

# Regional Airports in Belgium

## *The Perspective of Brussels Airport*

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'Economische argumenten voor regionale luchthavencapaciteit'



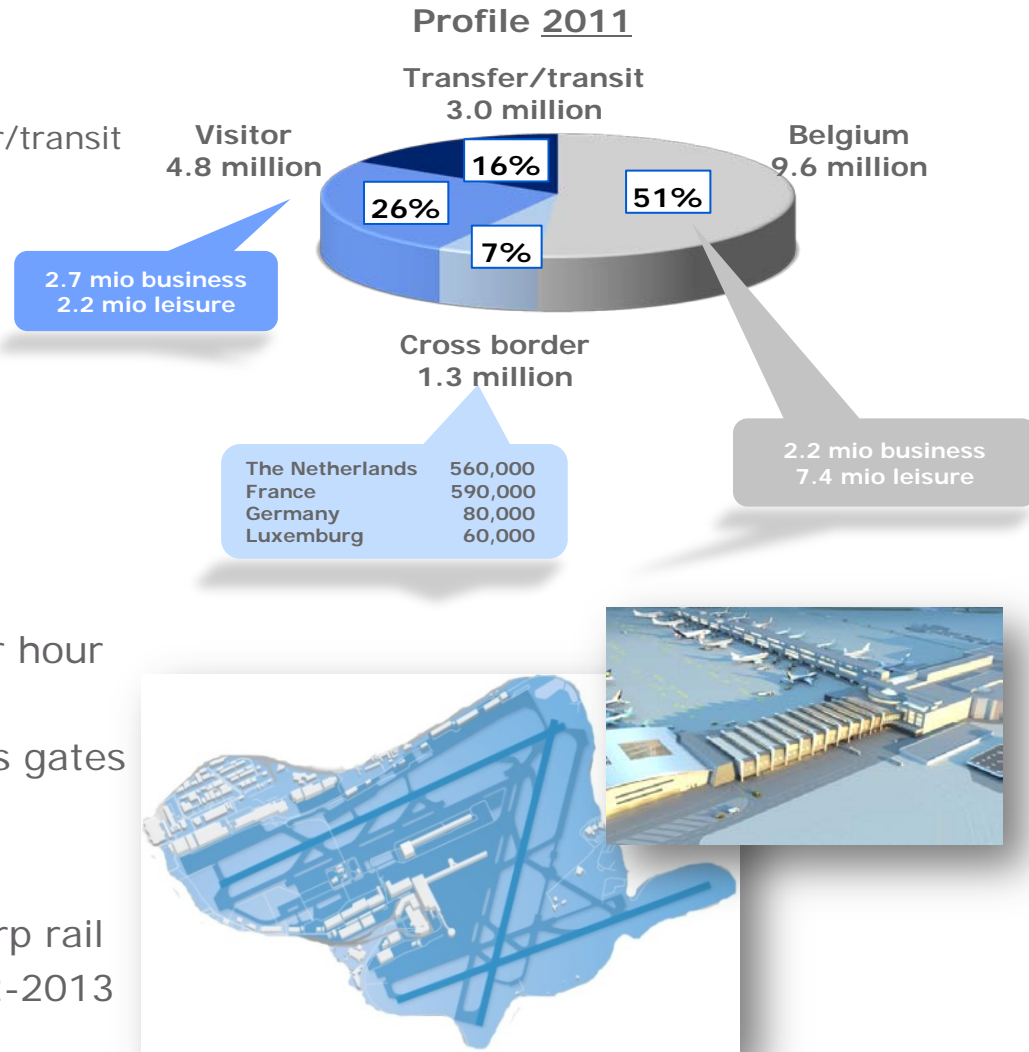
# Presentation

- Brussels Airport
- Regional airports in Belgium
- Substitution or growth ?



# Brussels Airport - key facts

- Traffic 2012
  - **19 million** passengers
    - including 3.1 million transfer/transit
  - 460,000 tons flown cargo
  - 223,000 aircraft movements
- Passenger network 2012
  - **200** destinations
  - **65** airlines
- Airport
  - Runway : 74 movements per hour
  - Two concourses: A and B
  - 55 aircraft stands and 22 bus gates
- Expansion
  - New train station and Antwerp rail
  - 4 New wide body gates 2012-2013
  - Connector building Q1 2015



# Brussels Airport catchment area

- Belgium: **11 million** population
  - among the highest population densities in Europe
- Cross border **8 million** catchment area
  - The Netherlands: 4 mio
  - France Nord-Pas de Calais: 4 mio





# Growing your catchment area: [www.brussels-airport.nl](http://www.brussels-airport.nl)

[Waarom BRU?](#) | 
 [De goedkoopste vluchten](#) | 
 [Alle bestemmingen](#) | 
 [Nuttige info](#)



