



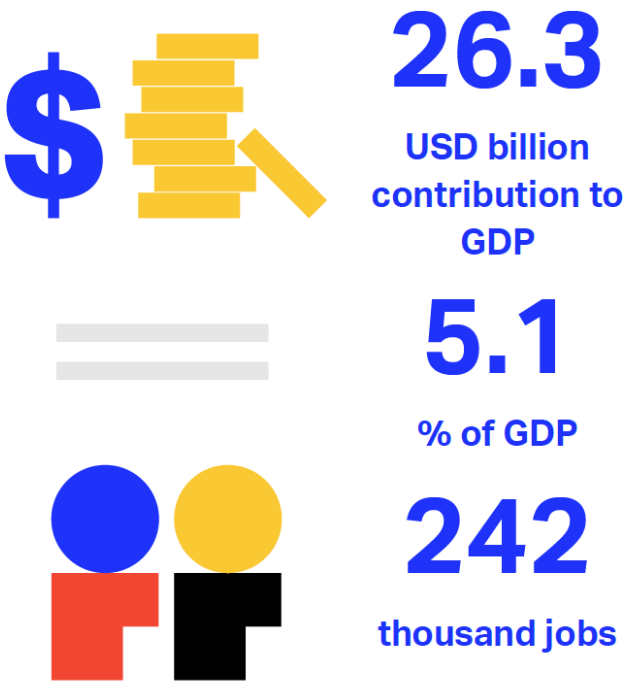
Austrian aviation policy

Briefing for Government

An economic engine for Austria

Air transport is crucial for Austria. More than 47,000 people work directly in aviation. When the indirect employment effects triggered by air transport - for example in tourism – are added, **the total reaches 242,000 jobs or 5.1% of Gross Domestic Product (GDP)**. Air transport connects families and friends and is an indispensable tool for many businesses as well as for Vienna as an international congress and tourism location. Austrian Airlines advertises the Austrian national brand all over the world. And air cargo is a vital contributor to the economy. Austria transports more than 190,000 tons of air freight annually, including high-value pharmaceutical products and electronics.

Total economic impact of aviation in Austria



The new Austrian government has titled its coalition agreement “Doing the Right Thing Now”, aimed at strengthening Austria’s economy and society, and has affirmed that aviation is of great economic and strategic importance. To assist the government, IATA has prepared some policy recommendations which would create a more dynamic and successful air transport industry. They include:

- Increasing Austria's connectivity by reducing location costs
- Eliminating competitive distortions
- Increasing SAF production to foster the energy transition in aviation
- Enabling a better flight experience for passengers with mobility impairments or special service requirements, and
- Advancing the reform of the Passenger Rights Regulation (EC) 261/2004

In 2023, 13.6 million passengers departed Austria, a 30% growth over the last decade. However, Austria has slipped in the global rankings of flight connectivity. Measured in terms of passenger capacity weighted according to the economic importance of all destinations served, Austria has fallen to 38th place in 2024, compared to 34th place in 2014.

80% of international air passengers end their journey at the airport of entry or change modes of transport. 19% transfer to another international flight and only one percent continue their journey within Austria by plane.

IATA welcomes the fact that the new Austrian federal government wants to strengthen public transport connections to airports as part of the Mobility Master Plan. **Intermodality is important in order to combine the strengths of different modes of transport.** Travelers are thus offered the best opportunities and a high level of comfort.

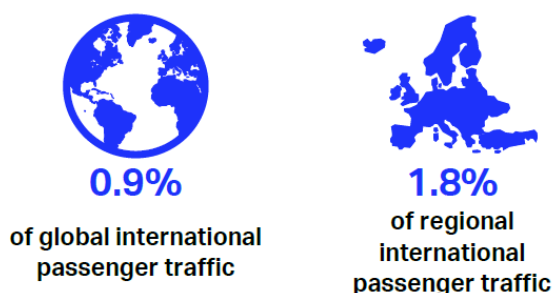
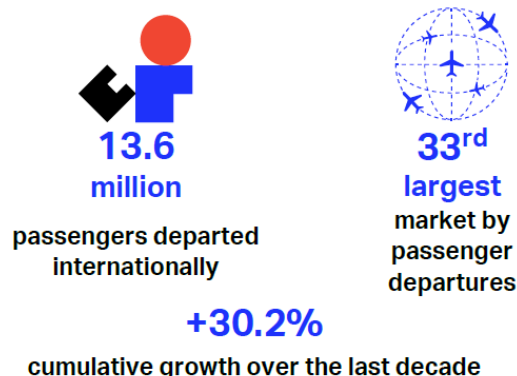
Particularly popular international destinations are:

