

15 June 2023

European Express Association response to the Balanced Approach Schiphol Consultation

In view of the consultation “Consultation Balanced Approach Schiphol”, launched by the Ministry of Infrastructure and Water Management (hereafter ‘the Ministry’) for comments by 15 June 2023, the European Express Association (EEA) would like to present its comments. Please note that EEA Members (DHL Express, FedEx and UPS) are free to also submit comments individually.

To start with, EEA Members wish to highlight serious concerns about (A) the misapplication of the ICAO balanced approach process as well as (B) the incompleteness of the potential impacts of the proposed measures.

A. MISAPPLICATION OF FUNDAMENTAL PRINCIPLES OF THE ICAO BALANCED APPROACH PROCESS – PROCEDURAL ASPECTS

The Balanced Approach, as enshrined in the Convention on International Civil Aviation (‘Chicago Convention’), and the EU Noise Regulation No 598/2014 known as the “Balanced Approach Regulation” (‘BAR Regulation’), aims to ensure that decisions on airport noise abatement are taken only after a careful process, essentially based on the identification of a specific noise problem based on established facts, transparent consultation of stakeholders, and a systematic and detailed review of all available noise abatement options.

As mentioned in the consultation documentation, the Balanced Approach involves the exploration of various noise abatement measures which can be classified under four principal pillars, namely: reduction of noise at source, land planning and management, operational procedures, and operating restrictions, the latter being used only as a last resort. However, the consultation documents show that fundamental elements of the Balanced Approach have been ignored or misapplied, as explained hereafter.

1. The noise objectives have been arbitrarily decided before the launch of the balanced approach

We are concerned that while it is stated that the proposals presented by the Dutch Government are based on the noise objectives set for Schiphol, these objectives were only set **after** the Ministerial announcement on 24 June 2022 of the reductions proposed. It would appear therefore, that the noise objectives were set to correspond with the previously announced reductions rather than vice versa, which is thus incompatible with the very purpose of the Balanced Approach procedure and BAR legislation, and leads us to conclude that this exercise is biased.

More specifically:

- The Schiphol Outline Letter of 24 June 2022 ('letter') shows that the Cabinet has made its decision to set an upper limit of 440,000 flight movements well in advance of the launch of the balanced approach consultation, that started on 15 March 2023.
- The letter aimed to “*set out an approach*” that the Dutch Cabinet would “*elaborate and implement in the coming years*”. This statement expressly indicates that the balanced approach is used as a means of elaborating and implementing the pre-existing decision of the Cabinet.
- Similarly, the planned reduction of night flights from 32,000 to 29,000 was proposed in 2010. We find no evidence that this operational restriction has been preceded by any balanced approach exercise nor any consultation of the aviation industry.
- Furthermore, the aim of a 20% reduction of noise set by the Ministry has seemingly been produced with no evidence, nor justification.

2. The 2024 timeline is arbitrary and prevents a fair exercise of the balanced approach

- According to the consultation, the set noise objectives and proposed combination of measures should be implemented by November 2024.
- The determination of this timeline is not supported by any justification nor analysis and hence appears to be arbitrarily imposed, outside of any prior consultation of stakeholders.
- The introduction of “*achievability*” – understood as the ability to achieve the intended noise objectives within the November 2024 timeline - as an additional criterion to select noise abatement measures, results in the upfront exclusion of a large number of noise abatement options, mainly under the first three pillars of the balanced approach.

3. The principle of independence of the competent authority responsible for adopting noise-related operating restrictions is not guaranteed

- As per the BAR Regulation, Member States should ensure that competent authorities responsible for the implementation of a balanced approach process are independent, which notably involves a functional separation.
- However, by subjecting the Balanced Approach process to noise objectives and timelines that have been pre-defined by the Ministry of Infrastructure and Water Management, the independence of the process and the competent authority in charge of its implementation are not guaranteed.