Bergen op Zoom:	87 km	50 min	Breda:	88 km	1u 08 min
Eindhoven:	127 km	1u 25 min	Goes:	109 km	1u 01 min
Maastricht:	106 km	1u 07 min	Heerlen:	139 km	1u 18 min
Tilburg:	119 km	1u 14 min	Roermond:	145 km	1u 20 min
Rotterdam:	148 km	1u 33 min	Vlissingen:	128 km	1u 17 min

**Zoek en boek hier je vlucht.**  
Alle belastingen inbegrepen

Naar \*

Vertrek  Terug op

Volw.  Kids <12  Babies <2

 **Zoek een vlucht**

**Bereikbaar in max. 1,5 uur vanuit Zuid-Nederland**



Bereikbaarheid



Openbaar vervoer



Bestemmingen



Horeca & Shops



Parking



Goedkoopste vluchten

**NICE**  
v.a.€ 70.98

**NEW YORK**  
v.a.€ 475.89

**ABU DHABI**  
v.a.€ 802.00

Vlieg en maak het te vinden vanuit het zuiden via de E1 van Antwerpen naar Brussel.

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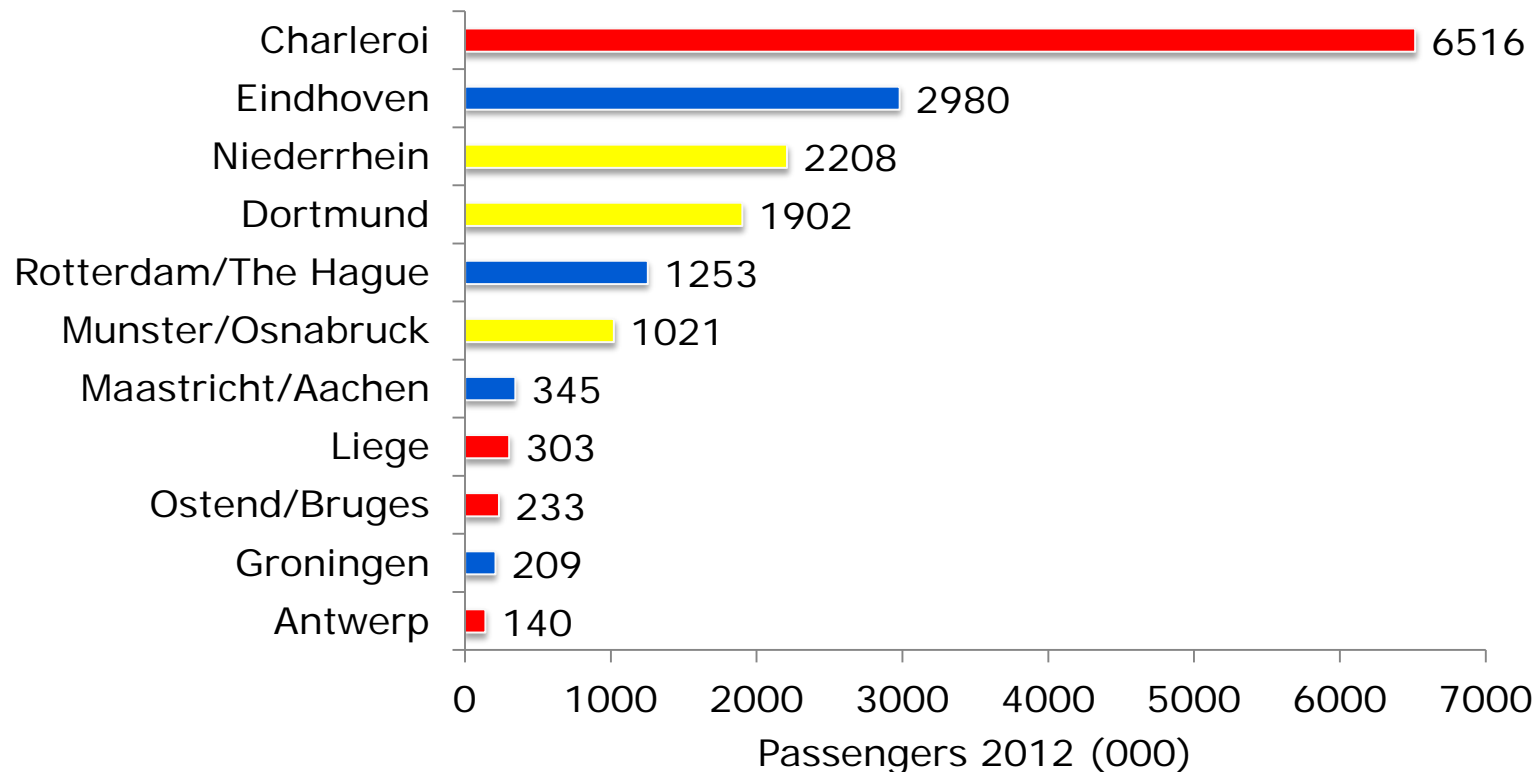


