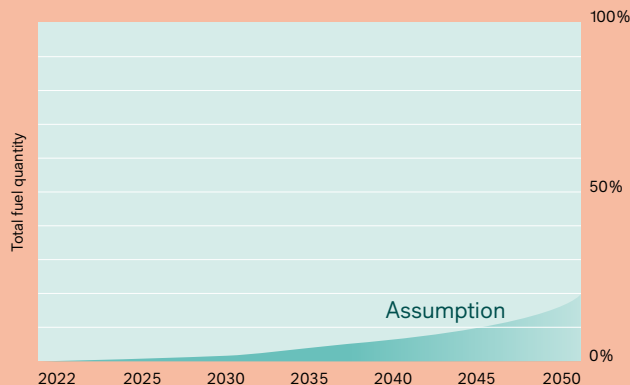


*Technology neutrality with a focus on biogenic and synthetic fuels

National air ticket levy



Undetermined SAF share *



*Lack of obligation for the use of SAF;
Air ticket levy deprives aviation of funds, which inhibits investment in SAF.

tives to increase SAF production volumes by guaranteeing producers steadily growing sales over the years. As a consequence, investments in production facilities are promoted, the volume of SAF sold and refuelled increases continuously and CO₂ emissions from air travel are reduced. The air ticket levy, on the other hand, has an undetermined climate impact. Therefore, only the blending quota sets a concrete reduction path that is characterised by a comprehensible reduction of CO₂ emissions.

No relocation of value creation

A purely national air ticket levy would set the wrong incentives, especially when passengers switch to airports in other countries where the levy does not apply. From a climate policy and economic perspective, a European blending quota is the better approach, as it applies equally to all airlines. This will secure hub operations at Zurich Airport in the long term, as diversions to other airports abroad will be avoided. Value creation will still be generated in Switzerland and domestic jobs will be preserved. Due to its competitive neutrality, the blending quota is also socially sustainable.

Sustainability in construction: Awards for the Circle and a new dock made from wood

Construction is constantly underway at Zurich Airport. The airport infrastructure must be renewed periodically to ensure safe and sustainable operations and to offer passengers and visitors a high quality of stay. The Circle and the planned Dock A are considered showcase projects and prove that Flughafen Zürich AG is committed to the highest sustainability standards.



In order to achieve the goal of net zero CO₂ emissions, Flughafen Zürich AG is prioritising optimisations in consumption and energy efficiency as well as the switch to fossil-free energy. When renovating and replacing buildings, it attaches great importance to sustainable construction methods.

Awards for the Circle

The Circle was designed to set new standards in sustainability from the very beginning. After two years in operation, the latest awards prove that words were followed by deeds: The Circle was rated in the highest possible category by the internationally recognised sustainability label "Leadership in Energy and Environmental Design (LEED)" – with the best result ever achieved by a Swiss building. LEED evaluates the environmental performance of a building. Both in Switzerland and in Europe, the Circle is the largest building complex to achieve the highest LEED Platinum certification.

Established use of renewable energy at the airport

In addition, the Circle was awarded the "Minergie" label, a registered quality label for new and renovated low-energy buildings. Decisive for the certification were, among other things, the above-average energy efficiency and the high share of renewable energy via geothermal probes and photovoltaic systems. The Circle operates almost entirely without fossil fuels. Zurich Airport already received an award in 2010 for the use of non-fossil energy in Dock E, which was put into operation almost twenty years ago.

A new dock built from wood

The next major phase of construction at the airport will focus on building the new Dock A, the control tower and the dock base. Passenger levels will be largely built from sustainable wood. The extensive use of this renewable raw material, which absorbs CO₂ during its growth, is unique for a terminal building of this size. Just as with the Circle, the airport operator is aiming for LEED certification for the new dock. During operation, much of the required energy will come from renewable sources, and the roof, which is completely covered with photovoltaic panels, will supply two-thirds of the electricity required annually. Construction is scheduled to begin in 2030.

Cargo sous terrain: Memorandum of Understanding on the connection of the airport

The private-sector initiative Cargo sous terrain (CST) wants to make transport of goods more efficient and sustainable by connecting production and logistics sites with urban centres through underground tunnels. CST follows a similar principle to that of an automatic conveyor system by using driverless vehicles which are able to pick up and drop off loads automatically. The overall logistics system is to connect Switzerland's major centres from 2031. A legal basis for the project came into force at the beginning of August 2022.

As a transport hub and economic centre, Zurich Airport can benefit from a direct connection to the underground transport system. The system could relieve the busy access roads and contribute to better management of logistics flows.

Flughafen Zürich AG and CST AG signed a memorandum of understanding in June 2022. The agreement envisages connecting

Zurich Airport via branch tunnel as soon as the first section of the route is in operation.

When preparing the approval procedures, special attention is paid to the careful integration of CST into the landscape and the settlement area. The first step is to create the spatial planning conditions in the cantons concerned.



Further information:
www.cst.ch/en



Traffic Development

All figures January to August 2022

The monthly traffic statistics can be accessed here:
www.zurich-airport.com/the-company/investor-relations-en



LOCAL PASSENGERS

10,161,691

Change vs. 2021
+161.6%

Change vs. 2020
+105.4%

Change vs. 2019
-32.0%



TRANSFER PASSENGERS

3,912,632

Change vs. 2021
+242.5%

Change vs. 2020
+122.9%

Change vs. 2019
-36.9%



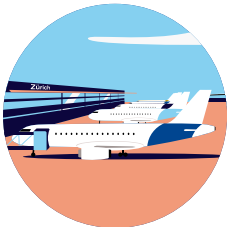
TOTAL PASSENGERS

14,119,126

Change vs. 2021
+179.0%

Change vs. 2020
+109.6%

Change vs. 2019
-33.4%



SHARE OF TRANSFERS

27.8%

Change vs. 2021
+5.1 percentage points

Change vs. 2020
+1.6 percentage points

Change vs. 2019
-1.5 percentage points



FLIGHT MOVEMENTS

140,173

Change vs. 2021
+93.0%

Change vs. 2020
+72.7%

Change vs. 2019
-25.0%



FREIGHT

283,247 t

Change vs. 2021
+16.2%

Change vs. 2020
+51.4%

Change vs. 2019
-5.3%

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