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Focus on Central Europe

LITHUANIA

Vilnius International Airport had planned a major expansion, including the construction of a new terminal to serve increasing passenger traffic. The proposed Departures terminal would boost the airport’s operational and technological capabilities, while improving the range of non-aviation services. The airport expansion project was scheduled to start in the second half of 2020 and was expected to be completed in the second half of 2022. A contractor to undertake the construction was expected to be selected by mid-2020.

The new terminal would be a two-storey building with over 14,400 m² of space. The total area of the passenger terminal was expected to increase by 33% and the passenger-handling capacity would grow from 1,200 per hour to 2,400 passengers upon completion of the project. The terminal would be situated between the existing passenger terminal and a new VIP terminal, already under construction. It would feature engineering systems, baggage screening and sorting at the centre of the building. A self-service check-in area for passengers will be created on the ground floor. The building would also feature shared public spaces, cafes, airline offices and other commercial areas. The second floor would be equipped with a security screening area and a departure gate to serve passengers from the Schengen area. Communication between the terminals would be carried out smoothly as the new building would be well connected to the existing gallery.

The expansion project would also involve the reorganization of landside transport access to the airport and would include the upgrade of engineering networks, replacement of pavements, development of improved transport scheme, and the installation of canopies.

The new two-storey VIP terminal along with a conference centre is under construction in the northern part of the airport. The first floor of the building includes areas for security screening of VIPs, state border check procedures and waiting lounges. The second floor houses a conference centre, while the basement includes technical and auxiliary premises.

In February 2020, Lithuanian Airports adopted additional arrangements to address the risk posed by the corona virus outbreak. Health checks will be performed on all passengers arriving from infected regions. Passengers are sent to Sector B of the Arrivals terminal for testing and consultation to contain the spread of the pandemic.

Vilnius Airport will also get a new baggage management system, a baggage screening system, and self-service drop-off areas. The baggage system will be able to handle 2,400 units per hour upon commissioning and will comply with the international ECAC Standard 3 for baggage screening. It will have a conveyor belt, a four-level checked-in baggage screening system, and new X-ray machines with advanced explosives detection system (EDS).

A modern multifunctional car-parking area was opened in January 2020 at the airport to meet long-term parking needs. Operated by Unipark, the parking lot has approximately 1,000 new parking spaces, heated
Vilnius Airport will undertake the reconstruction of a part of the apron at the north side to increase the safety of flights and enable improved aircraft movement and parking. There will also be an advanced aircraft service infrastructure. With an estimated investment of EUR 17.3 million, construction was expected to start in the second half of 2020 for completion by 2021. The northern apron reconstruction project will include the installation of new asphalt paving, new lights and surveillance system, and marking of parking areas. Contractors involved in the expansion projects include Sweco Lietuva Company, providing design proposals for the northern apron; Eikos Statyba was selected to construct the new VIP terminal; Vilniaus Architektūros Studija was awarded a contract to design the underground area of the VIP building.

**POLAND**

**Solidarity Transport Hub (STH) Poland** [Centralny Port Komunikacyjny, CPK] is a planned transfer hub between Warsaw and Łódź that will integrate air, rail and road transport. The development envisages the construction of Solidarity Airport located 37 km west of Warsaw and covering the space of 3,000 hectares. During the first stage, the airport would handle 45 million passengers a year. Additionally, STH would include a railway nodal point in the airport’s close vicinity, as well as connections within Poland enabling transfers between Warsaw and the largest Polish cities in less than 2.5 hours. The investment should provide employment for over 150,000 people. An Airport City will be created within the STH’s region, including trade fair, congress and conference facilities as well as offices. STH, being a strategic company, would be 100% owned by the State Treasury.

**Under pre-corona time planning, the Solidarity Transport Hub was set to open at the end of 2027 with two runways, integrating air, rail, and road travel. In order to better understand current trends in airport design, the STH team invited nine high-profile firms, including five major architecture firms from the U.K. (Zaha Hadid, Foster + Partners, Grimshaw, Chapman Taylor, and Benoy), who have submitted design proposals for the new hub.** Following the construction of two additional runways, the airport would eventually serve up to 100 million people, making it one of the world’s busiest hubs.

**Benoy**: In April 2019, Benoy celebrated the public opening of Jewel Changi Airport in Singapore, a breath-taking 137,000-m² retail, hospitality and leisure space. For STH, the London-based practice is emphasizing ecology and sustainable development in the shape of a green ‘Airport City’ surrounding the hub, which will be served by a mixture of above-ground and subterranean railway lines and motorways. The design features a multi-modal transfer node covered by a transparent roof, where the various means of transport would form an integrated central hub where all the routes converge. “STH will grow to occupy an area larger than the entire Manhattan,” said Alan Thompson, Design Director at Benoy. “This is why Benoy presented a holistic initial proposal for the development of the airport as well as the area surrounding it.” Inside, the design blurs the boundaries between different sections of the terminal – including a smooth transition between the dining and waiting areas. The architects accentuated surface lighting and ample greenery, helping passengers to relax ahead of their journey. Benoy is the only studio to propose a north-south runway layout, instead of an east-west arrangement.

