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Comments from International Air Transport Association (IATA) on the report Ds 2022:11 on Arlanda airport

The International Air Transport Association (IATA) is a global trade association, representing some 290 airline members across the world and accounting for 82% of total global air traffic. Our members include approximately 50 airlines operating air services to/from Sweden. IATA supports many areas of aviation activity and helps to formulate industry policy on critical aviation issues to drive a safe, secure, and a sustainable industry. For more information on IATA and its work, you can visit www.iata.org

IATA welcomes the opportunity to comment on the report Ds 2022:11 regarding the developments of Arlanda airport. As the main Swedish hub, Arlanda airport is essential to the infrastructure, economic growth, current and future connectivity. Air transport generates benefits to consumers and the wider economy by providing speedy connections. These virtual bridges in the air enable the economic flows of goods, investments, people and ideas that are fundamental.

Comments on Infrastructure development

IATA welcomes the holistic view that the report presents on the need to develop infrastructure at Arlanda airport and also focuses on long term issues as well as potential short-medium term tactical solutions. Detail comments on the relevant topics are provided below but a general support to most of the findings should be expressed.

An important element that the report was not tasked to address was the potential closure of BMA, however, decision makers need to keep that decision at the core of any other discussions on expanding capacity at the airport. In order to successfully integrate all commercial aviation in Arlanda to obtain an increase efficiency in the long term, a number of challenges would need to be met. There would be critical short-term challenges to address before those long-term benefits and efficiencies could be realized. With that in mind:

Sufficient capacity needs to be provided in Arlanda before an effective closure of Bromma. ARN shall cope with a 10% increase in passenger numbers while all airlines can operate on a level playing field that allows them to maintain current schedules to the greatest extent possible.

1. In addition, passengers should not be burdened with a lower level of service (queueing times, delays, lack of space, increased of remote operations, etc.) at the airport because of that potential need for additional capacity.
2. A clear study on the potential cost of decommissioning Bromma needs to be undertaken. However, in no circumstances should the existing or future customers of Swedavia (airlines) be responsible for paying it through charges or other fees.
3. Furthermore, the report highlights the value of the land in Bromma is very high and can have many uses in the development of the city. Any proceeds of the sale of the land could bring a boost into the finances that could be used to explore further funding mechanism for aviation and landside access infrastructure.
4. Due to current and forecasted staff shortages, automation and digitalization should be the cornerstones of any airport process.

Leaving the discussion of Bromma to one side, there are many important considerations in the report that must be highlighted but also some shortcomings that IATA believes should be considered as well.

5. The most important aspect to highlight from the report is the strong recommendation made on improving cooperation between Swedavia and different actors. We strongly believe that a robust consultation process between Swedavia and the airlines can and will deliver the highest benefits for the passengers, the industry and for Sweden. Therefore, all the comments provided below should always be considered with the need for a formal consultation with the airlines as a pre-requisite.
6. We welcome the recommendation included in the report that highlights the need for Swedavia to start preparations to improve current performance of the runway and taxiway systems. Elements such as mixed operations or RETs can deliver a substantial increase in capacity at a relatively smaller cost than building the 3rd parallel runway. This should provide sufficient capacity on the airfield for the foreseeable future. As this is not the only possible measure that could improve performance /capacity, we recommend the involvement of Eurocontrol's Airport Capacity and Performance Team to perform an airport capacity and performance study. Eurocontrol, along with the ANSP, Swedavia, Airlines and local associations, and the DGAC, could help identify operational challenges, developing a holistic diagnosis report suggesting improvement initiatives. This approach has been working quite well in other European airports constrained (e.g., BCN, LIS, FCO, etc)
7. On the other hand, we would also want to support the need to conduct evaluation for a future 3rd parallel runway. While we don't believe this runway will be required in the next 10-15 years it is obvious that at some point in the future it will be required. Therefore, all the work in investigating solutions, looking at environmental permits, funding mechanism, safeguarding land are more than welcome.
8. Furthermore, it is important to highlight (and one of the shortcomings of the report) that currently, there is no detailed Master Plan for Arlanda Airport. We believe that it is critically important to restart the discussions on the Master Plan for Arlanda Airport that should consider the topics of a 3rd parallel runway, but also the integration with the terminal, landside access and other support elements. This Master Plan must be developed in collaboration with the airlines and all other stakeholders.
9. We would also like to support the recommendations that are made in the report on the need to ensure a better intermodal access to Arlanda Airport. The current train solution is not sufficient to achieve the 60% target of passengers using public transport and it is a very costly option. A reliable, frequent and affordable ground transportation solution needs to be developed to ensure connectivity between the airport and the region (including the city of Stockholm). However, given the regional / national interest this connectivity brings, airlines or Swedavia cannot be asked to pay for this landside infrastructure outside of the airport perimeter.
10. We would like to expand the "Increased digitalization and automation" point. We have seen little regarding the digitalization of airport processes, from the terminal to the control towers. Automation and digitalization of the passenger journey are crucial to managing a 10% increase in passenger numbers while ensuring a smooth passenger experience. Staff shortages or specific regulations could significantly impact passenger experience, Arlanda's connectivity, and border control processes.

