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## SWEDAVIA'S WELCOME BACK PACKAGE 2020

### Swedavia's decision

The Group Management for Swedavia, as the managing body<sup>1</sup> of the common charging system for Swedavia's Airport Network, has decided;

to **introduce** two incentive programs together called Welcome Back Package as of **1 July 2020**. This decision is only valid for the part of the proposal applicable before 1 January 2021.

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<sup>1</sup> In accordance with the Swedish Act (2011:866) on Airport Charges, the Swedish Act (2000:150) on Ground Handling and Regulation (EC) No 1107/2006 of the European Parliament and of the Council of 5 July 2006 concerning the rights of disabled persons and persons with reduced mobility (“PRM”) when travelling by air.

**1****SUMMARY**

The Welcome Back Package constitutes an extraordinary measure aimed at counteracting the negative impacts that Covid-19 has had on the aviation industry. As such, the incentive program has been devised and consulted in record speed in order to hasten the recovery of traffic. Swedavia held a consultation meeting on the topic on 16 June 2020 where the proposal was clarified.

Swedavia would like to express gratitude to all participants and especially to those that gave feedback. Swedavia received feedback both directly in the meeting and from eight airlines or airline representatives afterwards. Many commented on the positive atmosphere and Swedavia aims to continue the open and constructive dialogue for coming consultations as well as in other collaborative forums.

Many airport users requested during the consultation meeting 16 June that traffic at ARN & BMA should, like other airports, receive a rebate on the Take-Off charge. Swedavia has carefully considered all feedback received and decided to update the Welcome Back Package in line with the requested addition of rebates on the Take-Off charge.

**2****INTRODUCTION**

The proposal was sent out 9 June 2020, one week before the consultation meeting the 16 June, which was held electronically using Microsoft Teams. Swedavia received formal written responses from eight airport users or representatives, in addition to questions asked during the meeting. Swedavia has responded to the feedback received in one document that has been distributed to all consultation participants.

Due to the severity of the Covid-19 crisis for the aviation industry, Swedavia along with Swedavia's customers have been put under unprecedented financial strain. This prompts Swedavia into taking swift action in order to alleviate the situation and introduce a package designed to aid in the recovery process by incentivising more traffic to and from Swedavia's airports as soon as possible, to the benefit of both Swedavia and the airport users. To achieve this, Swedavia needs to depart from the usual timetables for charge adjustments that is stipulated by law (the Swedish Act (2011:866) on Airport Charges, the "**Act**"). Thus, Swedavia has departed from the four months period set out in Section 12, paragraph 1 of the Act and from the two months period set out in Section 13, paragraph 2 of the Act. The motivation for this is that Swedavia needs to rapidly alter the commercial conditions in order to retain and regain its customers' business and, to the extent possible, facilitate recovery already in the Summer of 2020. Swedavia considers that these special grounds and the extraordinary circumstances caused by the Covid-19 crisis fulfil the legal standards for deviations from the time frames set out in the sections of the Act referred to above. Moreover, it is Swedavia's conviction that the industry, including Swedavia, would face a situation that is made yet more difficult if no prompt action is taken. The expedited consultation process was discussed with the

Swedish Transport Agency and airport user representatives (from IATA, Svenska Flygbranschen and SAS) in the “Stockholm Forum” meeting on 26 May 2020, i.e. prior to the distribution of Swedavia’s proposal on 9 June 2020. No airport user has opposed the expedited consultation process.

The new Welcome Back Package is valid as of 1 July 2020 until 31 December 2020. However, it is Swedavia’s intention to consult a continuation of the package in 2021 in accordance with the structure outlined in this document.

Swedavia has carefully considered all feedback received, both in writing and expressed orally during the consultation meeting, with emphasis on the feedback concerning the part of the package applicable in 2020, before making the decision. The part applicable for 2021 will be subject to consultation during the autumn 2020.

### **3 THE WELCOME BACK PACKAGE**

The package consists of two separate incentive programs for passenger traffic, one for intercontinental destinations and one for non-intercontinental destinations. The incentives are applicable for all passenger traffic, regardless if routes have remained operational throughout the crisis or not.

Swedavia does not offer double discounting, which means that passengers and traffic eligible for PIB/NDD will not be eligible for Welcome Back. The same applies for the Volume Discount, meaning that no passengers that are granted Welcome Back Incentive will be counted in the basis for the Volume Discount. Users may request which program to apply if their passengers or movements are eligible for more than one incentive program.

The Welcome Back Incentives will be paid out as an operational credit, meaning that they will appear as a deduction on the invoice.