# Regional airports in Belgium



# Regional airports size in perspective

- Brussels South Charleroi Airport is twice as large as Eindhoven Airport
- Other Belgian regional airports transport small numbers





# Antwerp Airport



- Traffic 2012
  - 140,000 passengers (-15%)
  - Highest in 2001 (273,000)
- Network
  - London City
  - Manchester
  - Business flights / general aviation
- Ownership
  - Flemish government
  - 70 FTE
  - Intention to privatize (LOM/LEM)
  - Short runway: 1510 m
    - heavy investment in new road tunnel
- Financial (2011)
  - Revenue € 5.1 mio / costs € 7.7 mio
    - Gov't exploitation allocation € 2.2 mio
    - Loss € 0.5 mio
  - Gov't investment allocation € 2.3 mio
  - No ATC charges



# Ostend-Bruges Airport



- Traffic 2012
  - 233,000 passengers (no growth)
  - 53,000 tons cargo
  - Highest in 2007: 109,000 tons
- Network
  - 13 holiday destinations
  - Jetair (largest airline) and Thomas Cook
- Ownership
  - Flemish government
  - 125 FTE
  - Intention to privatize (LOM/LEM)
  - Runway: 3200 m
  - Terminal: 2 million pax capacity
- Financial (2011)
  - Revenue € 9.0 mio / costs € 8.6 mio
    - Gov't exploitation allocation € 4.9 mio
    - Profit € 0.4 mio
  - Gov't investment allocation € 2.9 mio
  - No ATC charges



# Liege Airport



- Traffic 2012
  - 303,000 passengers (-2%)
  - Highest in 2008 (400,000)
  - 577,000 tons cargo (-14%)
  - Highest in 2011 (674,000)
  - 7<sup>th</sup> cargo airport in Europe, larger than BRU
- Network
  - 19 holiday destinations
  - Jetair (largest airline) and Thomas Cook
  - Cargo: TNT, El Al, Ethiopian...
- Ownership
  - Walloon government (via ECETIA and Sowaer) 75% / Aeroports de Paris 25%
  - 158 FTE
  - Runways: 3700 m and 2340 m
  - Terminal: 1 million pax capacity
- Financial (2011)
  - Revenue € 50.0 mio / costs € 44.6 mio
    - Gov't exploitation allocation € 27.1 mio
    - Profit € 5.4 mio
  - No ATC charges (partly)