**Chapman Taylor**: A massive transparent dome located between the two runways forms the centrepiece of Chapman Taylor’s concept for STH. Enclosing the main part of the terminal, the hemisphere symbolizes ‘infinite unity’, reflecting Poland’s fundamental aspirations as a country: unity, sustainable development, and a sense of place. “We decided to replicate those key elements of Polish national identity in synergy with the unique ‘wow’ effect, which will leave a lasting, positive impression on the passengers,” explained Peter Farmer, Director of the Transport Section at Chapman Taylor. The entire structure will consist of six floors styled after six distinct landscapes of Poland: the Baltic coast, Mazury lakes, lowlands, highlands, valleys and mountains. The lowest floor will house railway platforms, allowing a tight integration of the STH’s rail and airport components. Additional levels will include an interchange floor for railway passengers, arrival and departure halls, a business lounge, shops and restaurants. Throughout, the
concept prioritizes sustainability and energy efficiency, employing ground heat pumps for climate control in the terminal building, as well as biofuels and rainwater collection, and electric vehicles to service the apron. Drawing inspiration from Jewel Changi, Chapman Taylor has reserved a space at the centre of the construction for a relaxing evergreen garden and a body of water, accessible via a wooden platform. Foster + Partners: F+P proposes a modular STH design, one that can be phased over time and adapted to the growing demand for air travel. The concept proposes the construction of two terminal buildings – the main one resembling a key, the other an x-shaped structure built at a later date as a part of the STH expansion strategy. Drawing inspiration from the Kampinos Forest near Warsaw and referencing traditional Polish architecture, the semi-transparent structure will be filled with trees and greenery and will make the most of available sunlight. F+P envisages the interior of STH being divided into separate zones catering to the needs of different demographics, such as leisure, business, and families. According to Senior Partner Antoinette Nassopoulos-Erickson, the firm’s vision combines Polish tradition with modernity, employing smart solutions and advanced technologies, such as far-reaching automatization of passenger services, and the use of hyperloop cargo vehicles, as well as the extensive use of sustainable materials.

Grimshaw Architects: The concept of a ‘democratic hub’ is inspired by Poland’s transition to democracy in 1989, and the history of the Solidarity movement. Eschewing the grandiose designs of some of the newer hub airports, it focuses instead on functionality in order to avoid unnecessary upscaling and reduce both passenger transfer time and the distance they need to walk to reach their destination. The concept itself consists of six underlying assumptions: extensive use of daylight; minimize the horizontal and vertical distance needed for changeover; references to local specificity, and the ‘spirit of place’; sustainable development; maximizing retail revenues, and excellent connectivity. The transparent exterior of the terminal building is styled on a layout and design of a traditional Polish market square, where passengers can dine, shop, relax, or work in one of the quiet zones. In addition, space is also provided for public events such as lectures or performances. “We wanted to draw from the marvellous Polish tradition, without going too far and avoiding pastiche,” said Mark Middleton, partner at Grimshaw, who also described the possible phasing of construction. With an eye on the near future, Grimshaw’s concept also forecasts and caters for the evolution of new modes of transport, such as autonomous and electric vehicles.

Zaha Hadid Architects: The garlanded practice established by the late Iraqi-British architect has prepared three alternative designs for STH based on different approaches towards integrating the airport with the railway station. All three share elements such as good lighting of the airport space, and lush vegetation. The first design locates the railway station directly under the airport, allowing passengers to observe oncoming rail traffic from the upper levels. The second version of the plan places a passenger area just above the platforms, combining other elements of the airport as included in the master plan. The third design is more futuristic in nature, proposing a solution where trains arrive directly at the airport terminal, with platforms located on different heights. Zaha Hadid Architects Associate Director Filippo Innocenti presented various project phasing options, including integrating the railway station with the airport, and the management of passenger flows arriving and departing by train, aeroplane, and cars. “STH is the sole greenfield project that is currently on-going in Europe,” he pointed out. “We would like to learn more about investment needs and adjust our proposal to those requirements.”

Pascall+Watson: According to STH Poland, the concept offered by London-based Pascall+Watson stood out as the least specific when compared with the other five designs and was the only studio not to submit images to accompany its proposal. Project Director Nidesh Naidoo cited multiple solutions adopted by airports in London, Munich, Abu Dhabi and Hong Kong that he believed could be adapted to the needs of the STH, and as a part of his presentation, contrasted Istanbul’s concept of a mega hub with Changi’s idea of a multi-hub. The objective is to make STH into a transport hub, an integral part of the European transport network where passengers are provided with a care-free and comfortable travel experience.
Gdańsk ‘Lech Wałęsa Airport’ (GDN) has begun work on its Airport City, a modern commercial investment with seven buildings, which take their names from the aviation alphabet: Alpha, Bravo, Charlie, Delta, Echo, Foxtrot and Golf. The entire Airport City investment will offer around 120,000 m² of space, of which about 100,000 m² is rentable. The buildings will have an intelligent management system, 24-hour security, and will be fully accessible. The new complex will be cyclist-friendly and will feature electric vehicles and Mevo bicycles charging stations. The construction of a sports and recreation zone is also planned. In addition to the existing trees on the site, there will be grass, ornamental plants and flowers around the office buildings, green observation decks on the roofs, and a vegetable garden next to one of the buildings. The 8,500-m² Alpha building will be completed first. It will have six floors, two underground floors, and 197 parking spaces. Construction is expected to finish in the second or third quarter of 2021.

