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IATA response to Dutch Government consultation on changes to Schiphol Operation Decree

We thank the Ministry for the opportunity to provide our comments to the proposed changes to Schiphol airports Operation decree.

COVID has had a devastating effect on the aviation industry with reported losses of USD 118 billion over 2020. And while vaccination efforts have improved the medium term outlook for traffic growth, the short term outlook still remains extremely challenging (eg. New waves, etc). Moreover, the financial impact on airlines have been so large that it will take several years for them to recover to previous levels.

In these fragile circumstances, any adverse event could have a material impact on airlines and their passengers. The settlement has the potential to cause a significant adverse effect on the Schiphol's charges. In its Annual report Schiphol airport indicates that the 2020 settlement could be around EUR 550m. And given the current traffic development 2021 it wouldn't be of any surprise to have another significant settlement figure for the year.

It is in this context that we see the Government is trying to mitigate the effect of the settlement on charges by postponing its recovery by one year in events of extraordinary circumstances. While this is a welcome proposal which we support, as it will ease the burden on charges during a critical year of traffic recovery, we would strongly recommend the Government to evaluate further measures to reduce the pain on the industry. This is because that even with the postponement, the level charges could still reach unreasonable levels (due to a combination to the sheer size of the settlement and the fact that traffic is yet recovering).

Below we cite some alternatives for the Government's consideration on reducing the pain on the industry:

- The most effective way would be for the government to directly cover the settlement amount in part or in full, This would ease the pressure on the charges development and stimulate traffic recovery.
- Another way would be to mandate Schiphol to cover the settlement through contributions from non-aeronautical activities. While there is in the law a provision for a mandatory contribution, the size is not specified, Specifying that non-aeronautical profits should be used to cover the settlement in these circumstances would be an acknowledgement that the airport has in the past significantly benefited from non-aeronautical activities (which are anyway directly related to the passengers that airlines bring) and should now use such extraordinary income to support the industry during these difficult times.
- At the very least, consider an extension of the recovery of the settlement throughout a longer period, (e.g. two full regulatory periods or 6 years). While this is the less favored from the alternatives proposed in this letter, it would still represent an improvement in comparison to the current legislative proposals.

In summary, IATA will welcome any proposals that would ease the burden on airlines and their passengers during these difficult circumstances. In this regard, the postponement of the recovery of the settlement is a positive step and supported. However, this may not be enough and therefore we respectfully request the Government to consider further measures (as those described above), to ensure the prompt recovery of an industry that has brought so much economic benefit to the Dutch economy.