B. INCOMPLETENESS OF THE EVALUATION OF THE POTENTIAL IMPACTS OF THE PROPOSED MEASURES

1. Express cargo industry and indirect economic effects not taken into account

- We note that in the course of the recent stakeholder sessions, and within the cost-effectiveness study itself¹, the consultants acknowledged that they had not looked specifically at the express cargo sector or at the wider supply chain implications which are mentioned under Annex II of EU Regulation 598/2014.
- Such an omission to assess the potential economic consequences of the contemplated measures with regards to the unique nature and specific contribution of this sector to the local economy as well as the incidental impact on the many businesses using express services requires correction.
- The core business of the express industry – which supports 330,000 direct jobs and some 1.1 million

¹ “* Effects on global supply chains, networks and related investment decisions of specific airlines are not part of this gross economic impact analysis. As this falls beyond the scope of this study.” Decision (2023) Measuring the Cost-Effectiveness of Noise-mitigating Measures for Schiphol Airport: In the context of the Balanced Approach Procedure Final Report., page 12.

indirect jobs in Europe² - is the provision of door-to-door transport and delivery of next-day or time-definite shipments, within Europe and across the globe. Express delivery operators are often referred to as “integrators” as they provide their domestic and business customers with an integrated delivery service from end to end: organizing collection, providing tracking information and handling customs clearance where shipments cross international borders. Operations are carried out on a hub and spoke model involving successive routes radiating to and from a hub as the central point of the network. Disruption of any part of the network clearly has knock-on implications for the network as a whole.

- Night flights are integral to the functioning of the express sector: it would be impossible to achieve next-day time definite deliveries for goods that must be transferred across larger distances, such as across Europe, without night-time flying. Next-day delivery services allow companies to hand over shipments to express delivery firms at the end of their own working day, ensuring that the items stand still for a minimum amount of time. Without them, the goods would have to be stored overnight before being transported the next morning, at the earliest, generating extra storage and transportation costs. Express services are critical to the ongoing competitiveness of the Dutch economy and the ability for Dutch businesses to trade internationally. As noted below, when assessing the economic value of night flights, it is essential that the direct impact on operators, the indirect impact on other industries in the value chain and the catalytic impact - from manufacturers awaiting a part to maintain a production line all the way to pharmaceutical companies shipping medical supplies with a time-limited shelf life - are taken into account by policy makers when considering a potential reduction of night flights at Schiphol airport.
- Schiphol has a major role to play in the industrial fabric of the Netherlands. As the Dutch Government noted themselves in its Regeringsverklaring as recently as 15 December 2021, *“Due to the presence of Schiphol Airport, the Netherlands is well connected to the rest of the world by air. Schiphol also provides a lot of employment, directly and indirectly. Partly because of Schiphol, the Netherlands is an interesting location for internationally operating companies. We want to maintain that strong hub function”*³. Additionally, in its position paper of October 2022 to the Commission on the public consultation for the planned revision of Council Regulation 95/93, the Ministry of Infrastructure & Water Management stated: *“Before the covid-19 pandemic full freight operations comprise approximately 3 percent of the number of movements at Schiphol and cargo represented around 25 percent of the economic added value at the airport. As such, full freight operations compose a strategic traffic segment at Schiphol, positively affecting the accessibility, business climate and employment opportunities in The Netherlands and sustaining vital trade flows between the Netherlands and Europe with intercontinental air freight hubs”*⁴.
- Numerous Dutch companies are heavily dependent on the best possible service timings, coordinated with their production lines and processes and may potentially decide to re-locate outside of the Netherlands to mitigate the impact to their products and services, as the service provided by integrators to its customer base is often business critical i.e. the time definite export and/or import of these shipments is a key part of their business process and activity. These are costs to the Dutch economy, which must be accounted for when evaluating the impact of a night flight reduction at Schiphol airport.
- The cost implications of a reduction in express air cargo operations at Schiphol are, in essence, two-fold. Firstly, there are the direct costs (including loss of revenue and aircraft utilisation) for the express operators themselves. The extent of such operator costs will clearly be crucially dependent upon the scale of any such reduction that might be enforced which as noted further below, is presently unknown. As noted above, due to the very nature of the express “hub and spoke” model, affecting flights at any given airport would also impact the entire air network/flights of

² The Impact of the Express Industry on the EU Economy, Oxford Economics 2020

³ Omzien naar elkaar, vooruitkijken naar de toekomst, Coalitieakkoord 2021 – 2025, page 19

⁴ Link [pdf \(overheid.nl\)](https://overheid.nl), page 2 and 3

interconnected hubs and gateways. Ultimately, it would limit Schiphol's business connectivity causing prejudice to the Dutch businesses that rely on the express industry to connect international markets. Whilst other airline operators may have a degree of flexibility to adjust their operations (albeit at a cost) including by transferring flights from the night to the day period, this is not the case for the express industry where time sensitivity is a crucial customer requirement that entirely depends upon the ability to fly at night. That is particularly the case with value-added goods including pharma and medical, lab samples, high-tech, automotive, aerospace, and luxury goods.