Airport City Gdańsk is a project of Gdańsk ‘Lech Wałęsa Airport’ and is being financed by the issue of bonds by Bank Pekao and from the airport’s own funds. “The Airport City Gdańsk project is the investment which, in the long run, will enable the diversification of our revenues. We want it to constitute a significant part of our activity to complement the revenue from airport and non-airport activities,” said GDN President Tomasz Kłoskowski. Warsaw-based PIG Architekci sp. z o.o. will design Airport City Gdańsk.

GERMANY
The opening date for Berlin Brandenburg Airport has finally been announced. Should everything go to plan, the new airport will open on 31 October 2020. It will likely be followed by the closure of Berlin-Tegel Airport around a week later. Under pre-corona-time planning, all Lufthansa Group flights were scheduled to take off and land at Berlin’s new airport BER from 8 November 2020. Lufthansa Group already moved Berlin bookings to BER as of 8 November 2020. Six Lufthansa Group airlines connect the German capital with Europe and the world. Around 700 flights a week with up to 33,000 daily passengers were planned and 270 destinations can be reached with only one transfer. The BER kick-off was scheduled for 31 October 2020: Over the course of a week, flight operations of the German capital will move from Tegel Airport (TXL) to the new Berlin Brandenburg Airport (BER). Lufthansa will bid Tegel farewell on 7 November: the last scheduled departure is flight LH1955 from Berlin to Munich. The BER premiere will then take place the next morning: at 6:30 a.m. on 8 November, flight LH173 from Berlin to Frankfurt is scheduled to take off from the capital’s new airport. Austrian Airlines, SWISS and Brussels Airlines will start operations at BER together with Lufthansa on 8 November. According to current plans, Eurowings will already have its first flight from BER on 4 November.

Lufthansa guests can expect a special highlight at BER: The Lufthansa Lounge. It is located in Terminal 1 (Main Pier North) and covers an area of around 1,600 m². Passengers of Lufthansa Group Airlines with Business Class tickets, as well as travellers with Frequent Traveller, Senator or Star Alliance Gold status and HON Circle Members can relax, refresh or work in peace before their flight in the Lufthansa Lounge with its separate Senator and Business areas. A special atmosphere is created by the surrounding window front with an exclusive view across the airport apron to the Berlin skyline. Going forward, BER should not have the significant bottlenecks at security checks that were recently the case at Tegel. A centrally organized security checkpoint, more modern technologies at the control lanes, and more spacious terminals should make the processes more efficient.

* When Berlin Brandenburg Airport is put into operation at the end of October 2020, Schönefeld Airport will become Terminal 5 (T5) of BER. In order to avoid duplicate names of terminal sections, gates and carparks at BER, the building and carpark infrastructure of Schönefeld Airport will already be renamed for the summer flight schedule. The changeover took place overnight from 30th to 31st March 2020. Prof. Dr-Ing. Engelbert Lütke Daldrup, Chief Executive Officer of Flughafen Berlin Brandenburg GmbH, commented: “With the renaming of the infrastructure at Schönefeld Airport, we’re taking another step towards BER. The closer we get to the start of operations at the new airport, the more important it is that we make objective information about the orientation available to our passengers, as well as our employees and process partners. We have therefore decided to carry out the
renaming as early as the summer 2020 flight schedule and in time for the beginning of the trial operation.”

In the future, the current terminal sections A, B, C, D will be called K, L, M, Q. Passengers who are only travelling with hand luggage and are already in possession of a boarding pass can use terminal section Q (for Quick Security Check). From here, passengers can then reach all departure gates. In addition, the multi-storey carpark and car-parking areas will be given a new name. The former numbering system will be joined by the number 5 in front of the previous designated number.

Flughafen München GmbH (FMG) and Deutsche Lufthansa AG (DLH) are planning to intensify and continue their strategic co-operation in the sustainable development of the Munich hub.

In a Letter of Intent (LoI) signed on 16 December 2019, the two partners announced their joint intention to extend the Terminal 2 satellite building by a new pier at right angles to the east, called the ‘T-arm’. With the new building, the capacity of Munich’s Terminal 2 will increase by a further 10 million to 46 million passengers per year. Together with Terminal 1, the airport will have a total capacity of 63 million passengers per year.

Like the satellite building, the extension follows the climate and environmental principles of the partners. The planned investments will increase the passenger capacity of the Terminal 2 system operating nearly at its limits by up to 10 million passengers per year. The aim is to create the conditions at the Munich hub for the foreseeable increase in passenger demand while maintaining the same high level of passenger service quality. The Terminal 2 system, like the airport as a whole, aims to be CO2-neutral by 2030. In the coming years, Lufthansa will also continue to invest in a modern fleet in Munich with new, more fuel-efficient aircraft such as the Airbus A350-900, which generates around 25% less CO2 and up to 50% less noise than its predecessors. Lufthansa already operated its most sustainable long-haul aircraft, including 15 A350s, at its Munich hub before the corona crisis.