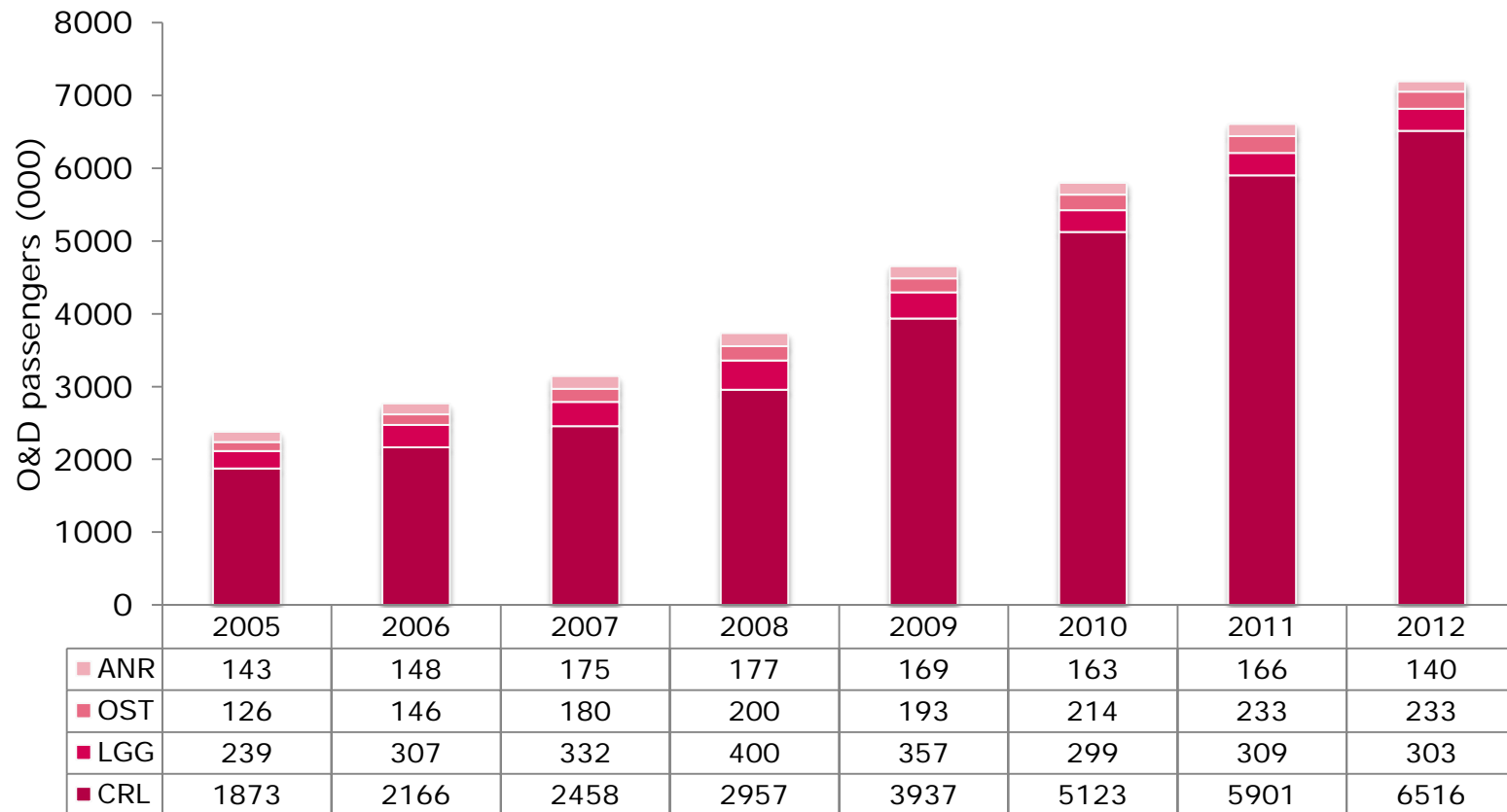
# Brussels South Charleroi Airport



- Traffic 2012
  - 6.5 million passengers (+10%)
  - High growth: 1.9 million in 2005
- Network
  - 93 destinations; holiday, VFR, business
  - Ryanair (largest airline), Jetairfly, Wizzair
- Ownership
  - Walloon government (Sowaer (*Societe Wallonne des Aéroports*), Sambrinvest 75% / Belgian Airports (= SAVE) 25%
  - 406 FTE
  - Runway 2550 m
  - Terminal: up to 7.5 million pax capacity
  - **46 km from Brussels city center**
- Financial (2011)
  - Revenue € 87.5 mio / costs € 70.8 mio
    - Gov't exploitation allocation € 30.7 mio
    - Profit € 16.5 mio
  - No ATC charges