- The EEA also doubts that moving to another airport in a neighbouring country would be an effective solution since, even if this was possible within such other airports' capacity limitations, the additional time taken to move cargo by road would preclude such a transfer of operations. This would seriously affect express operators' networks and their customers (Dutch businesses that depend on express services to connect the European and world markets and would in any event have involved numerous heavy truck journeys (up to 20 per night per aircraft arrival & departure)). With this in mind, the EEA also rejects conclusions made in Annex C that Cologne airport is a sufficiently suitable airport to absorb the additional volume.
- There are other crucial cost elements which must not be ignored. These are effectively referred to in the Balanced Approach as the "direct, indirect or catalytic employment and economic effects". We maintain that looking exclusively at direct costs only is not in line with the balanced approach, as enshrined in EU Regulation 598/2014 which demands that cost-effective measures are taken to achieve the noise abatement objectives for each airport. Annex II of the Regulation provides guidance for an assessment of the cost-effectiveness of noise-related operating restrictions, recommending the analysis of the employment and economic effects but also effects on the European aviation network. Illustrating this required wider perspective, the 'just in time' principle is a cornerstone of modern industry and its associated supply chains, reducing costs to industries by moving goods and materials swiftly and only when they are needed thereby, inter alia, negating the requirement for expensive and extensive storage facilities.
- A study carried out on our behalf by Oxford Economics⁵ showed that 86% of the companies surveyed (and 98% of manufacturers) reported that they would be negatively affected if express delivery services were not available; 73% reported that orders (an average of 13% of total orders) would be lost as they could no longer service some markets; and 25% would need to relocate some or all of their operations. As far as outbound shipments are concerned it is important to note that these European Distribution Centres (EDCs) have based their order processing and related shipping processes necessary to service their respective customers on the (late) collection times made possible because of the proximity of just in time express services. Moving away from night operations or a potential change to road transport would result in a change in collection times for consignments of at least 5-6 hours and delays up to 24 hours because of missing international and intercontinental connections, resulting in a disruption of their and their customers supply chain processes. As a result, the EDCs would need to reconsider their location and could – as per the more general survey referenced earlier – move their facilities elsewhere in the proximity of other airports. Relying on road transport to move goods into the Netherlands and the Schiphol catchment area would clearly result in significant delays and later delivery times for goods including components required in production lines, urgent spare parts and more general orders that need to reach their final customers at the beginning of the workday. Changes to the current express operators' set up does not only have a direct cost impact on the operators themselves. It has a much broader impact on the economic activity in the Netherlands which must be taken into account. As such, we firmly reject the notion and approach outlined in Annex C that companies using the services of express operators will have to deal with the consequences of a reduction in night flights⁶.
- A more robust analysis of the indirect and catalytic impact of changes to the current network set up

⁵ The Impact of the Express Industry on the EU Economy, Oxford Economics 2020

⁶ Maatregelen nachtbewegingen Schiphol: Kosteneffectiviteit, page 34

is required to come to a correct and complete economic analysis of the impact of changes to the ability for express operators to use Schiphol Airport as a hub or gateway for express delivery services. It is not sufficient or appropriate to only consider direct costs related to replacing current airline operations with road haulage as suggested.

- A full assessment including the direct, indirect, and catalytic cost and related economic impact should therefore include a thorough economic impact assessment of the changes in collection and delivery times for the customer base located within the current catchment area covered by express operators operating at Schiphol airport. Schiphol (and by extension the Netherlands) has an important role as a main port and gateway to Europe for a large number of EDCs and other important locations within this catchment area. The above demonstrates the scale of the wider economic implications, both regional and national, of any reduction (or withdrawal) of express carrier operations at Schiphol. Taking these aspects into account we would expect a full assessment to be made of the direct, indirect, and catalytic costs and related economic impact of changes that would result from reducing (or eliminating) the current number of flights operated by express operators.

