

Time to Take-off: The First Swiss Aviation Congress in Zurich

Zurich's Airport Unique hosted the first Swiss Aviation Congress this year. Leading personalities from the aviation industry and politicians gathered to discuss the importance, the needs and the limits of the Swiss aviation sector.



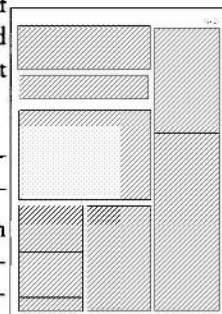
Kurt Schaad, Christoph Franz and Rolf Bütiker

Around 350 people found their way from all over Switzerland and Europe to the event dock at Zurich Airport to visit what could be the beginning of an important economic platform of the future. It took almost fifty years and the worst of all crises to finally realize the need for such a yearly event in the aviation world. In the light of the industry's rapid change in recent years, many emerging issues were eagerly

followed by people and the high numbers of guests at the congress, which was organized by economiesuisse, emphasized the eminent interest of the public in aviation.

More competitive business conditions

With over 180,000 employees depending on it in some way, the aviation industry is certainly an important economic factor in Swit-



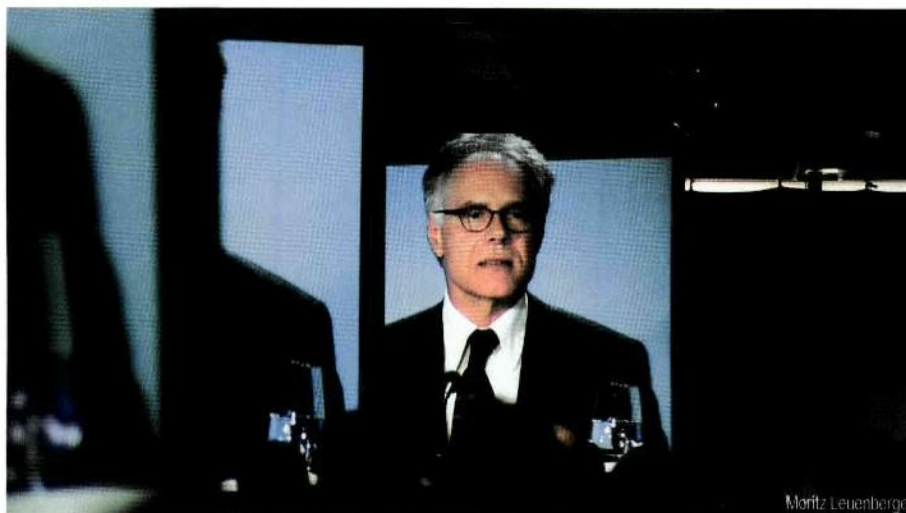
zerland. All the more, several of its representatives stated their demand for a better business environment and more competitive conditions. "After September 11, nothing is the same. In the nineties, some airlines were not managed in an efficient manner, but we have done our homework and have been improving ever since," says Giovanni Bisignani, CEO of the International Air Transport Association (IATA). Although the airlines have dramatically increased their efficiency and cost management, their partners – airports and air navigation providers – and the public authorities have showed no signs of a move towards this direction yet. Safety regulations are ever increasing and constitute additional costs for the airlines, but sometimes do not really contribute to the passengers' security. Paul Kurrus, President of Aerosuisse, confirms that the mass of regulation in Switzerland is simply too high and often results in red tape. "We must remember that safety does not rise with bureaucracy!" says Kurrus and adds that there are operational conditions in Switzerland that can be found nowhere else in the world. He also demands for more public action to create a better environment for the aviation industry in Switzerland and points out that additional safety costs have to be borne by the government, as is the case with many competitors. The regulation policy is a major cause for the fact that Switzerland is too expensive – not only in absolute terms, but also as far as cost effectiveness is concerned. This can be a major drawback not only for aviation, but also for other sectors depending on it, such as tourism or jewelry.

Too little intercontinental destinations

Following the collapse of Swissair, Zurich gradually withdrew intercontinental flight destinations. Today, there are no direct connections from Zurich to mainland China, one of the most rapidly growing markets

in the world. Direct connections enable passengers to spend more time in Switzerland and thus more money in the Swiss tourism industry. Furthermore, they enhance business relations. Hence it is of utmost importance for Zurich to increase the number of direct connections to Asia and to regain its position as one of the major hubs in Europe.