In the course of the preliminary planning phase now initiated for the expansion project, FMG and Lufthansa will specify their requirements for the future pier. The details of their upcoming co-operation will then be agreed in a Memorandum of Understanding (MoU). "We are thus laying a strong foundation for the successful continuation and expansion of our co-operation, from which not only both companies but also Bavaria as a business location will greatly benefit," said Munich Airport CEO Dr Michael Kerkloh at the signing of the Memorandum of Understanding. Dr Kerkloh continued: "Together, the airport and the airline stand for a sustainable and climate-friendly future at the Munich hub."

Wilken Bormann, CEO Lufthansa Hub Munich, adds: "Flying is a central part of our modern world. This makes it important to develop air traffic even more sustainably in the future. Once again, we are demonstrating at Munich as a premium location how we can shape the future responsibly in a system partnership that is lived and breathed. In order for this to be fully successful, a direct long-distance rail connection to the airport is more necessary than ever. Only that will make it possible for the different modes of transport to interact effectively in the future, which will in turn enable us to reduce ultra-short distance flights."

-- The partnership between Munich Airport and Lufthansa in establishing and expanding the airport as a major hub began back in the 1990s. With the joint construction and operation of Terminal 2 opened in 2003, the two companies have launched a co-operation model that is unique in Europe and established Munich Airport as an efficient hub for global air traffic. The satellite building, which went into operation in April 2016, marked the first expansion stage for this highly successful joint venture.

THE NETHERLANDS
As a result of uncertainties around the development of the Covid-19 pandemic, Royal Schiphol Group is withdrawing its outlook and financial targets for 2020 as announced in mid-February 2020. The pandemic has - and will have - for a yet unknown period of time an adverse effect on passenger demand for air travel at Royal Schiphol Group’s airports. As there is no precedent for an outbreak at this scale and since it is unclear how the Covid-19 virus will develop, the scale of the
impact of the outbreak on the Royal Schiphol Group's business, results of operations, prospects and financial condition is unpredictable.

Schiphol Group will not be able to reach the net result and passenger growth forecast as published earlier. Before the Covid-19 outbreak, Schiphol Group was expecting a limited growth in passenger numbers and, barring unforeseen circumstances, a stable normalized net result comparable to 2019. A potential scenario encompasses widespread Covid-19 impact with gradual traffic recovery not starting before June 2020, in combination with an economic recession. In this scenario, total passenger numbers at Amsterdam Airport would be 26% lower in 2020 as compared with 2019. The corresponding loss in revenue would be approximately EUR 0.4 billion in 2020. This includes lower revenue from airport charges, concessions, and parking fees, as well as to a lesser extent rents and other revenue. This number does not include any potential changes in the fair value of commercial real estate. Furthermore, the Covid-19 outbreak has a significant negative impact on the result from associates.

To mitigate the impact of the traffic decline and corresponding revenue losses, Royal Schiphol Group focuses on financial and operational optimization. As such, Schiphol Airport has reduced its operations and focuses on core activities that are appropriate, given the unprecedented situation in the coming period. In practice, this means that Schiphol Airport will remain open with a heavily reduced capacity for passenger flights that are still arriving and departing, as well as repatriation of Dutch citizens, freight traffic, emergency services, and alternative aircraft. Royal Schiphol Group has further implemented various cost-saving measures like closing one runway and anticipates to make use of the options for deferral of tax payments and temporary governmental compensation for labour costs. Furthermore, Schiphol Group is actively looking at its capital projects, both with a view to speeding up certain projects while part of Amsterdam Airport is not in use, as well as delaying and/or cancelling certain other projects. The regional airports of Rotterdam and Eindhoven have taken operational and financial measures as well.

SWITZERLAND

Over 270 projects were carried out at Geneva Airport in 2019, totalling an investment of CHF 249.8 million. This record amount demonstrates the airport’s dedication to continuing to modernize its infrastructure, particularly as 64% of the investment went on building infrastructures. In addition to the conclusion of the East Wing, which will be operational by the end of 2020, a major project started in 2019: The Baggage Logistics Centre. This ambitious and particularly complex project will replace the current, outdated sorting system by installing the latest-generation scanners (EDS3) to meet security regulations. Construction will take place while the old system is still being used and the new system will be operational by 2022. At the end of 2019, with the extension of the SAIP (Sectoral Aviation Infrastructure Plan for Geneva), adopted in 2018, the Board of Directors approved the plan for 2020-2040, a compass broadly guiding future investment by anticipating various scenarios ensuring that the airport will be able to adapt and build infrastructure that is essential for its future. Finally, passenger satisfaction is regularly measured by conducting different surveys among travellers, including Airport Service Quality (ASQ), a benchmark for airport satisfaction. Overall satisfaction has gone up slightly on 2018 (from 3.85 to 3.92 out of 5). In total, over 10,000 passengers were questioned in the terminal, plus 10,000 people online.

