

IATA
ANNUAL
GENERAL
MEETING

IATA
WORLD
AIR TRANSPORT
SUMMIT

Media center sponsor



Media Briefing

Europe

Rafael Schwartzman
Regional Vice President for Europe



Latest travel trends for the Summer

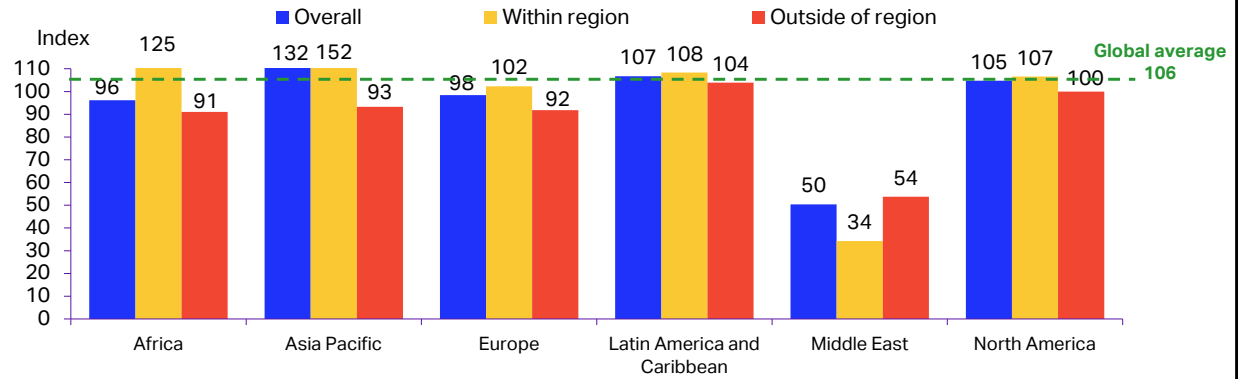
- European RPK growth is slowing – just 0.8% in April
- Slowdown is linked to Iran war and rise in fuel prices
- Growth in scheduled seats is slowing
- But we are still expecting a busy summer



- Let me start with an update on the latest travel trends for the summer. RPK growth in April in Europe was just 0.8%, reflecting a general slowdown in the second quarter that appears linked to the Iran war, especially given the spike in jet fuel prices.
- Growth in scheduled seats in Europe for May and June has slowed to a halt. With that said, we are still expecting a busy summer.

Europeans choosing to travel closer to home

Bookings made in March and April 2026 versus same months in 2025, for travel in June-Sep, by region, Index 2025=100



Source: IATA Sustainability and Economics, DDS



Looking at the bookings made by Europeans in March and April for June to September, the pattern shows that bookings for travel beyond Europe have declined, but within-Europe bookings are slightly up.

Entry Exit Scheme

- We are seeing too many delays
- Four things states need to do:
 1. Staff borders sufficiently
 2. Electronic booths and gates must be working
 3. States must suspend EES checks before queues get too long
 4. States must work with industry to define KPIs to trigger EES suspension



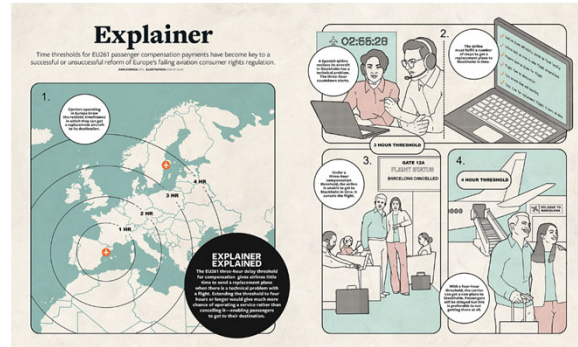
- Given it will still be a busy summer, I'd like to update you on where we stand with the implementation of the European Entry-Exit System (EES).
- As you know, this has been and remains a focus of concern for the industry. The EES must ensure operational continuity and passenger safety and security, while preserving Europe's connectivity and attractiveness as a destination.
- We are still seeing delays and missed connections in Portugal, Spain, Italy, Greece, Belgium and elsewhere that will only increase during summer if no actions are taken by EU institutions. Inconvenience to passengers will be severe if the system is not working well.
- There are four things that states need to do:
 1. Ensure that borders are manned sufficiently, especially at the busiest times. Flight schedules are known well in advance so there is no excuse for border staff to not be correctly rostered to cope with high numbers of passengers who will need an EES check.
 2. The electronic kiosks and gates should be operational and with staff available to assist people with them. Too often, we are hearing reports that the kiosks do not work, leading to bottlenecks and delays. And connected with that, the App should be rolled out Europe-wide. At the moment it is only working in a couple of

countries.

