

Political Newsletter

Winter 2022

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Zurich Airport

EDITORIAL

Dear Readers,

Following two hard years dominated by the pandemic, 2022 was a year of recovery and new beginnings for our airport. We can be satisfied with the uptick in our business performance while looking forward to the future. Commercial success is by no means guaranteed – there is always a product we need to strive to deliver.

As Chief Commercial Officer, my job is to continually develop new offerings and improve the quality of the airport experience for visitors and staff. People who spend time at the airport should associate it with good memories – after all, as Switzerland's gateway to the world, we are representing the face of the nation.

Our air transport hub also ensures Switzerland's global connectivity which is crucial for exports and for our attractiveness as a business destination. And Zurich Airport is itself an economic driver. In what way exactly? The latest economic survey from Infrastat provides the answers, especially the numbers. They show that the airport is not just an isolated enterprise: 27,400 employees working for over 300 companies generate economic value for the whole region.

The study also highlights the impressive economic contribution of the Circle. Although the pandemic resulted in job losses and especially a drop in output, the opening of the Circle in autumn 2020 offset these losses to a large extent.



The airport's DNA is and will remain aviation. But diversification by way of developing it as a vibrant center for leisure, business and services helps strengthen us so we will be better able to cope with future crises. Lock-downs and travel restrictions have shown how important the airport is as part of the country's critical infrastructure. On the one hand because it maintains access to global markets for Swiss businesses, while on the other hand keeping supply routes to the country open.

Unfortunately, our ability to develop system-relevant infrastructures is increasingly under pressure. Political support is essential to ensure that sufficient importance is attached to critical infrastructures in legislation and that projects to maintain and develop safety and security at the airport are not jeopardised.

Read on for more about these topics. I wish you an informative read.

Stefan Gross
Chief Commercial Officer

ZRH airport city – vital for Switzerland and the region

Contributing CHF 7 billion to the economy and with over 300 companies employing upwards of 27,400 people, as Switzerland's gateway to the world, Zurich Airport is an economic powerhouse for both the Canton of Zurich and the region. The latest Infras study on the economic impact of the airport underlines the importance of Switzerland's sole intercontinental hub.

Every five years, Flughafen Zürich AG commissions a survey of the airport's economic impact. The findings of the Infras study for the reference year 2021 have now been published. Along with assessing the actual economic value generated as affected by the Covid pandemic, one scenario also calculated what the airport would have generated without the pandemic (based on growth between 2017 and 2019). In order to calculate the economic impact in the narrower sense, the direct effects of companies and the indirect effects (products and services bought in) were combined.

7 billion generated annually

The latest figures are impressive. As well as being the best-connected transport hub in Switzerland, Zurich Airport is a shopping center, an excursion destination and event location rolled into one, in short: an economic powerhouse. Had the Covid pandemic not occurred, Zurich Airport would now be generating some CHF 7 billion a year for the economy. This represents 4.4% of the GDP of the Canton of Zurich or just under 1% of national GDP. Compared with

the last survey in 2016, this equates to growth of almost 40%, mainly due to the opening of the Circle in December 2020.

The COVID effect

The study also makes clear the consequences of the Covid pandemic for Zurich Airport. If the Circle is excluded, the number of full-time equivalents (FTEs) for the 2021 reporting year fell by 14% since 2016, leading to a decline in net output of 43%. This was partly offset by the opening of the Circle: total value generated fell by 16%, while FTEs increased by 4% altogether to 22,800.

The Circle: a successful model

With building costs of CHF 1.2 billion, for a long while the Circle was Switzerland's biggest construction project. Since opening, almost 90% of the floor space has been leased to 49 enterprises. Together with their 5000+ employees, these generated CHF 1.6 billion in 2021, its first full operating year. This figure includes the indirect

Three questions for Manuela Staub, Chief People & Communications Officer

Some 27,400 people work at the airport. What do you think when you contemplate this vast number?

That the airport also bears a considerable social responsibility as one of the biggest employers in the region. Zurich Airport is a unique eco-system that only functions thanks to the excellent cooperation between around 300 partner companies. The close relationship of all employees with the place is evident, which also shines through in the high quality of our services and infrastructure.

By contributing close to CHF 7 billion to the economy, the Zurich Airport region is a major economic driver. Which companies are contributing to this?

First and foremost those in the aviation sector such as SWISS and Edelweiss, but also others such as Helvetic, Chair or Singapore Airlines, which has an office in the Circle. Alongside the airlines themselves, service providers such as Swissport, dnata, SR Technics, Gate Group or Cargologic and we as



Flughafen Zürich AG are important. Not forgetting the Zurich Cantonal Police as the fourth largest employer and organisations such as Meteo Swiss and Rega. Our commercial partners and tenants likewise contribute, for example those in the IT and health sectors in the Circle – the latter alone employs over 3000 people.

What characterises Zurich Airport for you?

The airport links people and places. You can take off on adventures or arrive here and take advantage of the many local offerings. I am particularly impressed by the mutual trust and respect among all the airport's partner companies, and especially the high quality of our airport which, thanks to all the employees involved, has been considered the best in Europe for 19 years now.