We would like to highlight the implementation of Regulations (EU) 2017/2226 and (EU) 2017/2225 on Entry/Exit System (EES) plus Regulation (EU) 2018/1240 and (EU) 2018/1241 on Electronic Travel Information and Authorization System (ETIAS). They will be the most impactful Electronic Travel System being implemented worldwide so far. European airports in their majority, have raised strong concerns about Member States' preparedness in terms of self-service equipment and human resources. This will undoubtedly have a major impact on their operations, the passenger experience, and the whole air transport network. Hence the need for flexibility and additional structural measures, notably the development of off-airport solutions, the use of e-gates for all third-country nationals, the validation of third-country national's registration without the intervention of a physical border guard and fast-track border control for critical connecting passengers.

Another intervention capable of significantly reducing processing and waiting times (according to some sector studies, up to 30%) consists of implementing biometrics to identify and process travelers. Biometric recognition systems would allow the passenger to be recognized throughout the process at the various touchpoints where identity validation is requested, including airport touchpoints. Using digital identity information, airports can facilitate contactless processes across touchpoints (assuming biometric recognition equipment is in place).

To finish with the comments on the infrastructure front, we would also like to point out some aspects that while not directly related to the development of it are mentioned in the report and we would like to comment:

11. The report makes a proposal for Bromma airport to become fossil free airport by 2030 but then continue with the closure in 2035. We do not think it is a reasonable use of resources to focus that much investment in Bromma to close it in 5 years. It is our view that investment and aspirational targets for Bromma should be minimized, and all the efforts should focus on creating long-term conditions for a developed Arlanda where both new technology/fuels can coexist with the rest of the aviation industry.

12. An important element that is not addressed in the report is the element of financing the aviation infrastructure and how to address that given the potential large figures required for it.

Comments on charges, finance, and costs

The report stresses the great importance of air travel for Sweden and Sweden's dependence on the outside world. The benefit of air travel however depends on and correlates directly with its cost, i.e., affordable travel. The cost of travel arrives in the form of aviation charges paid by airlines (passengers) for use of airport infrastructure and the cost to reach the airport.

<u>Airport charges</u>

Charges are levied by the airport for the use of infrastructure, invoiced to airlines who attribute this cost in the fare calculation. In other words, airport charges find their way into the ticket price one way or another, increasing the cost of air travel and working against the importance of air travel. The owner of the airport, the government of Sweden, has a special responsibility in this regard as it receives relatively large and stable dividends from the operation. The profit to the government is therefore a cost to the travelling public. During the pandemic years, the Swedish government has shown restraint in this regard, which has helped and still is helping the recovery going out of the crisis. Directly through this profit, the owner can influence the cost of air travel, which is why profit maximization in any regulated/monopolistic environment must be seen with caution. The government should be encouraged to keep a moderate stance when the profit part is discussed, meaning that the remuneration via the cost of capital shall reflect the importance of aviation, which would aim for a low cost of capital.

<u>Charges and infrastructure</u>

Aviation infrastructure is ultimately the starting point for the determination of airport charges (all cost comes from infrastructure). Evidently, every discussion around the decision for new and the replacement of old infrastructure must follow a transparent consultation process.