"The problem is that many traffic rights for new connections are not available in Switzerland," SWISS CEO Cristoph Franz remarks. "In this field, further negotiations are required." In the course of the liberalization of the aviation industry in Europe, prices for flights went down and the demand rose. Everyone benefited from that growth, except for the airlines, because of their high fix costs. Today, Zurich is considered a secondary hub, competing with airports like Vienna and Milan. To further grow in the market and attract more passengers from abroad, SWISS needs to attract more investments, which depend on the company's internal cost structure. Costs in turn are notably influenced by the economic conditions under which a company has to work. Being an expensive location, this is a very relevant issue for Switzerland. And the global development in this field is alarming. As an example, we can all witness the dramatic shift of traffic to the Persian Gulf, resulting from a massive construction of hubs in Dubai. "The aim is to transport passengers to Asia and Australia to their destinations via the Persian Gulf, instead of directly from Europe," says Franz. The question for Switzerland will be, whether we want to establish the connections to the world or



Moritz Leuenberger

let that opportunity to grow pass by. If we decide to grow, then the conditions have to be right. "We are faced with the European phenomenon of sectionalism in terms of air traffic control!" Franz adds. Compared to the USA, the costs in this regard are twice as much. Added to that, Zurich is one of the most expensive airports in Europe and suffers from additional legal requirements that other hubs do not face. To expand the airport and head towards becoming a major hub, Franz urges not to worsen the conditions, but to further improve them.

Demands on the government

As far as the often mentioned "general conditions" were concerned, a current initiative aiming at the reduction of the flights from Zurich and the extension of the no-flight hours at nights (the so called "Plafonierungsinitiative") was heavily rejected by all members of the aviation industry. Such a move would not only harm Zurich Airport, but Zurich and Switzerland as a business and tourist location, the speakers insisted. Furthermore, the issue should not be the reduction of the number of flights, but emissions. The representatives of the industry called for more efforts from the politicians to make Switzerland and Zurich a more competitive, attractive location in the world.

The encumbering additional requirements regarding noise emissions and the limiting flight restrictions from neighboring southern German areas are in heavy conflict with the needs of a contemporary Swiss aviation industry and a competitive location in the age of globalization. "We have to manage to make people accept the aviation industry and to be aware that aviation is not an end in itself, but a means to raise our location's attraction and maintain our prosperity," Paul Kurrus explains.

Norbert Walter from Deutsche Bank sounds darker and more pessimistic when he demands the participants to widen their scope beyond local frontiers and focus on the worldwide dynamics in the aviation market: "If we Europeans stick to the coziness that we have adopted for the last thirty years, then the decisive developments will take place outside our boundaries." Walter emphasized the European "treasures" and virtues and urged people "not to sleep" and miss the opportunity to actively form the industry's future. "I am afraid that we slow Europeans are following the path of Rome after the barbarian invasion."

"No false hopes"

The probably most prominent guest speaker was the minister of transport Moritz

Leuenberger. In his very deliberate speech, he replied to the demands of the members of the industry with reference to the direct democratic system of Switzerland. In a direct democracy, there is a conflict of interest between noise emissions and the resistance of concerned residents, and we have to find a solution together. According to Leuenberger, an expansion of the airport requires thorough information of the public. "The discussion about the future of an airport cannot be solely an economic one." As for the hot debated initiative, he merely pointed out that even though airports are of national relevance, the government should wait for the cantonal decision of Zurich first.

With regard to the dispute over air rights with Southern Germany and other neighboring states, Leuenberger explained that sometimes it is necessary to imagine things without the national borders and to find the best solution for everyone: Switzerland's neighbors protest because of noise, but actually benefit from Swiss airports themselves. In the Baden-Württemberg area, Zurich Airport is often considered a plus for the region's attraction. Thus Leuenberger expects readiness to talk from his German counterpart and stresses that the German restrictions are discriminating for Zurich indeed; Zurich Airport is stripped of the opportunity to develop like Munich and Frankfurt.

On a final note, the minister of transport urged the participants of the congress to approach people, to communicate with them. "Make no false hopes," he reminded. Pointing to the fantastic illustration of the Asian market developments some industry members had given the audience, Leuenberger indicated: "We will never be able to make it the same way as in Asia. We have to move within the boundaries of the direct democracy. If we dare the democratic process, we will find a sustainable solution with the voting citizens." ■

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