27,400

people work directly at Zurich Airport



99%

of freight at Zurich Airport is transported in the holds of passenger aircraft



> 300

companies keep everything running smoothly



- 43%

drop in net output due to Covid-19



1076

tonnes of air freight are handled daily at Zurich Airport



CHF 7 billion

generated annually by Zurich Airport, adjusted for Covid



82%

of air freight exports go to North America and Asia



CHF 1.6 billion

generated by the Circle after one year in operation

effects of products and services bought in. So after just one year the economic value created by the Circle has surpassed the building costs. Assuming a life cycle of 50 years, it is therefore set to generate an additional CHF 80 to 100 billion for the airport region's economy.

And freight?

A separate section of the report looks at Zurich Airport's air freight business. The importance of this became particularly apparent during the pandemic. Remaining open throughout this whole period allowed vital protective equipment such as masks and disinfectant to be flown in. As it accounts for 40% of exports in terms of value (CHF 130 billion annually), air freight is highly relevant for the Swiss economy. Zurich Airport handles 1076 tonnes of freight a day.

Why long-haul routes are important

The Swiss economy is dependent on a dense network of long-haul routes. 99% of freight is transported in the cargo holds of passenger aircraft, 82% of which is destined for America and Asia. For instance, in terms of volume, São Paulo is the fourth biggest freight destination. The airport's core mission to offer as many direct flights to major cities as possible ensures Switzerland's access to global markets and consequently safeguards our prosperity.



Further information about the study on Zurich Airport's economic impact: zurich-airport.com/study

National airports as critical infrastructure: Everything OK? – Sadly not.

That Zurich Airport is part of Switzerland's critical infrastructure is uncontested. Along with the key role it plays as Switzerland's gateway to the world, there are many more reasons it is defined as such. In terms of policy-making, however, insufficient account is taken of this fact – there is still a lot of catching up to do.

To begin with, let's clarify the definition: critical infrastructure (CI) safeguards vital supplies of goods and services for Switzerland, such as energy, transport or communications. If they fail, the consequences for the population and economy could be disastrous. In its "National Strategy for Critical Infrastructure Protection 2018–2022", the federal government sets out nine CI sectors and 27 subsectors. Each individual element (including operating companies, IT systems, facilities, buildings, etc.) that provides services in a sub-sector is considered part of the critical infrastructure.

Vitally important for the national transport system

Air transport is part of the transport CI sector. As a primary factor in the national transport system, it enables the mobility of goods and people on which the country and the population depend. The intercontinental air transport hub in Zurich that connects Switzerland to the world is particularly important here. According to the government's definition, both the airport infrastructure and the airport operator are "system-relevant" because their failure would lead to massive disruption or the complete failure of the system. Their relevance is not solely limited to air transport, however.

System-relevant in multiple ways

At Zurich Airport there are manifold interdependencies between various CI (sub)sectors and their operators that are system-relevant. On the one hand, the airport is also an important hub point for road and rail transport. Furthermore, the airport also houses emergency ambulance and fire brigade call centers for the whole canton, Swiss Air-Rescue Rega, Meteo Swiss, Switzerland's biggest outpatient clinic (Zurich University Hospital) and the SBB rail operations center (responsible for a third of all Swiss rail transport). Flughafen Zürich AG supplies these organisations with power and heat, which highlights the importance of maintaining a secure energy supply at the airport even during shortages.

Security of supply

The pandemic and its consequences have highlighted how important a functioning airport is for crisis management. Despite no longer being financially worthwhile, Zurich Airport remained open so that freight, repatriation and rescue flights could continue to operate at all times. Express air freight enabled crucial personal protective equipment and medical supplies to be flown into Switzerland.

Greater political commitment

To enable Zurich Airport to fulfil its role as a critical transport infrastructure and safeguard its operability in the long term, it must receive greater recognition and protection as such. Additional restrictions that constrain operation, maintenance and adaptation to new developments at Zurich Airport should be avoided. From the point of view of Flughafen Zürich AG, concrete commitments and provision of a sound legal footing are essential for strategic planning: in the legislative goals and the foreign policy of the Federal Council as well as in areas such as energy supply, cybersecurity and transport policy at the federal and cantonal level, alongside environmental protection.

Traffic Development

All figures January to October 2022

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



LOCAL PASSENGERS

13,570,599

Change vs. 2021
+119.6%

Change vs. 2020
+133.7%

Change vs. 2019
-28.9%



TRANSFER PASSENGERS

5,231,068

Change vs. 2021
+185.7%

Change vs. 2020
+176.7%

Change vs. 2019
-32.9%



TOTAL PASSENGERS

18,859,378

Change vs. 2021
+134.0%

Change vs. 2020
+143.6%

Change vs. 2019
-30.0%



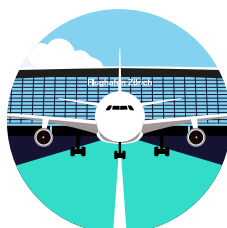
SHARE OF TRANSFERS

27.8%

Change vs. 2021
+5.0 percentage points

Change vs. 2020
+3.3 percentage points

Change vs. 2019
-1.2 percentage points



FLIGHT MOVEMENTS

181,892

Change vs. 2021
+72.5%

Change vs. 2020
+83.4%

Change vs. 2019
-22.7%



FREIGHT

352,188 t

Change vs. 2021
+11.1%

Change vs. 2020
+49.1%

Change vs. 2019
-5.9%

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