<u>Congestion charges</u>

IATA has provided the Swedish regulator with global experience on the introduction of congestion charges. The effect in practice is insignificant, not reaching up to its usually decided aim to optimize the utilization of infrastructure. Due to flight schedules, airlines cannot simply move to a different arrival or departure time as this has to be synchronised with the destination airports. Congestion charges in practice have mostly changed nothing and only provided more payment to the airport without following the cost-relatedness requirement from ICAO.

<u>Environmental charges</u>

The introduction of environmental charges typically aims to achieve a certain goal such as lowering emissions, noise etc. The airport should not gain any unjustified additional revenue from such charges, but the introduction of these charges must be cost-neutral. Moreover, the effectiveness of any such new charges must be measured to understand if the goal is actually being achieved over a certain period of time.

<u>The cost of many airports</u>

In Sweden, the capital Stockholm is home to two hub airports (Arlanda and Bromma) while Swedavia also operates many other airports in Sweden as part of a network. The cost, i.e., charges, for these airports is being determined as part of this airport network. In other words, some airports could be subsidized by others, an international airline might only fly to one or a few airports while still indirectly subsidizing other airports. With regards to the dividend payments on the profit to the owner, such a network system requires even more care as it might mean that a subsidized airport is paying a profit to the owner.

This subject needs to be given careful evaluation and consideration in the inquiry. The airport network is not served by all of the airlines which fly to ARN while the airport charges are being determined in a network approach. This leads to the controversial situation that not only is a profit being determined for an airport which receives a subsidy through the network calculation of charges, it is also distorting the competitive landscape among airlines. The charges paid for at a smaller and remote airport are often not cost-related.

<u>Airport network</u>

If all commercial aviation in Stockholm is moved to Arlanda, we would suggest the government to assess if Bromma should continue to be considered part of the airport network.

Environment and importance of aviation

IATA welcomes that the report DS 2022:11 highlights the value of aviation. Aviation facilitates integration into the global economy and provides vital connectivity on a national, regional, and international scale. It generates economic growth, creates jobs, and facilitates international trade and tourism and not least enables contacts between families and friends around the world.

Across the globe, the IATA member airlines are committed to achieve net-zero carbon emissions by 2050. This commitment will align with the Paris Agreement goal for global warming not to exceed 1.5°C. Several Nordic airlines are among the frontrunners. To achieve net zero carbon emissions, it will take a combination of Sustainable Aviation Fuels (SAF), radical airframe designs, cutting edge propulsion methods, efficiency gains, carbon capture technology, smarter operations, implementation of the Single European Sky act and offsetting measures.

The mechanisms to deliver change is crucial. IATA recommends the Swedish Government to lead with incentives – with more carrot and less stick. Aviation is a global industry, and international collaboration is key. It is highly recommended to avoid a patchwork of regulations that will only lead to a distortion of competition without addressing the climate challenges in a meaningful way. Therefore, IATA strongly recommends the Government to remove the Swedish aviation tax and the national reduction obligation.

Sustainable Aviation Fuel (SAF) has been identified as one of the key elements to achieve the industry's climate goals. Governmental support is essential. IATA recommends that the Government engages with a wide range of industry and policy stakeholders on all SAF topics and facilitates cooperation and promotes partnerships between them. Therefore, IATA supports the proposal on establishing an "Aviation Fuel Commission" with representatives from the industry, academia, and the government sector, that can work together towards the realization of a cost competitive SAF market.

Regarding the proposal on a fossil-free airport, it is crucial that the airline industry is consulted to ensure cost-effective and sustainable investments in both short and long-term perspectives.

Slots

Transfers of airlines from Bromma Airport to Arlanda Airport

IATA appreciates the proposal's recognition that operators are unlikely to leave Bromma Airport voluntarily unless sufficiently good conditions are offered at Arlanda Airport. Finding an equitable solution to all affected airlines would be essential and should consider:

> The rights to slots that have been earned by airlines who have developed and invested in services at Bromma Airport. Airlines at Bromma Airport have developed services according to market demand, connectivity and how they offer consumer choice in relation to other services at other airports.

> The availability of equivalent slots at Arlanda Airport. Based upon capacity availability provided by Nordic Airport Coordination[1] through the Online Coordination System[2] Arlanda Airport slot availability is scarce in comparison to Bromma Airport. This means airlines transferred from Bromma Airport may not be able to offer commercially viable equivalent services at Arlanda Airport.