AUSTRIA

Flughafen Wien AG responds to the Covid-19 crisis that has led to a 98% reduction of the passenger volume with an extensive savings and liquidity protection programme and has rescheduled the annual general meeting 2020 to 4 September 2020. The current savings programme has a volume of over EUR 220 million which corresponds to more than 25% of planned revenue for 2020. In addition, staff is in reduced working hours. Usage of State aid packages, the provision of sufficient credit lines, and the successful implementation of saving measures guarantee the liquidity of the company, even if the crisis prevails until the end of 2020. Planned investments for 2020 will be reduced to a figure below EUR 100 million. -- Like at other listed European airports, the proposal for the distribution of profits of Flughafen Wien AG will call for the profit to be carried forward and will no longer
provide for a dividend payment for the financial year 2019. This measure also safeguards the access to further State aid, if needed.

* Vienna Airport (VIE) has experienced a strong decrease in passenger numbers and flight movements since the end of February 2020. While still operating to serve repatriation and cargo flights, at present there are only a very few regular passenger flight operations. The airport has put in place a crisis team, which includes all relevant units such as airside and terminal operations, security, medical services, IT, ground handling, and communications. “They are operating 24/7 and are in regular contact with all responsible stakeholders, such as health authorities, airlines, and many more,” explains Peter Kleemann, spokesperson for VIE. “Information, flexibility, and a good team are key success factors in that specific situation.” The crisis team holds daily meetings, as well as calls with the authorities to discuss the actual development and to plan next steps. “There are entry screenings and home isolation for two weeks for all arriving passengers,” says Kleemann. “We have increased the cleaning procedures throughout the airport – handrails, door handles, and sanitary facilities are cleaned more frequently, and filters in ventilation systems are also changed more frequently. The whole situation does also have a significant effect on the company’s business development, and we have started some cost-saving measures to secure the whole organization.” He adds that, at present, it is very hard to give an estimation for future development. “The Covid-19 crisis is a global phenomenon, which impacts a lot of countries but in different timescales. Because of that, it may take some more time for the aviation industry to recover.”

* VIE’s new Office Park 4, scheduled to open in May 2020 in the Airport City, and the modernized Terminal 2, scheduled to open at the end of 2020, will be completed, while all other substantial construction projects, such as the southern extension and the refurbishment of Pier East, will be delayed. A new schedule will not be announced before the end of 2020. Construction of the new Office Park 4 will enable the Airport City Vienna to expand its existing office and event space by about 26,000 m². Office space flooded with light will be available on ten floors, equipped with state-of-the-art technologies. Depending on specific needs, the modern office areas can be flexibly rented in sizes between 180 m² and 2,700 m² per floor. Two floors of event space, spacious meeting zones, a kindergarten, as well as restaurants, all under one roof, will enhance the working experience and feel-good factor of the employees. Moreover, sufficient parking capacities will be available thanks to the building’s own underground parking garage and Car Park 3. A new pedestrian bridge will directly connect the premises of Office Park 4 and Terminal 1 as well as the public-transport City Airport Train Vienna (CAT) and the suburban railway train. Flughafen Wien AG is investing about EUR 60 million in this new construction project.

* 2019 was a strong year for Flughafen Wien AG, characterized by strong passenger growth at Vienna Airport, which handled a total of 31.7 million passengers (+17.1%) - a new all-time high. The cargo volume showed a downward development, falling by 3.9% in 2019. As a result of the positive passenger growth, VIE ranks among the 20 biggest airports in Europe. Following the discontinuation of operations by the Air Berlin Group, the catch-up effect on the part of low-cost carriers, which has lasted since 2018, has levelled off somewhat. In spite of the higher number of passengers, VIE succeeded in improving punctuality in collaboration with Austrian Airlines. Vienna was the third most punctual airport of its class in Europe in 2019, and 15th in the world. This shows that the airport’s quality enhancement measures are having a positive impact and VIE is resolutely moving ahead with efforts to become a 5-Star Airport. In 2019, VIE further reduced energy consumption per passenger by more than 20% and also succeeded in cutting back on CO₂ emissions. A large-scale photovoltaic initiative was to be launched starting in 2020, when more than 3 million kilowatts of electricity will be generated. The airport plans a ten-fold increase in photovoltaic power generation in the coming years to about 30 million kWh. The airport will also be CO₂ neutral before the year 2030. The objective is clear: VIE wants to become the leading green airport in Europe.
CZECH REPUBLIC
In December 2019, ‘Václav Havel Airport Prague’ introduced its long-term concept and development strategy to 2035. The Ministry of Finance of the Czech Republic, as the sole shareholder of the company, had approved an investment of over CZK 16 billion (EUR 625 million) for the first stage of the Terminal 2 expansion. Before the corona epidemic, the construction was anticipated to be completed in 2028. Other development projects at Prague Airport would be approved gradually, depending on the current situation and changes in the market. Consistent growth in passenger numbers was expected to continue before the current corona crisis. The long-term construction and development plan was designed to ensure that the airport maintains its competitiveness. Other investments relating to increasing terminal capacity and a parallel runway were subject to approval based on future developments. Of the CZK 16 billion investment, about CZK 9 billion (EUR 350 million) would be invested directly into terminal expansion and the remaining CZK 7 billion (EUR 275 million) would be focused on related projects, such as taxiways, a parking garage, an elevated road, and other roads in front of the terminal.

