

Political Newsletter

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EDITORIAL

Dear Readers

The pandemic has disrupted many long-standing patterns – including freedoms and activities we had taken for granted. This is especially true for air travel. For many months we had to put our travel plans on hold – whether going on vacation, meeting family and friends or maintaining business contacts. After many ups and downs, we seem to have reached a point where travel is finally becoming easier again. With this normality, our wanderlust is about to return as well.

This positive outlook is also reflected in this newsletter: this edition no longer focuses on issues related to the pandemic, but on other fundamental questions about the future of aviation. Sustainability is the catchword.

Solving the CO₂ problem and securing the future of aviation are not contradictory, as the Federal Council has also recognized. The promotion of Sustainable Aviation Fuels (SAF) is at the forefront of the draft for a new version of the CO₂ Act. We respond to the proposals related to the aviation industry and we propose areas of the draft that could be improved (see pages 3–4).

The idea of substituting air travel by rail is brought up on a regular basis in the debate around climate change. For the vast majority of connections, however, there is no alter-



native to air travel. That is why the motto should be “plane AND train” rather than “train instead of plane”. At Zurich Airport, our aim is to link the most efficient means of transport for a given distance in such a way that the booking process is as customer friendly as possible, the distances as short as possible and the journey as ecological as possible. We explain how Zurich Airport is working on intermodal mobility solutions on pages 5–6.

I wish you an interesting read.

David Karrer
Head Public Affairs
Flughafen Zürich AG

Restart of the Swiss climate policy: The chosen path is promising

Switzerland is yet to choose its new pathway to achieve its climate goals and to adapt its law accordingly. Therefore, the government has put for consultation the draft of a new revision of the CO₂ Act. The new proposal focuses on incentives for aviation and the promotion of investments in sustainable aviation fuels instead of introducing new taxes. Overall, Flughafen Zürich AG welcomes the proposal.

After the rejection of the revised CO₂ law in the referendum in June 2021, the federal parliament decided to extend the temporary provisions in the existing CO₂ Act until 2024. The existing law has to be replaced through a total revision by 2025. The revision is designed to achieve a 50% reduction of greenhouse gas emissions by 2030.

On the right track

Most positively, the revised CO₂ Act does not foresee any new taxes or bans. Instead, the measures focus on the domestic building sector as the largest source of emissions in Switzerland and on mobility as a consumer of fossil energy. Flughafen Zürich AG supports the general direction of the current draft and will submit its own consultation response. The aviation industry has to and is committed to contributing its share to reduce greenhouse gas emissions. Irrespective of the revision of the law, Flughafen Zürich AG remains committed to a binding reduction path for CO₂ emissions to net zero from the airport infrastructure.

Blending quota and harmonised rules are key

Flughafen Zürich AG welcomes all functioning incentives for the market-based decarbonisation of the aviation industry. The proposed tool of a binding blending quota is a suitable way to promote the use and production of Sustainable Aviation Fuels (SAF). It solves the “chicken and egg” problem coming from a lack of supply and a lack of demand due to high prices for SAF. A close alignment with the foreseen EU rules shall further ensure that there will not be any kind of distortion of competition on the European market. With air traffic taking place across borders (especially in a small country like Switzerland), harmonization with international or at least European standards should be sought wherever possible.

Avoiding past mistakes

The draft also envisages mechanisms for cross-subsidizing modes of transport, which has to be rejected. Rather, proceeds from financial measures should be earmarked for the respective sector.

Therefore, the revenue from existing taxes on air traffic should be used for the decarbonisation of air traffic including SAF. Zurich Airport also rejects national regulatory provisions that go beyond internationally harmonised standards (“Swiss finish”).

Cross-border activities such as air transport need to be regulated internationally or at least at EU level to ensure a level playing field. The new policy template must not lead to any competitive disadvantages for Switzerland or domestic companies and must take comparable international regulations and standards into account.

Promoting sustainable technologies

With the revision of the CO₂ law, an adjustment of the aviation law is also proposed. This is intended to create the legal basis for the financial promotion of research and development of sustainable technologies. The aim is to promote measures to reduce CO₂ emissions from aviation through the development and production of synthetic aviation fuels. Flughafen Zürich AG supports these contributions, as they will benefit innovative companies that are working on pilot plants for the production of SAF. Such targeted investments will strengthen Switzerland as a research location and will help to accelerate the transformation of the aviation industry.

What needs to be adjusted

Flughafen Zürich AG supports most of the proposals in the CO₂ revision. The following points need to be adapted:

- The introduction of “Book & Claim” solutions (see page 4 for definition) is needed to facilitate the trade and use of Sustainable Aviation Fuels (SAF). This ensures that all air traffic participants in Switzerland are treated equally and that logistical as well as operational expenses are reduced to a minimum. Furthermore, “Book & Claim” can limit emissions along the supply chain (caused by the transport of SAF).
- In order to react to market fluctuations and different scenarios relating to supply and demand, flexibilization to meet the blending level should be examined. In this case, the minimum blending target could be achieved over a period (rather than annually). This would allow market participants to act entrepreneurially and buy SAF at the most convenient time, just as they do with conventional kerosene today.
- Instead of using revenues from aviation to cross-subsidize rail infrastructure, they should flow directly into the promotion of synthetic fuels.