> In accordance with Council regulation (EEC) No 95/93[3], coordination parameters should be reviewed twice yearly at Level 3 airport like Arlanda Airport, and any proposals for capacity increases to be considered by the Coordination Committee[4], including any air carriers using the airports under

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[1] Nordic Airport Coordination: responsible for the airport coordination of airports in Denmark, Estonia, Faroe Islands, Finland, Greenland, Iceland, Lithuania, Norway and Sweden

[2] Online Coordination system (OCS): An airport slot coordination portal available to airlines to view slot availability and to manage slot holdings.

[3] Article 6, Council Regulation (EEC) 95/93, "At a coordinated airport the Member State responsible shall ensure the determination of the parameters for slot allocation twice yearly, while taking account of all relevant technical, operational and environmental constraints as well as any changes thereto."

[4] Article 5, Council Regulation (EEC) 95/93, "Membership of this committee shall be open at least to the air carriers using the airport(s) in question". "The tasks of the coordination committee shall be: (a) to make proposals concerning or advise the coordinator and/or the Member

consideration. Since the assessment of coordination parameters is an ongoing requirement, actual impacts to carriers that differ from forecast may only be known in future season planning timeframes. The proposal should therefore remain sensitive to future demand capacity assessment and subsequent coordination parameters. The expected impact to airlines now may not reflect the impact a few years from now.

The impact to existing Arlanda Airport operations. Any increase in Arlanda Airport slot availability should be closely aligned to airport development and subsequent operational efficiencies. A misalignment may result in worsening airport service levels and could result in a reluctance from existing carriers to accept an increase in slot availability.

We recognise Regulation (EC) No 1008/2008 provides Member States with an ability to distribute airlines between airports under certain circumstances and appreciate your consideration for the items we raise to help ensure no airlines experience discrimination in the process.

<u>Regulatory framework for slots</u>

IATA acknowledges Council Regulation (EEC) No 95/93 lays down the conditions for the implementation of capacity allocation in Sweden. It is our opinion that Council Regulation (EEC) No 95/93 is working well and is proven to facilitate the entry, growth, and has enabled the competitive aviation sector we see in the EU, despite the tremendous lack of available airport capacity.

Policy and procedures could however be improved. It is our opinion there should be a more consistent implementation of Council Regulation (EEC) No 95/93, and the neutrality, transparency, and non-discriminatory approach reinforced. There is also a need for Coordination Committees to be better established, and to facilitate balanced and collaborative demand capacity reviews between airport operators, slot coordinators and the carriers.

Council Regulation (EEC) No 95/93 could also be enhanced through the adoption of procedures already agreed by the industry. For example:

Council Regulation (EEC) No 95/93 could optimize competition through the adoption of WASG accessibility guidance that provides greater opportunity for airlines to gain access and to initiate new services.

The airport capacity declaration process needs to be recognised as the starting point of the entire airport coordination process and therefore needs to be accurate and reviewed regularly to unlock additional capacity and to allow growth and the development of connectivity.

Council Regulation (EEC) No 95/93 is not broken and is working well, but with industry recommended improvements, enhancements and the consistent application of the regulation, the recommendations we make here will promote the connectivity of Arlanda Airport and will help drive the benefits desired throughout the Swedish aviation system.

State on: — the possibilities for increasing the capacity of the airport determined in accordance with Article 3 or for improving its usage; — the coordination parameters to be determined in accordance with Article 6.

ATC and air space

<u>U-space airspace implementation and the entry of UAS:</u>

The plan emphasizes on the implementation of UAS and U-space airspace, identifying a "*long-term sustainable financing, especially based on the introduction of unmanned vehicles aircraft (drones) and the regulations for U-space*"

The realization of the U-Space airspace and its associated service providers are being led, in most of the EU countries, by the National ANSPs. Appropriate financial mechanisms should be put into practice to prevent that the deployment of the required infrastructure for the UAS should not be charged to the airlines through cost-recovery ATC charges.

The plan also establishes the need of implementing and UTM and eVTOL, specifying that the lower airspace and the development of operations at Arlanda Airport will *"place new demands on how airspace is organised and used"*, considering *"changes in the approach and departure routes when continuing to develop the control zone and terminal area affected by Arlanda Airport".*

IATA recommends that the implementation of such U-space airspace services shall be done in close collaboration and consultation with the operators that are already flying and maintaining the Swedish ATM system, with neither ANS service disruptions, nor with any operational impact coming from the entry of the newcomers.