When the first stage of Terminal 2 expansion finishes in 2028, Prague Airport would have nine new contact parking stands with boarding bridges and gates for short- and medium-haul aircraft. Together with these, five alternative parking stands would also open to service long-haul flights. The planned parallel runway would be used primarily for the landing of aircraft.

“We are happy about our shareholder’s decision to expand Terminal 2. The first step of Prague Airport’s long-term development plans will help enhance air transport in the Czech Republic,” says Václav Řehoř, Chairman of the airport’s Board of Directors. “Prague Airport has reached the limits of its operating capacities. Over the past few years, we have started to invest into projects that will help us increase the airport’s capacity from 15 million serviced passengers per year to about 17 million per year. Beginning in spring 2020, we are ready to start with a preparatory investment that will enable us to execute the first stage of Terminal 2 expansion. This will include projects such as the reconfiguration and relocation of taxiways and the completion of a wastewater treatment plant.”

* Prague is the fifth fastest growing airport in Europe and was predicting a long-term average of a 3% increase in yearly passenger numbers, to 30 million passengers by 2035. The airport has determined that capacity availability must be adjusted in order to competently manage the expected growth. The airport has also announced longer-term developments that are not predicted to begin until 2028, including a new rail connection and further technological developments.

The development planned over the next six years will see an additional 50% retail space by 2026, according to Jiří Petržilka, Executive Director Non-Aviation Business at Prague Airport. “We just finished the biggest duty-free tender process to date, a five-year contract, which was won by Lagardère Travel Retail,” he added. The first new shops opened in January 2020 and the retail refurbishment will be finished by June 2021. There are three phases of reconstruction and after three months, the first set of stores will be completed and open. “It’s been one of the most interesting tenders we’ve ever done, especially for the Travel Essentials part of the business,” he said. “We want to build an airport city, even though it’s not easy to build and you have to overcome a lot of bureaucracy. It’s the most important project in the history of Prague Airport.” -- The airport has reached capacity, with 16.8 million passengers using it in 2018 and 17.8 million (+10.8%) in 2019.

HUNGARY
Just before the start of the corona crisis, a new terminal extension opened at Budapest Airport to serve low-cost airline passengers. The new wing, where low-cost airline passengers can wait before boarding their aircraft, was handed over on 15 January 2020. At the same time, the so-called 'container building' was demolished by the airport operator. The very 'basic boarding gates' serving low-budget flights lacked seats, toilets, heating and cooling and were constantly criticized by passengers. Gergely Gulyás, Minister at the Prime Minister’s Office, said in a briefing that the Government gave an ultimatum for Budapest Airport Ltd and the use of the low-cost container terminal would be banned by decree as of 1 January 2020, unless there is a change.” Gulyás stressed that the quality of the low-cost
service “offended human dignity,” and Budapest deserved more, as it has become an important centre in European aviation.

The new 5,500-m, single-storey building was built in half a year and features all modern conveniences, such as air-conditioning, heating, restrooms, and waiting areas, several food and beverage services, and a smoking terrace to serve passengers’ needs. The area of the new terminal will be further increased to 11,500 m² and will be adjacent to two additional pedestrian and six bus gates besides the six existing gates. The total investment cost was HUF 8.3 billion, which Budapest Airport financed from its own resources. -- In 2019, the airport’s traffic reached a new record with 16.2 million passengers (+8%), which represents 6 million more passengers than in 2015, an extraordinary 63% increase. Budapest remains one of the fastest growing airports in Central and Eastern Europe.

ROMANIA

Abu Dhabi Airports (ADAC), the operator of Abu Dhabi International Airport in the capital of the United Arab Emirates (U.A.E.), has signed a memorandum of understanding (MoU) with Romania’s South Development Group, the developer of the country’s first private airport, for providing management and development services. The management and development agreement refers to the first private airport to be developed in Bucharest and five other regional airports to be developed across the country. This is the first agreement signed by ADAC outside the U.A.E. ADAC, a company established by the Government in 2006 to co-ordinate the development of aviation infrastructure in the Emirates, owns and operates five airports, including Abu Dhabi International Airport, the country's second largest airport. “We are exploring partnership opportunities for the future management and development of airports in Romania,” Bryan Thompson, Chief Executive Officer of Abu Dhabi Airports, told reporters. He said, Abu Dhabi Airports is also exploring projects with four or five other countries and airport groups. “We are predominantly focused on Africa, Eastern Europe, and Indonesia. There are many opportunities out there,” he said.

South Development Group was established in August 2018, based in Otopeni. According to information on its website, the company is in charge of developing Bucharest’s ‘Constantin Brâncuşi Airport’, the first private airport in Romania. Named Aerotropolis, the project includes, besides the airport itself, a hi-tech office park, residential buildings and hotels, exhibition, and conference centres, as well as an entertainment area.

