

Competition in aviation

WHEN WILL THE EU BE HONEST?

Europe needs a change of course. Strengthening competitiveness must become the guiding principle of the new EU legislature. This also applies to aviation. While autocratic countries subsidise their state-owned airlines, the EU unilaterally puts its domestic airlines at a disadvantage.

The competitive dynamics in aviation are greater than ever. Airlines from the Bosphorus and the Persian Gulf (BoGu) also have their sights firmly set on the European market. With their nearby hubs, they are competing with the Europeans, particularly in long-haul traffic between the EU and Asia and Africa. Their strategy: exploit cost advantages, massively expand infrastructure and capacities – also with subsidies worth billions.

Airlines on the Gulf and Bosphorus are expanding

From their hubs, the BoGu carriers will be flying to Lufthansa's home markets more than 700 times a week this summer. This is another 8 per cent more frequencies than in the strong reference year 2019. In comparison, the airlines of the Lufthansa Group are only flying to the hubs in the Gulf and Turkey around 30 times a week, a decrease of 6 per cent compared to 2019. In Germany, the BoGu carriers have 450 weekly connections this summer compared to around 20 Lufthansa connections.

This gap will continue to widen, and the ambitions on the Gulf and Bosphorus are enormous. Saudi Arabia wants to more than triple its passenger volume to 330 million travelers by 2030. To this end, a new flag carrier, Riyadh Air, has been founded. The world's largest airport terminal is planned in neighbouring Qatar, with investment costs in Dubai amounting to around 33 billion euros. In Istanbul, airport capacity is set to increase to 200 million travelers per year by 2028.

The structural shifts in the market are already noticeable today. This is shown by data from the German Aviation Association (BDL) on air traffic to Asia: in 2010, almost 40 per cent of passengers from Germany transferred at hubs outside the EU. This proportion had risen to 55 per cent by 2023. The share of German hubs has fallen from 17 to 10 per cent since 2010. Direct connections have also become less important. The share of European hubs is stagnating at a low level.

Imbalance between the aviation markets is growing

Flight schedule summer 2024



Level playing field required

Strong aviation is strategically, economically and politically important for Europe. In order to avoid a long-term loss of added value in EU aviation, existing laws must be revised and future regulations must be subjected to a "competition check".

This applies in particular to the "Fit for 55" climate protection package, which in its current form further increases existing cost disadvantages for EU companies and thus accelerates the relocation of transport outside the EU.

An effective international level playing field should become one of the top priorities of European aviation policy. Isolated solutions, for example in the area of climate protection, do not help the environment, but instead become a trump card for non-European competitors.

In order to remain fit for the future, Brussels must now prioritise competitiveness and enable structural growth. A conceptual reorientation is required. The recently published Franco-German agenda sets the right tone for this.