2. Perhaps most importantly, states should use the full flexibility available to them to proactively suspend EES checks before queues get too long. On this issue, we are calling on EU institutions to extend the EES partial suspension beyond 7 September and allow full suspension during and after the summer period.
 3. Finally, states must engage with airlines and airports, ensuring transparency on border waiting times, and jointly defining the key performance indicators for thresholds that trigger EES suspension.
- Given these challenges, our advice to passengers would be to leave yourself plenty of time to get through. We've become used to electronic processes and improved security meaning we can turn up closer to our flight time.
 - Until EES is working smoothly, it would be prudent for passengers to remember to turn up 2-3 hours ahead of their flight, and get airside as soon as possible.

EU261 – Reform negotiations at a crucial stage

- EUR8 billion cost but 99% of passengers get no benefit
- Big concern is on thresholds for compensation
- A four- or five-hour threshold would enable airlines to provide more flights instead of cancelling them



- Now let's discuss passenger rights. Negotiations between the Parliament and the Council about the long-promised reform of EU261 are in their final stages. And it is clear that the whole process is badly off course.
- Aviation is being used as a political football with negotiators meddling in operational details of the airline industry that they simply don't understand.
- The Council set clear objectives for a successful reform. The revised regulation should be simpler, more balanced and easier to enforce as well as protecting connectivity and safeguarding European competitiveness.
- These are the right goals but the proposals on the table will miss them all badly
- We have been clear that if the negotiations don't produce a result that meaningfully reforms this failing regulation, it would be better to scrap everything and return to the status quo.
- EU261 is costing around EUR8 billion a year. That's about 8 Euros per passenger, when 99% of them never get to benefit from it. Nor is 261 acting as a tool to improve performance. Airlines already have every incentive to get passengers where they need to go.
- If anything, 261 encourages airlines to cancel flights that face a delay of more than three hours. That's why we've pushed for the compensation threshold to move to 5 hours.

- For an illustration of why this is important, I encourage you to look at the 'explainer' spread in the latest issue of Airlines magazine.
- A move to a four-hour threshold, which is what the Council agreed to, is better than nothing. But the parliament has refused to budge from 3 hours. If the thresholds don't move, it would be better that the status quo is preserved, and we look to a better reform in the future.
- That better reform would understand that the reasons for delays are often not the fault of the airline.
 - The Iran war crisis has shown that the extraordinary circumstances faced by airlines are extensive, and they should not be penalised for situations outside of their control.
 - That would include delays from air traffic management, which have doubled over the past decade.
- In short, EU261 must work better: for passengers, for airlines, and for the competitiveness of the European economy.

Taxation news is a mixed bag

- Some governments are seeing the light:
 - Sweden – Ticket tax abolished
 - Germany – Ticket tax reducing
- But others don't get it:
 - France – Ticket tax rising
 - Netherlands – Ticket tax rising



- Any mention of competitiveness can't go without a reference to the taxation issues that still weigh down the European connectivity.
- The link between passenger taxes and the viability of air routes is clear. Reducing or eliminating passenger taxes sends a strong message that a government is serious about encouraging air connectivity.
- The **Swedish** government took the bold step to eliminate its passenger tax last July. The **German** government have taken note: Effective 1 July, we will see some modest cuts to the Air Ticket Tax in Germany. The short-haul tax will decrease by EUR2.50. Medium-haul flights by a little over EUR6, and long-haul by just over EUR 11.
- This is a very welcome move. But we hope that the government will take this as a stepping-stone to doing more. The taxes still range from EUR13-59, which holds back German air transport. For evidence of this, we can see that air routes in Germany have declined by 8% since 2015, whereas the EU as a whole has increased.
- In addition to further cuts to the ATT, we continue to call for other costs in Germany to be reduced, such as additional security and ANSP charges. Lower costs will mean a more competitive air transport market in Germany.
- Elsewhere in Europe, we have had less encouraging news.
- The **French** Solidarity Ticket Tax has been increased despite French air

connectivity flatlining. New route growth from France was only 1% last year, and the number of airlines operating in/to France has fallen by ten in the last decade.