SLOVENIA

Ljubljana’s ‘Jože Pučnik Airport’ (LJU) has defined its priorities for the expansion of its network a month following the demise of its main customer Adria Airways in 2019. Speaking at the Gorenjski Finance Forum, the airport’s General Manager, Zmago Skobir, said: “Out of the 29 routes operated by Adria, nine remain unserved. These can be divided into destinations within the former Yugoslavia and those in the West. It is certain that some routes are unlikely to resume soon, and some even never, such as Priština and Tirana. Destinations in the West, which are much more important to the Slovenian economy and tourism industry, are being relaunched. These include Frankfurt, Zürich, Munich, and Brussels. Vienna is slightly more difficult, but I am sure it will be launched soon.” He added: “Adria discontinued operations at the end of September 2029. Within a week, we had announcements for new flights. This was a great success for us, as we were able to respond quickly and maintain connectivity. We are now working on improving the scheduling of these new services. However, it will take some time, as aircraft are not readily available. We are working hard, and we will certainly have more convenient schedules in the near future.” Commenting on replacing Adria’s network within the former Yugoslavia, Mr Skobir said: “Flights to and from Priština did not play a key role in the Slovenian economy and tourism sector. Skopje is a different story, and we will work hard to resume this route. Belgrade and Niš are already served by Air Serbia, which has increased both frequencies and capacity. Other destinations in the region are well connected via Belgrade.” Mr Skobir previously noted the airport
expects Czech Airlines to launch services from Prague while flights to Copenhagen would resume “sooner or later.”

The airport’s aspirations to secure non-stop services to the Gulf region have not been diminished by Adria’s collapse. “The East continues to be another big market for us which is mostly served through Turkish Airlines. In my opinion, we do need flights to the Arabian Peninsula, which would act as a transfer point to other destinations. These are primarily Dubai and Doha. We have been working hard on this matter over the past six years, and we expect progress very soon,” Mr Skobir said. — During the summer of 2019, Adria Airways had the most Available Seat Kilometres (ASK) on flights from Ljubljana to Frankfurt, Brussels, Tirana, Paris, Skopje, Amsterdam, Copenhagen, Zürich, Priština, Munich, and Podgorica.

Operator Fraport Slovenija has released visuals of Ljubljana Airport’s new passenger terminal. Following preparatory work, which began in early summer 2019, a ground-breaking ceremony in July 2019 marked the formal start of construction. The facility will be a spacious fusion of concrete, wood and glass, reflecting the nearby Kamnik-Savinja Alps. It will have a lot of natural light and blend in with its environment, according to the Plan B architecture firm, which designed the building. The German operator will supervise and manage the investment with a team of ten engineers. Apart from the expansion, the operator also plans to modernize the airport’s logistics and IT sector. Fraport Slovenija is currently undertaking a long-term investment cycle amounting to over EUR 40 million.

Other Regions

THAILAND

The subcommittee handling infrastructure development projects at the Eastern Economic Corridor (EEC*), chaired by Finance Minister Uttama Savanayana, has selected the BBS consortium to build the THB 290 billion Eastern Airport City Project at U-Tabao. Kanit Sangsubhan, the EEC Office's Secretary General, said the subcommittee will propose the winning bidder for the project to the EEC Committee chaired by Prime Minister Prayut Chan-o-cha immediately and for Cabinet approval at a later date. The BBS consortium comprises Sino-Thai Engineering & Construction, Bangkok Airways, and BTS Group Holdings. The other two bidders for the project were a CP-led group — which included Thana Holding, Italian-Thai Development, Ch. Karnchang, B Grimm Joint Ventures Holding, and Orient Success International - and the Grand Consortium, comprising Grande Asset Hotel and Property, Asia Aviation and Christiani & Nielsen Thai. In January 2020, the committee that oversaw the recent bidding for the project chaired by Navy Chief Adm Luechai Ruddit preferred the BBS consortium proposal because it offered the best returns generated by the airport city development. The airport city is one of five megaprojects under the Government's infrastructure development in the flagship EEC. The five projects, worth THB 695 billion in total, include a high-speed railway linking three key airports (THB 225 billion); a maintenance, repair and overhaul (MRO) centre (THB 10.6 billion); the third phase of Laem Chabang seaport (THB 114 billion); and the third phase of Map Ta Phut seaport (THB 55.4 billion).

The Eastern Airport City project covering 1,040 hectares includes a third passenger terminal, commercial gateway, and a ground transport centre, MRO centre, cargo facilities, and an aviation training centre. Mr Kanit said the project is expected to be completed by 2024, which is likely to align with the aviation business's expected recovery. "While the pandemic has seriously affected the overall aviation business, IATA predicts the aviation industry is expected to recover by 50% in the first half of next year," he said.

*Note: The Chachoengsao, Chonburi and Rayong provinces have been designated for the development of the Eastern Economic Corridor (EEC), a pilot project for the economic development of Thailand’s Eastern Seaboard.
Green Airports

As IATA’s updates on the impact of the coronavirus on the air transport industry become increasingly pessimistic, many analysts are warning that global air traffic might not return to previous levels for some years. IATA has raised its previous forecast on industry losses in 2020 by 25% to USD 314 billion and a near halving of passenger traffic (RPKs) and capacity. The airline industry body has already started discussions with ICAO on changing the CORSIA baseline to avoid including 2020 emissions in the calculation, which would lead to an increased offset purchasing requirement during the course of the 15-year scheme. Both the EU and the US have shown some sympathy with the request. However, the European mood is that airlines should not escape their climate responsibilities as a result of the coronavirus pandemic and that aid should come with strings attached.