# Regional airports Belgium: > 7 million passengers; share CRL is 90%





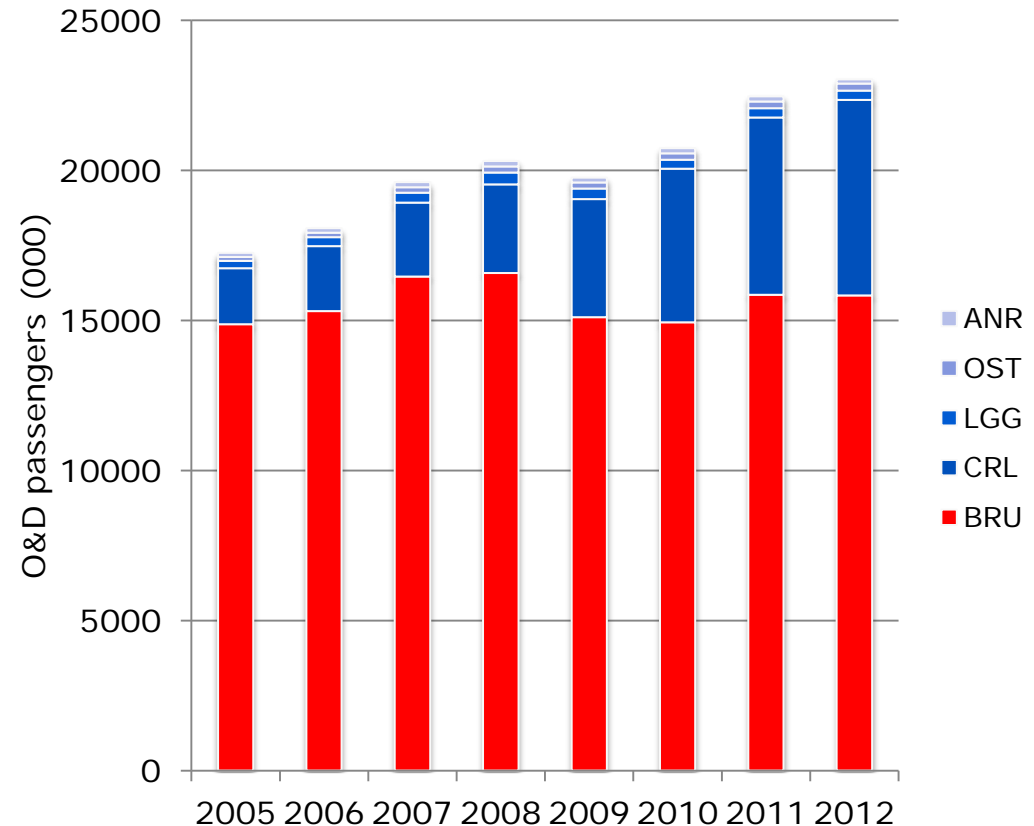
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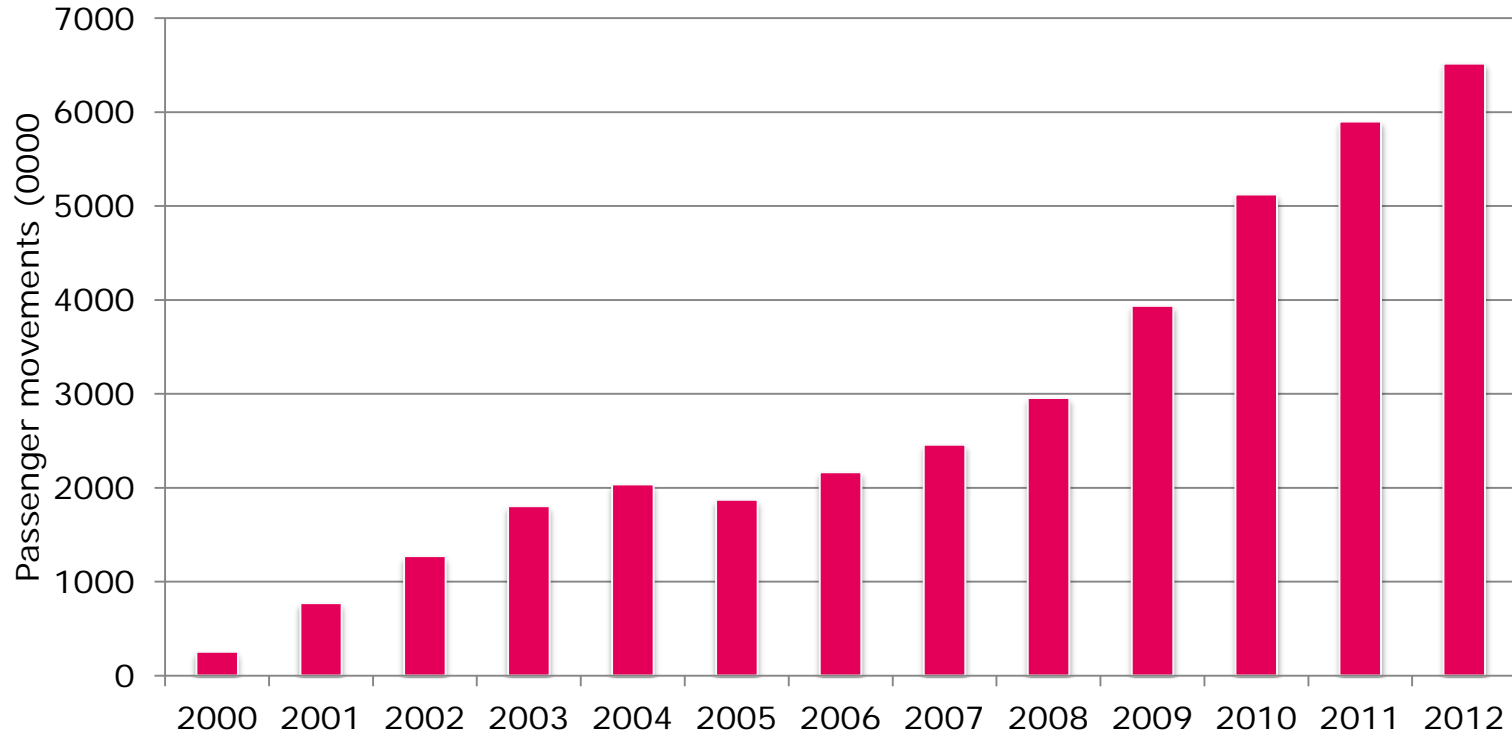
# Brussels Airport and regional airports O&D pax traffic development

- Brussels Airport O&D traffic
  - Drops in 2009 to 15 million passengers
  - Fails to recover in the following years
- Charleroi traffic
  - Strong growth continues
- Liege/Ostend/Antwerp
  - Local demand



# Charleroi traffic growth also related to number of based aircraft

Based a/c	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Ryanair	2	3	3	3	3	4	4	5	7	11	12	16
Jetairfly									1	2	3	3



