

High location costs

GERMANY IS LOSING OUT

Flying to and from Germany is becoming increasingly expensive. While most other EU countries have overcome the crisis, the recovery in Germany is faltering. A strong aviation location requires a political change in direction.

Air traffic is growing, but not in Germany. While most European countries have already returned to pre-crisis levels by 2023, seat capacity in Germany is only around 80 percent compared to before the Covid-19 pandemic. That figure is even lower for some airports, such as Berlin, Stuttgart, or Düsseldorf. The loss of connectivity for the affected economic regions is considerable.

Traffic within Germany is particularly weak. According to forecasts by the German Aviation Association (BDL), the recovery rate in summer 2024 will be around 50 percent compared to 2019; and only at 25 percent without hub traffic. There are also serious cutbacks in connections with European metropolitan regions. Excluding tourist destinations, the point-to-point route network with a starting point in Germany has thinned out noticeably.

Government location costs keep rising

The main reason for this development: Flying to and from Germany is too expensive. The already high costs have recently increased significantly again. The most striking examples are the air traffic tax, which was increased by up to 77 percent in 2020, and the air traffic control charges, which have more than doubled since 2021. Low-cost airlines have reacted to the cost explosion by significantly reducing their domestic flight offers – they are expanding elsewhere.

Relief is not in sight. On the contrary, the cost disadvantages threaten to become structurally entrenched. On May 1, 2024, the air traffic tax will increase by another 20 percent. Aviation security fees will increase in 2025 by up to 50 percent. In many parts of Germany, total costs have long since become an obstacle to international connectivity. This is exacerbated by the one-sided, competition-distorting burdens of EU climate protection policy.

Expensive air traffic location

If an intra-European flight with the medium-haul A320 neo aircraft takes off from Stuttgart, Frankfurt, or Düsseldorf, almost 4,000 euros in state-imposed charges* (excluding airport charges) are due. An amount that is much larger than in other EU countries. The Spanish state, for example, charges only 600 euros at Madrid and Barcelona airports. By the way: Lufthansa earns an average of around 15 euros per passenger.



* air traffic tax, aviation security fees, air traffic control charges

Sources: BDL, DLR

For Germany's competitiveness, this development is dangerous. Intermodal services cannot compensate for the lack of medium-haul routes. And on long-haul routes, the domestic aviation industry risks losing important market share. After all, it is not the environment that benefits from more expensive domestic feeder traffic – even if this is a widespread misconception. Instead, the winners are international network airlines that direct transfer passengers from Germany to their foreign hubs. The airlines from the Gulf and Bosphorus, in particular, are uncompromisingly supported in this strategy by their national governments.

All of this must be taken into account by policymakers. Targeted corrections are necessary, relief is overdue. Otherwise, Germany will lose valuable market share in air transport and growth potential in its export-oriented industry. Those who continue to drive up costs will also jeopardize the country's strategic independence and autonomy in the long term. The traffic figures clearly show one thing: International aviation continues to grow – with or without Germany.