<u>Financing of the modernization of Swedish airspace</u>

We draw attention to the fact that the plan recognizes that the current cost-recovery financing model will not be able to cover the required investment and modernization of basic infrastructure. Consequently, the plan considers the need of additional funding alongside funding from the charges system. The Swedish Transport Administration considers that this is an important difference in principle compared to today's form of financing, where the aviation infrastructure is mainly financed through user fees.

However, it is important to note that potential grants and funds are available from EU (i.e., CEF Calls). Other multilateral financial institutions (EIB, WB, etc) businesses models are basically relying on the creation of debt at Country level, afterwards recovering the so-called 'spread' (difference between interest paid for deposits vs interest rate received on the loans). While this option is also available, it may be more efficient for the State to fund its infrastructure through the national budget. No matter what, the loans and funds should be focused on the materialization of climate and operational benefits that will bring optimized operations, amongst other KPAs, or cost-efficient infrastructure exploitation. Loans and debts amortization should not be subject to a further cost recovery through determined cost increases or ATS charges.

<u>Introduction of the Point Merge concept</u>

The airspace modernization plans for Stockholm TMA includes the implementation of the Point Merge concept. There are also other procedures which should be considered, to deliver better runway throughput and increase capacity. We suggest that before Point Merge is developed that consideration is also given to study the concept of Optimised Wake Turbulence Categorisation and Pair-Wise Separation (PWS) Minima for Approach and Departure, Various SESAR studies on this concept have shown up to 10% additional capacity during peak times. For all procedural developments, including Point Merge, implementation should be based on a collaborative decision making and validated by Airspace Users.

Designing and implementing Point Merge STARs as the only STAR which can be filed in the ATC flight plan will likely require extra fuel to plan for a longer arrival path. Even if very few aircraft fly, a part of the Point Merge procedure it

must be recognised that this is linear holding and aircraft must plan for executing the full arrival procedure. This will also likely give rise to CO_2 implications and costs associated with the carriage of additional fuel on all flights arriving to Arlanda.   The Point Merge STAR, therefore, should be accompanied by the promulgation of a Direct STAR to the Merge Point to ensure the shortest flight plannable route to final approach can be used for planning purposes. Flexibility should also be considered for off-peak arrival times.

In this sense, we finally invite Swedavia to also consider the guidelines Point Merge implementation quick guide | EUROCONTROL, specifically the ones related to flight planning, and to collaborate with LFV to plan in advance mechanisms to collect the required data for the future publication of statistics showing the portion of the Merge Point Arc flown by arriving aircraft during the different hourly bands of the day or the week, this in the medium term will assist airlines to adjust their fuel planning accordingly.

Progress status related to the implementation of SESAR functionalities and EU ATM Master Plan objectives

Regarding the progress and status of a different regulatory obligations related to the programmatic layer of ATM Modernization, addressed by the Common Project One (Commission Implementing Regulation (EU) 2021/116), as well as other mandated under Commission Implementing Regulations (EC) No 29/2009 (DLS Regulation), (EC) No 1207/2011 (SPI Regulation) and (EU) 2018/1048 (PBN Regulation).

Sweden is progressing with the PBN implementation mandate and is progressing well to meet 2024 milestone. The DLS implementation status is completed, and the multiple sources of information related to the deployment of new ATM Functionalities is consistent: LSSIP, EU ATM Master Plan and SESAR Deployment Programme, show that Sweden is progressing well to meet the commitments related to ATM modernization programs (SESAR), specifically the obligations related to the solutions from CP1 (EC Reg. 2021/116) at Arlanda Airport:

1. to implement AMAN - Arrival Manager - extended to enroute airspace, by the end of 2024
2. to implement DMAN - Departure Manager - synchronized with pre-departure sequencing and airport safety nets, by the end of 2022
3. to implement iAOP (initial Airport Operations Plan) and AOP by the end of 2024 and 2027, respectively

However, Swedavia plans for Arlanda are not showing these facts, and consequently, we suggest to the author to address integrally the progress about the above-mentioned SESAR-related regulatory commitments.

We thank you in advance for taking these comments into account. If you have any questions or concerns, please don't hesitate to contact us at IATA.

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