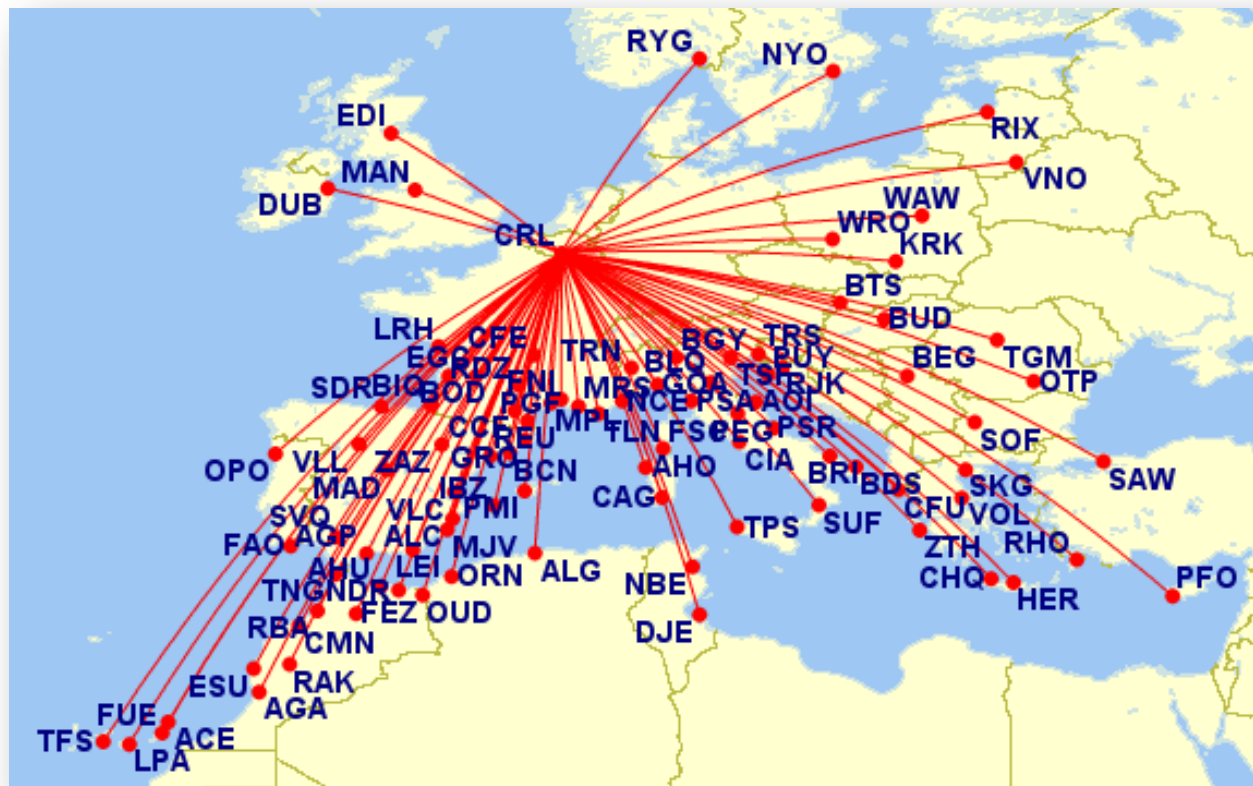
# Brussels South Charleroi Airport development

- **1919:** first flight
- **1992:** BSCA founded by Walloon government
  - Shareholders: Sowaer and Sambrinvest
- **1997:** first flight Ryanair to Dublin
- **2001:** first Continental base of Ryanair
- **2008:** new Terminal building
  - 12 gate positions, capacity 5 million
- **2009:** part privatisation to SAVE / Gemeentelijke Holding
  - (SAVE= Venice/Treviso airports)
- **2009:** first based aircraft of Jetairfly
- **2011:** 4 additional gate stands
  - capacity up to 7.5 million pax
- **Future plans**
  - 9 million pax in 2020
  - 14 additional aircraft positions
  - runway extension
  - long haul transatlantic flights
  - underground railway station in 2020
  - *'2nd national airport in Belgium'*



# Charleroi network Summer 2013

- **93 destinations:**
  - **67%** overlap with network at BRU
- **472 weekly flights:**
  - **80%** overlap with network at BRU
- **Airlines**
  - **Ryanair:** 79 cities, 386 weekly flights
  - **Jetairfly:** 22 cities, 55 weekly flights
  - **Wizzair:** 5 cities, 31 weekly flights





# Charleroi has become the 56th largest airport in Europe; 4th largest Ryanair base

Airports Europe	Passengers 2012
20 airports	Above 20 million
15 airports	10-20 million
15 airports	8-10 million
52. Toulouse	7.6 mio
53. Glasgow GLA	7.2 mio
54. Bucharest OTP	7.1 mio
55. Berlin SXF	7.1 mio
<b>56. Charleroi</b>	<b>6.5 mio</b>
57. Catania	6.2 mio
58. Porto	6.1 mio
59. Bologna	5.8 mio
60. Naples	5.8 mio