2. Impact on costs is not fully and correctly assessed

- We would like to share further frustrations that the calculation of total costs for measures specifically addressing nuisance in the night period only considers direct and operational costs. By doing so, significant cost impacts are omitted from the study which, as such, does not provide a complete picture of the impact that night restrictions carry. The omission of full cost analysis specifically in this area disproportionately impacts express operators. Revision of the methodology for the calculation of these costs should therefore be made to ensure that the true costs of the impact on night operations is highlighted.
- Having said that, the full impact and costs specifically on the EEA Members cannot of course be calculated until such time as ACNL has issued its draft policy rules on the reductions which would be applicable to operators holding less than 10 daily slots at Schiphol. In this regard we fundamentally fail to understand how the consultants' report could have calculated these costs without knowledge of that information from ACNL. With this in mind, and the significant economic value added by express operators, the EEA fails to understand why the estimate of the cost calculations for express operators has been regarded as an estimate at the lower limit for the assessment of cost impact for night movement measures at Schiphol⁷. The EEA strongly suggests once again that a new, full cost effectiveness study is carried out encompassing all such related costs. In this context, we also wish to point out that none of the EEA members (meaning, no integrator and express industry representation) is represented in the "Omgevingsraad Schiphol (ORS)". Consequently, we cannot support the Government's claim that the measure to reduce night flights has been agreed in principle by stakeholders in the ORS and that therefore no further research into achievability is required.

3. No complete picture of the noise situation has been provided

- Moreover, the EEA also expresses concern regarding a number of elements related to the assessment of both the noise situation and the noise abatement measures outlined in the Balance Approach consultation document.
- Firstly, the EEA believes that an in-depth assessment of the noise situation at Amsterdam Schiphol airport is yet to be completed as required by Annex I of Balanced Approach: Whilst the structure for such assessment is reflected in the Balanced Approach study⁸, the substantial criteria laid down in the Annex I of the BAR regulation are not worked through. Some details regarding noise assessment are covered in the 'Geluidsbelastingkaarten luchthaven Schiphol – 2021', we also do not believe it

⁷ Maatregelen nachtbewegingen Schiphol: Kosteneffectiviteit, page 37

⁸ Balanced approach study Schiphol Airport: Final report, page 6.

clearly and fully addresses the provisions in Annex I of the BAR. Besides, it is our belief that the full range of noise abatement measures have not been properly assessed, and that significant consideration of measures under both Balanced Approach pillar 1 (reduction of noise at source), and pillar 2 (land-use management), are lacking. Our concerns are further entrenched on this topic when noting that noise impact assessment was only performed on measures outlined in the “short-list” – which included no measures from pillar 1 or pillar 2. This seems determined by a very untransparent assessment based on unknown criteria. This ultimately results in consideration, examination and review of only a small range of measures thus, narrowing the scope of the results and undermining the study’s neutrality.

- Secondly, and in parallel, a significant driving factor that determined which measures were considered on the “short-list” was the feasibility of the implementation of the measures by November 2024. We are clear in our belief that the assessment of noise abatement measures should not be driven by an incredibly short timeline, but rather their effectiveness in mitigating noise whilst ensuring minimal impact of trade. We therefore question whether the Ministry and the authors of the study could properly assess the complete set of noise mitigation measures. By allowing a pre-defined deadline to drive the scope for analysis, the outcome of the study and assessment of the noise abatement measures was predetermined– all before a full and complete Balanced Approach can take place.

Conclusion

To conclude, the EEA is not in a position to support any of the three combinations of measures put forward within the consultation documentation. We urge the Dutch Ministry to refrain from implementing movement restrictions without further analysis the economic effects of such measure and to intensify the work on solutions in line with the balanced approach to mitigate the noise situation at Amsterdam Schiphol airport, following a thorough assessment of the noise situation at hand, in accordance with Annex I of the EU Regulation.

The EEA is at your disposal to discuss our feedback in person and to provide further information on our express business and the relevance for the Dutch economy.

About the European Express Association

The European Express Association (EEA) represents the interests of the express industry in Europe. The express industry provides door-to-door transport and delivery of next-day or time-definite shipments, throughout Europe and the world. According to a 2020 Oxford Economics [study](#) on the impact of the express industry on the EU economy, the European express industry directly supported 330,000 jobs and an estimated 1.1 million indirect jobs in the EU in 2018, while generating €24 billion in tax revenues for EU Member States’ governments that same year.