The CORSIA baseline is to be calculated as the average of the emissions from international flights for 2019 and 2020, designed to iron out minor fluctuations between the two years. A forecasted 45% reduction in capacity in 2020 compared with 2019 would have a major impact on the baseline that would impose an economic burden on the industry, said IATA in a recent position paper. Any change to the baseline calculation would have to be approved by ICAO’s governing council, which is next due to meet in June 2020. IATA is keen for a decision to be made by then as it may impact the willingness of certain countries to join the voluntary pilot phase starting in 2021. The early signs are that major participating countries are open to the move. An FAA official familiar with the CORSIA process at ICAO commented: “Changes to the baseline are highly likely once there’s a chance to review the situation and those can be done without disrupting CORSIA’s rollout.”

Prior to the global crisis, IATA forecast CORSIA would mitigate around 2.5 billion t of CO2 between 2021 and 2035, an annual average of 164 million t. ICAO’s own previous analysis estimated the industry would need to offset around a total of 104 million t of CO2 in the 2021-2023 pilot phase, rising to 216 million t in the 2024-2026 first phase. Among the various fuel sectors, oil consultancy Rystad Energy expects jet fuel to be hit the hardest by the pandemic, with global demand falling by almost 31% year-on-year, from an average 7.2 million barrels per day in 2019 to around 5 million bpd. It forecasted demand in April 2020 to be as low as 2.6 bpd and in May 2.4 million bpd. Jet fuel consumption may not recover fully even in 2021 as travellers remain concerned about long-haul vacations and businesses get used to online meetings, said Per Magnus Nysveen, Rystad’s Head of Analysis. According to an IATA analysis in December, global carbon emissions in 2019 – from domestic as well as international flights – totalled an estimated 915 million t, with a projection of 936 million t in 2020. IATA is now estimating a fall this year in terms of capacity – aircraft movements – in the order of 45%, suggesting global emissions in 2020 from the sector could amount to around 500 million t in total.

Magdalena Heuwieser of Stay Grounded, a network of 150 organisations worldwide, said: “For decades, the aviation industry has avoided contributing meaningfully to global climate goals and resisted the merest suggestion of taxes on fuel or tickets. Now airlines, airport and manufacturers are demanding huge and unconditional taxpayer-backed bailouts. We cannot let the aviation industry get away with privatising profits in the good times and expect the public to pay for its losses in the bad times.” Added Andrew Murphy, Aviation Director at Transport & Environment, commented: “EU governments should make airline bailouts conditional on carriers paying fuel, ticket and other taxes once the crisis has passed. They should also require airlines to start using low-carbon fuels once conditions improve. Public money should support the technologies of the future to help combat the next looming global crisis, climate change, and not reinforce the mistakes of the past.”

T&E has revealed that Europe’s largest low-cost carrier Ryanair, which in 2018 became the first airline to join the top ten list of emitters within the EU Emissions Trading System (EU ETS), climbed up the table last year to seventh place as a result of a 5.9% increase in emissions. Airline carbon emissions grew 1.5% overall in 2019, it said, in contrast to other sectors covered by the EU ETS, which declined 8.9% overall. “Airline emissions continued their upward trajectory while other sectors continued to decarbonise,” said Murphy. “That trend will resume post-crisis unless governments act now to rein in their pollution.”
The market for renewable aviation fuel (RAF) is expected to witness a combined annual growth rate (CAGR) of more than 56.05% from 2020 to 2025 according to new research by Reportlinker. The report says the introduction of carbon offsetting and CORSIA by ICAO is encouraging aircraft operators to switch to RAF. Several countries, like India, are planning to introduce policies to support the development of RAF. Sustainable aviation fuel (SAF) is more expensive than jet fuel and this cost premium is a key barrier to its wider use, the research states.

The expected increase in demand for renewable aviation fuel is not likely to be met unless airline operators expand their renewable aviation fuel commitments with bio-refineries, which will consequently result in driving improvements in fuel cost and availability. With the expected increase in the adoption of renewable aviation fuels on a global scale, the investments in airport infrastructure are expected to increase. North America dominated the market in 2018, mainly driven by the existing framework of fuel policies supporting renewable aviation fuel production.

North America is one of the largest markets for both, the aviation industry and renewable aviation fuel, according to the report. In 2017, the US commercial fleet reached around 7,397 aircraft, representing an increase of 2.79% from the previous year’s fleet. US-based airlines carried an all-time high number of passengers in 2018 — some 1,011.5 million worldwide. In the US, robust growth in air travel resulted in more than 9.2 million t increase in aviation emissions in 2018, and this number is expected to increase in the coming years as well. Switching to more energy-dense biofuel to reach the goal of decarbonising the aviation sector is expected to play an important role in reducing GHG concentration across the region. Waste, residual fats, and oil could supply as much as 7% of the total jet fuel demand in North America. Overall, with supportive policies to decarbonise the aviation emission, the North American market is deemed to be one of the strong demand centres for the renewable aviation fuel market.

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