Weekly departures Ryanair June 2013	
1. London Stansted	905
2. Dublin	512
3. Milan Bergamo	481
<b>4. Brussels Charleroi</b>	<b>380</b>
5. Barcelona	308
6. Rome Ciampino	291
7. Palma	289
8. Madrid	260
9. Paris Beavais	232
10. Barcelona Gerona	230
11. Malaga	223
12. Pisa	213
13. Weeze	202
14. Frankfurt Hahn	196
15. Alicante	190
16. Manchester	168
17. Oporto	160
18. East Midlands	159
19. Liverpool	155
20. Oslo Rygge	152
<b>31. Eindhoven</b>	<b>119</b>
<b>72. Maastricht/Aachen</b>	<b>39</b>

# Artificially low aeronautical charges at Charleroi

- Passenger charge at CRL is € 2.25, discounted to 50%
- Much higher charges at surrounding airports EIN, LIL, CGN
  - € 13 to 27, excluding aircraft charges
  - € 18 to 33, all charges

Airport charges per passenger, calculated for typical B737-800 flight			
Schengen flights 2012	Eindhoven	Lille	Cologne /Bonn
Pax	14.55	4.44	7.30
Security	12.45	13.32	4.72
PRM	0.00	0.53	0.44
Other pax			0.98
L/TO, other	5.88	1.49	4.27
<b>Total</b>	<b>32.88</b>	<b>19.75</b>	<b>17.71</b>

## Regular/charter flights

You are here : B2B / Airport charges / Regular/charter flights

Applicable from 01/01/2013 to 31/12/2013

Landing fee: 2.25 EUR <sup>(1)(3)(4)</sup> per departing passenger

Discounts on an annual basis

Percentage discount	From # departing passenger	To # departing passenger
0 %	0	15 000
5 %	15 001	35 000
10 %	35 001	50 000
25 %	50 001	100 000
35 %	100 001	200 000
50 %	200 001	-

Parking fee: 2.03 EUR<sup>(1)</sup> per day (24 hours) and per ton <sup>(2)</sup>. The first 12 hours of parking are free.

Fuel levy : 5 EUR/m<sup>3</sup>

Passenger fee: 0 EUR

Security fee: 0 EUR

PMR fee: 0.2354 EUR <sup>(1)(3)(4)</sup> per departing passenger

# Substitution or growth ?

- Stagnation of **O&D** growth on the **relevant European and North-African markets** from BRU, versus steady growth at CRL
- Growth of 30% over 2004-2011 **only benefited CRL**

	BRU		CRL		BRU+CRL	
	O&D (000)	Y-to-y	O&D (000)	Y-to-y	O&D (000)	Y-to-y
2004	11.8		2.0		13.8	
2005	12.2	4%	1.9	-5%	14.1	2%
2006	12.5	3%	2.2	16%	14.7	4%
2007	13.4	8%	2.4	9%	15.8	7%
2008	13.2	-1%	2.9	21%	16.1	2%
2009	11.7	-11%	3.9	35%	15.6	-3%
2010	11.3	-3%	5.2	33%	16.5	6%
2011	12.1	7%	5.9	14%	18.0	9%

Definition of relevant markets: direct and indirect O&D passengers to Europe and North Africa

# Substitution or growth ?

- Total growth of European benchmark airports for BRU is **20.5%** over the period 2005-2011
  - Total growth includes European and long haul traffic, and OD and transfer
- Relevant market O&D passenger numbers at BRU did not increase; a large part of growth at CRL must have amounted to '**substitution**'
- It can be assumed that of the 4 million additional pax at CRL 2005-2011, 1.5 million are 'new' passengers whereas **2.5 million pax** would have used BRU \*:
  - an annual revenue loss of **€ 50 million**
  - a net loss of **employment** BRU vs CRL as employment per pax at CRL is lower

\* Assuming 20.5% growth of BRU relevant O&D 2005 passengers (12.2 mio)

Benchmark airports	Total pax (mio)	Y-to-y
2005	384	
2006	405	5.3%
2007	429	5.9%
2008	437	2.0%
2009	413	-5.6%
2010	430	4.3%
2011	463	7.5%

## Benchmark airports:

AMS, BER, BRU, CPH, DUS, FRA, HEL, MUC  
OSL, PAR, ROM, STO, VIE, ZRH

# Substitution also impacts network integrity at Brussels Airport

- Route abolition and frequency reduction at BRU 2008-2013
  - seven destinations suspended
  - loss of frequencies on main feeder routes Brussels Airlines and Star Alliance
  - less holiday & VFR seat capacity from BRU

Country	Airport	Reduction
Cyprus	Larnaca	Suspended
France	Toulon	Transfer to CRL
Greece	Athens	Reduction SN
	Thessaloniki	Suspended
	Corfu	Reduction
	Heraklion	Reduction
	Rhodos	Reduction
Italy	Catania	Reduction
	Cagliari	Suspended
	Florence	Reduction SN
	Palermo	Reduction SN
	Rome	Reduction SN