Definition “Book & Claim”

“Book & Claim” enables greater use of Sustainable Aviation Fuels (SAF) throughout the system by allowing aircraft operators to purchase SAF at locations, where such fuels are not physically available. The actual fuel is refuelled into another aircraft at a different location – usually near a SAF production site. This results in two advantages: CO₂ emissions in aviation as well as additional emissions caused by fuel delivery are eliminated.



Plane AND train: Improving mobility services through intermodal solutions

Smart solutions are needed to meet future mobility demands. This applies particularly to Zurich Airport, where different modes of travel converge. Together with partners, Flughafen Zürich AG is working on the development of integrated mobility services.

Zurich Airport is the most accessible location in Switzerland – both from the air and on the ground. Before the pandemic, the airport welcomed 31.5 million air passengers and 28.5 million public transport passengers in 2019. Despite the temporary drop caused by the pandemic: Long-term trends indicate a rising demand for mobility. This presents a set of challenges for a transport system, that is already facing chronic bottlenecks during traffic peaks. At the same time, individual mobility behaviour is changing. It is being shaped by an increasing awareness of sustainable mobility solutions.

Innovative solutions are needed to meet these mobility requirements and to ensure the optimal accessibility of the airport in the future. Tomorrow's mobility solutions will be defined by the combination of different modes of transport and the most efficient use of existing transport infrastructure.

Smart solutions instead of state intervention

Calls for the replacing air routes by rail connections are becoming more frequent. They may be well-intentioned, but they do not achieve their goal. Regulatory interventions affecting the freedom of choice of transport are problematic for several reasons. They disrupt competition between the different modes of transport and ignore the fact that beyond a certain travel distance there is no equivalent alternative to air travel. In addition, they do not take into consideration the importance for Switzerland's global connectivity through systemic connections between feeder and long-haul flights at the intercontinental air transport hub of Zurich Airport.

In the debate that focuses on "train or plane", too little attention is paid to intermodal mobility solutions. For Flughafen Zürich AG it is clear that precisely such solutions must be developed now to meet future mobility challenges and needs.

Optimal accessibility through integrated mobility services

The development of new mobility solutions at Zurich Airport is based on several objectives: ensuring the accessibility of the airport,



improving mobility services for customers and increasing sustainability along the travel chain. The combination of different forms of mobility requires optimal coordination between public and private mobility providers. Together with system-relevant partners, Flughafen Zürich AG is currently working on intermodal mobility solutions that include both land and air transport.

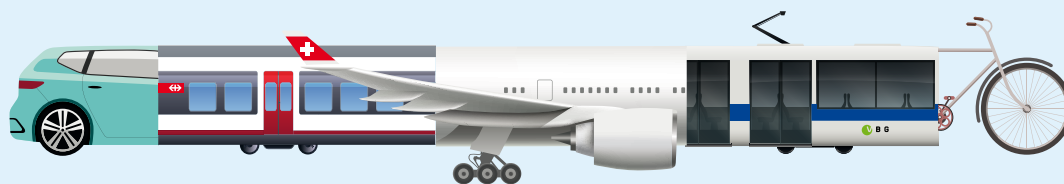
Above all, public transport is to be better linked with air travel and other mobility services at Zurich Airport (such as parking, taxi, coach services). Travellers shall benefit from a planning process that is as

smooth, simple and personalised as possible. A uniform booking process covering the entire travel chain including arrival at the airport, baggage transport and air travel is therefore needed.

The focus is not on the conscious choice of a means of transport, but on achieving the highest possible overall benefit to get from A to B. The aim is to make travelling more comfortable, efficient and time- as well as cost-effective. Travelling should therefore become more comfortable, more efficient and ultimately also more ecological.

Combining different forms of mobility for the greatest overall benefit

- Zurich Airport is a transport hub where the various modes of transport (air, rail and road) come together.
- Changing mobility needs lead to higher demands on the transport system. Bottlenecks during traffic peaks will increase.
- In order to ensure the optimal accessibility of Zurich Airport in the long-term and to meet the mobility needs of the future, Flughafen Zürich AG is working together with system-relevant partners on concepts for intermodal mobility solutions.
- The aim is to make travel more convenient, efficient and ecological by better linking public land transport with air transport and other mobility services at the airport (such as parking, taxi and bus services).



Traffic Development

All figures January to December 2021

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



LOCAL PASSENGERS

7'739'188

Change vs. 2020
+23.1%

Change vs. 2019
-65.2%



TRANSFER PASSENGERS

2'439'168

Change vs. 2020
+21.7%

Change vs. 2019
-73.5%

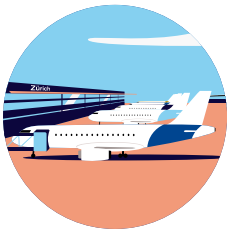


TOTAL PASSENGERS

10'234'428

Change vs. 2020
+22.7%

Change vs. 2019
-67.5%



SHARE OF TRANSFERS

24.0%

Change vs. 2020
-0.2 percentage points

Change vs. 2019
-5.3 percentage points



FLIGHT MOVEMENTS

132'600

Change vs. 2020
+19.1%

Change vs. 2019
-51.8%



FREIGHT

393'062 t

Change vs. 2020
+35.0%

Change vs. 2019
-13.0%

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