Top 10 most popular city destinations from Austria

London	1	844,100 pax 6.2%
350,000 pax 2.6%	2	Paris
Barcelona	3	345,300 pax 2.5%
337,700 pax 2.5%	4	Palma de Mallorca
Amsterdam	5	323,300 pax 2.4%
" 310,200 pax 2.3% "	6	Hamburg
Düsseldorf	7	304,100 pax 2.2%
290,700 pax 2.1%	8	Milan
Rome	9	266,700 pax 2.0%
265,600 pax 2.0%	10	Berlin

Source: IATA DDS, 2023

Note: Ranking based on international O-D traffic from Austria, measured in terms of the total number of departing passengers, and as a share of total passengers in 2023.



Source: IATA DDS, 2023

Note: Measured by O-D international passenger departures.



Eliminating competitive distortions

The hub function of Vienna Airport has the potential for more international connections but suffers from unequal competitive conditions such as the closure of airspace in Eastern Europe to European airlines. Non-European airlines have an immense advantage here – by using Russian airspace, they sometimes save several hours of time and fuel costs on the direct route to Asia.

The connectivity of a country to worldwide flight destinations is of enormous importance for the economy. Connectivity is a factor for the location of companies, enables rapid imports and exports and the influx of tourists, sets the attractiveness of a country as a conference location, and in general, promotes the growth of the economy. If Austria's relative decline in connectivity is to be reversed, then politicians must **set the right course now.**

Airlines in Austria need cost relief and the reduction of distortions of competition. In recent years, the state location costs, in other words the aviation tax, the aviation security levies and the costs of air traffic control on arrival and departure, have risen sharply. In Vienna, the increase between 2019 and 2024 was almost 80%! Countermeasures must be taken urgently. In Sweden, the aviation tax has been abolished totally, and in Germany it will be reduced. Kerosene storage costs in Austria are also significantly higher than in other European countries. **Lowering costs will make Austria more attractive as a location.** After all, airlines can position their aircraft where they are most profitable.

The common goal of politics and the aviation industry should be to ensure that air travel remains affordable, especially for low-income groups and families. A fall in ticket prices in Austria of 23% between 2011 and 2023, has levelled off. Moreover, airlines find robust profits hard to find. Airlines are a long way from the profit margins at some airports, such as Vienna with 42% in 2024. Austrian Airlines, in contrast, generated an EBIT margin of 3.1% in 2024. Therefore, the reduction of location costs is urgently needed.





The transition to sustainable aviation: recommendations for action

The aviation industry is committed to sustainable growth. In 2021, IATA and its members, along with all the other key stakeholders in the industry, agreed to achieve net-zero CO₂ emissions by 2050.

Meeting this ambitious goal for energy transition requires strategic collaboration among politicians and all relevant supply chain stakeholders. In 2023, IATA published its vision of the levers needed to make net-zero CO₂ emissions for air transportation a reality as a set of [five roadmaps](#) covering aircraft technology, energy and new fuel infrastructure, operations, finance, and policy. The [policy roadmap](#) in particular provides clear guidance to policymakers on the priorities, split into three time horizons – immediate priorities, mid-term and long-term suggestions.

Sustainable Aviation Fuels (SAF) are expected to play the most immediate and significant role in reducing emissions. According to IATA's estimations, they will account for around 2/3 of achieving the Net Zero CO₂ by 2050 goal. However, to date, SAF is scarce, and its production cost is twice to three times as much as the price of fossil-based jet fuel. The production volume of SAF in 2024 was 1 million tons (1.3 billion liters) worldwide, which is significantly lower than previous estimates.