- To reinvigorate the market, we are calling for the government to progressively reduce the solidarity tax.
- A report for the French transport ministry revealed that the rise in the Tax in March 2025 led to a loss in competitiveness and market share for French airports and airlines, cuts in services and general inflation on ticket prices.
- Last year **the Netherlands** had no growth in routes at all, and over the last decade has seen routes grow by just 2%, way below the EU average of 16%.
- Despite this, the government is pushing forward with a disastrous rise to its air passenger tax that will ensure that air connectivity to the Netherlands. For some destinations, the tax goes up 140%.
- That will have negative consequences for jobs, economic growth, productivity, and ultimately damage the tax base of the Netherlands as a whole.

EU Sustainability Agenda Isn't Working

- Current policies fail to help airlines decarbonize, and damage competitiveness
- EU ETS and RefuelEU need reform
- Our priority is for a Book and Claim scheme for SAF
- Would allow much more flexibility for airlines to invest in SAF where it is produced most efficiently



- The EU's sustainability agenda for aviation isn't working. It is harming competitiveness of EU air transport while failing to help the industry to decarbonize.
- There are two main issues at stake: the future of the Emissions Trading Scheme and CORSIA; and the production and uptake of Sustainable Aviation Fuel through the RefuelEU program.
- On the ETS, our key asks are:
 1. Fully align with the global CORSIA framework (including intra-EEA flights) and avoid overlapping or conflicting regional measures;
 2. Reinvest a greater share of EU ETS revenues back into aviation decarbonization, particularly to scale SAF and new technologies;
- ReFuelEU introduced SAF mandates which have not accelerated production as expected and created unintended consequences, including unjustifiably high costs (+5X) for airlines.
- Supply remains limited and uneven, while airlines can only access and claim SAF where it is physically available. This limits competition between suppliers, and drives unnecessary cost and inefficiencies.
- Enabling book and claim is therefore critical. Today, there is a misalignment

between the flexibility given to suppliers and the rigid rules applied to airlines under the EU ETS.

- Book and claim would provide the essential market infrastructure to fix this. It allows airlines to buy SAF wherever it is supplied most efficiently and claim the emissions reductions regardless of where it is used.
- This creates a more liquid and competitive market, and helps unlock investment in SAF production.

Airport charges crucial as other costs rise

As jet fuel prices rise it is even more crucial that airport charges don't run out of control

- Heathrow – charges will remain among the world's highest. UK CAA have recognized that things need to change to fund expansion
- Spain – the regulator has accepted a more realistic approach to calculating AENA's returns
- Schiphol - temporary 10% cut welcome but the overall 33% increase continues

The rise in jet fuel costs has put enormous pressure on airlines to control costs in other areas. Airport charges is a key concern. In the post-pandemic era, some airports have sought to increase charges to cover for pandemic losses. Raising charges now reduces the competitiveness of European aviation.

I'll focus on three examples: Heathrow, Spain, and Amsterdam Schiphol.

In the UK, we have long argued that the regulatory system for deciding Heathrow's charges is not working to the advantage of passengers or the UK economy. Heathrow's charges will remain broadly flat with the current period for the next five years. This perpetuates a charge that remains amongst the highest in the world and well beyond any comparator airport, as the CAA themselves have acknowledged. This reinforces the absolute need for wider reform.

The costs of expansion, if it goes ahead, will be on top of the charges settlement, making it even more unaffordable. Therefore we welcome the CAA's shortlist of regulatory models for future Heathrow capacity expansion. The CAA is right to identify the strong case for change, recognising Heathrow's high charges, capital inefficiency and service quality that lags behind other airports. Only substantial reform will ensure expansion is affordable and delivers on the UK's growth

ambitions.

In Spain, we have been highly critical of AENAs charges proposals. We have had a positive response from the regulator, who has modified the traffic calculations and expected returns of AENA downwards. This has only a modest short-term effect on charges, but longer term we are hopeful this shows that a more realistic approach is being adopted.

At Amsterdam Schiphol there was an interesting announcement that it is introducing a temporary 10% discount on its airport charges. This is welcome. It shows the airport has a flexible and pragmatic attitude to helping its airline customers. However, this must be put in the context of the overall 33% rise in charges that was accepted last year, meaning charges will have doubled since 2019.

IATA
ANNUAL
GENERAL
MEETING

IATA
WORLD
AIR TRANSPORT
SUMMIT

Media center sponsor



Thank you.