#### **3.1 Welcome Back Incentive – European destinations**

##### **Decision**

Swedavia will the 1 July 2020 introduce the following discount rates for all passenger traffic serving non-intercontinental destinations.

Departing Airport	Charge	Summer 2020	Winter 2020/21 <sup>2</sup>
<b>ARN/BMA</b>	Take-Off	50 %	25 %
	Passenger	50 %	25 %
<b>Other Airports</b>	Take-Off	50 %	25 %
	Passenger	75 %	50 %

*Welcome Back Incentive European destinations – Rebate levels*

Departing Passengers and Take-Offs from one of Swedavia’s airports with another of Swedavia’s airports as destination will receive half the level of the rebates since such a trip invariably leads to another eligible departure. Traffic serving intercontinental routes that does not reach the requirements of the Welcome Back Package for intercontinental routes (segment below) is eligible for the European program instead. Traffic procured by states, regional or local authorities is not eligible for the incentives.

**Views from the airport users**

Swedavia’s proposal has been met with strong support regarding the need for a package to alleviate some of the financial strain on airlines and to hasten the recovery of traffic. No user has opposed the introduction of a package nor the consultation process that has led to its implementation.

Many airport users have requested that Swedavia harmonise the rebate levels between ARN/BMA and the other airports. Some users have asked that the rebate levels at ARN should be still higher in order to strengthen the airport’s hub-function. Users have also asked that the program should be prolonged and strengthened in 2021 and that Swedavia should remove the principle to offer half the rebate levels for trips to other Swedavia airports.

**Swedavia’s motivation for the decision**

Swedavia is thankful for the positive response received from airport users. Due to the unprecedented crisis, Swedavia is keen to introduce remedial measures for the re-establishment of traffic. Since the implementation of the package is a business-driven decision, there are limits to what level of rebates are financially viable. It is by using this approach that Swedavia found the user proposal of adding rebates on the Take-Off charges at ARN/BMA to be possible.

<sup>2</sup> As noted above, the part applicable for 2021 will be subject to consultation during the autumn 2020.

### 3.2 Welcome Back Incentive – Intercontinental destinations

#### Decision

Swedavia will the 1 July 2020 introduce the following discount rates for all passenger traffic routes serving intercontinental destinations.

Departing Airport	Charge	Summer 2020	Winter 2020/21 <sup>3</sup>	Summer 2021 <sup>3</sup>
<b>Duration</b>		9 months	9 months	6 months
<b>All Airports</b>	Take-Off	100 %	100 %	100 %
	Passenger	90 %	90 %	90 %

#### *Welcome Back Incentive Intercontinental destinations – Rebate levels*

An intercontinental route must have a minimum of 3 weekly frequencies to be eligible for the discount. Such a route that is established e.g. during the Winter Program 2020/21 will receive the discounts during a 9-month period. Swedavia also proposes that no discount be granted after 31 December 2021, in the case that an operator establishes traffic late during the Summer Program 2021.

If a route does not have a minimum of 3 weekly frequencies, it will instead be eligible for the Welcome Back Package for non-intercontinental traffic (segment above).

#### **Views from the airport users**

Several users have argued that the Short Haul traffic is the segment that is re-established first in the ramp up of traffic and that airlines will not focus on Long Haul until their European destinations have been opened. These users propose the inclusion off all traffic in the program designed for European traffic. One user has also requested that Swedavia remove or alter the rule of 3 weekly frequencies.

#### **Swedavia's motivation for the decision**

The program is introduced to incentivise a behaviour that is particularly beneficial for Swedavia. A re-establishment of intercontinental traffic that would take place at an earlier stage than without the incentives is the core purpose for introducing the program. The rule of 3 weekly frequencies is imposed to incentivise airlines to make a lasting commitment in establishing regular traffic to a destination, which strengthens Swedavia's network. Traffic to intercontinental destinations with less frequencies will still receive discounts through the general program designed for non-intercontinental destinations.

<sup>3</sup> As noted above, the part applicable for 2021 will be subject to consultation during the autumn 2020.

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#### 4 **THE CONSULTATION PROCESS AND DISTRIBUTED MATERIAL**

For all details of the price structures and adjustments of individual charges, please see the material that has been distributed.

The consultation process covered the following meetings and material:

<b>Consultation Meeting</b>	<b>June 16</b>
Main presentation	46 pages
Meeting minutes	6 pages
Swedavia's response to airport user feedback	5 pages

Participants of the consultation process may request material from any of the above listed material by writing to [consultation@swedavia.se](mailto:consultation@swedavia.se).