Policy support is needed to increase SAF production and reduce costs. Especially in the context of the implementation of the ReFuelEU Aviation regulation, which, since 1 January 2025, requires that 2% SAF must be blended in the refuelling of aircraft in the European Union. This quota will increase to 6% on 1 January 2030 and up to 70% by 2050 in 5-year stages. **Supportive** measures to ramp-up SAF production can, for example, take the form of tax breaks, direct incentives for production, pricing mechanisms to drive down the price of SAF, grants, and further support for R&D projects. For example, Germany recently announced in the coalition agreement that it intends to use half of the national revenues from the aviation-induced European Emissions Trading Scheme (ETS) for the market implementation of SAF. Every policy should be technology and feedstock-agnostic, developed in a transparent manner, and contain necessary provisions to ensure stakeholders' consultations and periodic reviews.

For the available SAF, all producers and suppliers of sustainable fuel must be granted equal access to the airport infrastructure without further impediments. **Airlines are not yet able to refuel with SAF everywhere..** Within the European Union, there is a limited flexibility mechanism for the fuel suppliers up to 2035. Nevertheless, airlines are not granted similar level of flexibility to be able to claim environmental benefits of SAF. This regulation is therefore inadequate and detrimental to airlines. And it is driving SAF prices up due to limited availability. More on this subject can be found in the [Access to SAF in Europe](#) publication. This problem could be solved with a so-called "**Book and Claim**" or "**SAF Accounting**" system. Airlines could purchase SAF where it is most efficient and claim respective benefits associated to it, even if they cannot obtain SAF where they need to physically refuel. The [SAF Registry](#) designed by IATA is a robust accounting system that meets the requirements of the European ReFuelEU Aviation

Regulation and addresses this issue. **Austria as a state, as well as fuel manufacturers and airlines are invited to use this system.**

In its government programme, Austria has committed to the European Union's Green Deal and the implementation of the Fit for 55 package. **At the global scale, IATA calls on the government to continue supporting the full operationalization of [CORSIA](#)**, the only global market-based mechanism addressing international aviation CO2 emissions. Concretely, Austrian authorities should support unlocking the Eligible Emissions Units (EEUs) to enable CORSIA to be a success.

In the European Union, bureaucracy and extensive reporting obligations complicate the effort. The harmonization of European airspace into a "Single European Sky" has also still not been sufficiently implemented. **It is to be welcomed that the new Austrian government wants to promote the "Single European Sky" at the European level and is taking the first real steps towards reducing bureaucracy at the national level with a redesign of the background check for aviation personnel.** Further steps should follow, and ideas could be provided by an advisory committee, for example.

A better experience for disabled passengers

IATA advocates for a **more seamless, inclusive and safer flight experience for all passengers – including those with mobility impairments or special service requirements.** We are working closely with authorities and stakeholders in this area and have recently launched the "[One Click Away](#)" initiative, **which aims to provide air travellers with all relevant information on mobility restrictions with just one click on the homepages of our airlines** in a uniform and internationally standardized manner.

Consumer Protection - Reforming EU261

The current European Air Passenger Rights Regulation (EC) 261/2004 has to be reformed. After more than 20 years in operation its original goals have become twisted. Originally designed to discourage overbooking by airlines, EU261 has been modified by more than 80 court judgements to encompass compensation for delays that are caused by reasons outside the control of the airline, such as airspace management. The regulation has become an obstacle to connectivity and competitiveness, costing airlines and their passengers 5 billion Euros a year.

Reforms are urgent. The key development would be to move the thresholds for compensation to 5 hours for short haul flights (compared to the current 3 hours) and to 9 hours for long haul (from the current 5 hours). A 5 hour time period for short haul, for example, would give airlines more time to operate a delayed flight, that would otherwise probably be cancelled. When asked, passengers back this idea as most prefer to get to their destination 'better late than never'.



About IATA

The International Air Transport Association (IATA) represents over 350 airlines and 80% of the world's air traffic. It provides assistance with travel regulations and guidelines, and provides regular updates on aviation policy, statistics, and global trends.

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