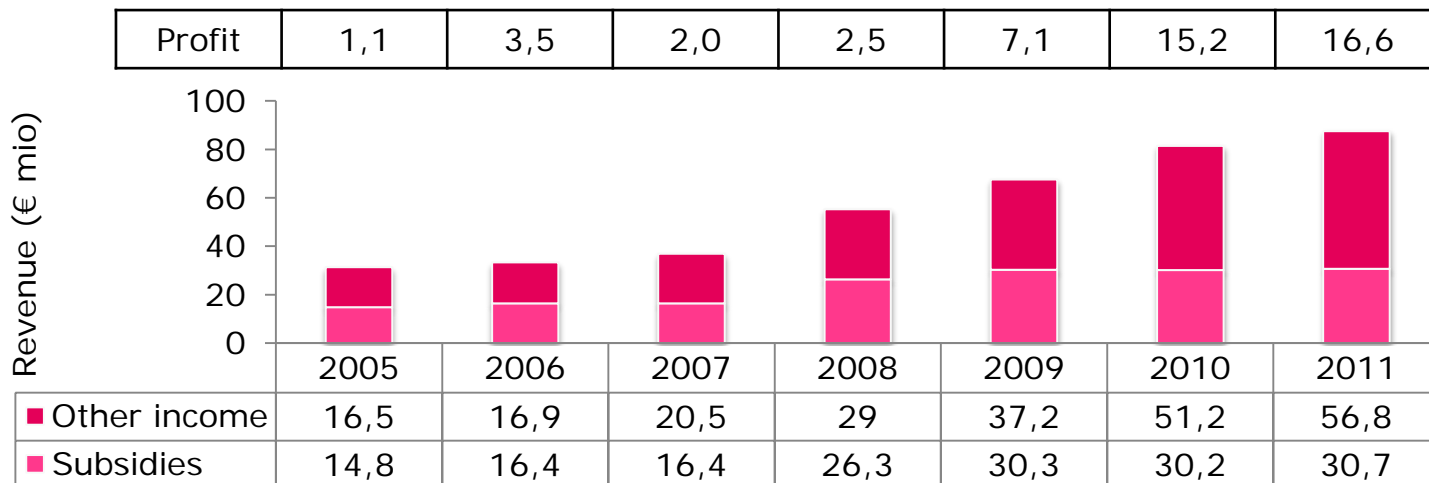
Country	Airport	Reduction
Morocco	Agadir	Reduction
	Marrakesh	Reduction
	Nador	Part transfer CRL
	Oujda	Part transfer CRL
	Tangier	Part transfer CRL
Norway	Oslo	Reduction SN
Poland	Krakow	Suspended
	Warsaw	Reduction SN
Portugal	Faro	Reduction SN
	Porto	Reduction SN
Romania	Bucharest	Reduction
Serbia	Belgrad	Reduction

Country	Airport	Reduction
Spain	Almeria	Reduction
	Barcelona	Reduction SN
	Fuertev.	Reduction
	Gerona	Reduction
	Las Palmas	Reduction
	Madrid	Reduction SN
	Malag	Reduction
	Palma	Reduction
	Seville	Suspended
	Valencia	Reduction
Sweden	Gothenburg	Reduction
Tunisia	Djerba	Reduction
UK	Manchester	Reduction
	Liverpool	Suspended



# Government aid measures granted to Charleroi

- **'Opening decision'** European Commission, 17 August 2012
  - A (sub) concession over the land where CRL is located
  - A (sub) concession over infrastructure, valued in 2001 on € 62 mio
  - Infrastructure investments by Sowaer 2001-2009 worth € 219 mio
  - BSCA paid an annual sum ranging from only € 0.9 to 2.8 mio in 2010 (ROI < 1%)
  - Dividends were only paid after Belgian Airports (read SAVE) became a private shareholder
  - Government reimbursed services include security, fire protection and maintenance
  - None of the measures are line with the Market Economy investor Principle (MEIP)
- Published accounts BSCA show **annual subsidies**:



# Conclusions

- Brussels Airport subscribes to the **important role** of regional airports
  - local demand for air travel
  - all regional airports in Belgium require government support
- Brussels Airport considers that larger airports, such as CRL (and LGG for cargo flights), that are also located nearby large population centers, should compete on a **level playing field**, without distortions caused by government support.
- Since CRL also serves passengers originating from The Netherlands, France, Luxemburg and Germany, the State aid by the Walloon Region must have had **effects on airports there** as well.
  - Charleroi claims 14% Dutch, 12% French, 4% Luxemburg nationals in 2012
  - LGG cargo flights compete with several cargo airports across the border

# Thank You !

