It is a great pleasure to be speaking here today in front of such an impressive gathering of the Brussels community.

I gather that next week is Single Market week here in Brussels - an initiative to mark 20 years of the project to remove barriers and unleash the economic potential of the European Union.

I cannot think of a better time for me to be speaking at the Aviation Club.

There is no doubt that easyJet is a product of the European Project – a shining example of the deregulation of the aviation market and evolution of the European Single Market.

Vision and strategy

I’d like to talk to you today about easyJet’s strategy.

Let's start with the crucial issue of market access and the use that easyJet has made of the opening up of Europe’s skies.

Since we were founded in 1995 with a mission to provide safe, affordable and convenient flights, we have grown to become the UK’s largest airline carrying over 58 million passengers per year and we’re now Europe’s 4th largest airline.

We have revolutionised the way people travel in Europe, operating on more than 600 routes between 133 airports with a fleet of over 200 European manufactured aircraft.

Despite our UK roots, over 60% of easyJet’s passengers now start their journey from outside the UK. In fact, easyJet is one of the very few genuine pan-European airlines with 23 operating bases in several countries. We employ for example
French people in France, Italians in Italy on local contracts. This is something no other airline has come close to.

Europe’s free market has created a revolution in European aviation. It has given airlines like easyJet the chance to grow across Europe to meet passenger demand. In the years since then passengers have benefited from 170% more routes at fares 40% lower.

Smaller cities and regions across Europe now have aviation links they never had before, stimulating trade and tourism and providing the platform for economic growth.

And we continue to grow – in the last few months we have opened 3 new bases in France, one in Portugal and one in the UK.

Our newest French bases in TLS, NCE & LYO cement our position as the second largest carrier in France and this will mean that we will operate out of five French bases.

We see Portugal, despite its economic troubles, as an opportunity. We are already no. 2 there to TAP’s no. 1.

Unfortunately as we focus increasingly on returns we have to make difficult decisions. Withdrawing our aircraft from Madrid is one of the toughest. 90% of our crew will transfer elsewhere in our network. However easyJet remains committed to Spain, including Madrid, and we will continue to fly 12m passengers to and from Spain.

The reason for this decision is due to a combination of factors: an over capacity in the Spanish airline market, leading to low revenue per passenger, combined with high airport charges which have more than doubled in the last two years and will be subject to further above inflation increases in the coming years as the Government prepares for the privatization of AENA.

What this absolutely shows is that airport owners – generally Governments – should think long and hard about increasing charges. This is becoming an issue across Europe with Italy and the Netherlands other obvious examples.
I fully understand Governments desire to bring in much needed revenue but this is a short term measure which will almost certainly cost far more in reduced economic activity, inward investment and growth.

Overall, easyJet continues to grow and it is critical to ensure that the freedom in market access is preserved and developed wherever possible.

**Breaking down the walls of protectionism**

From time to time we still find ourselves arguing against the iniquity of national aviation policy and airport pricing models based on the out dated hub and spoke business model.

Despite the best intentions of Europe’s single aviation market we too often find that we are still being held back by the defensive walls of protectionism which shield airports, airlines and ground handling from the benefits of true and full competition.

As you all know, Europe is currently re-examining much of its airport legislation.

We must take this opportunity to press ahead with reform of the allocation of slots at airports to enable new entrants to build up enough frequencies to mount serious challenges to the legacy operators.

We strongly support an increase in the new entrant threshold in order to promote stronger challengers to the established carriers.

We also support secondary trading to encourage the efficient use of slots and in turn airports themselves – this is about the capacity crunch and lower fares for consumers.

And local rules are not the answer to this problem - a patchwork of rules just risks creating further incoherence and
opens the door to back door regulation, undermining what is trying to be achieved by the EU.

This applies just as much to ground handling.

There are very good reasons why we should ensure that ground handlers face the same breadth of competition that their customers, the airlines, do, to ensure that there is a competitive environment at every airport and serious pressure to improve the services they offer.

On self-handling, we support giving airlines the freedom to take control of their own ground handling when they aren't happy with the services offered at an airport.

Having 3 ground handling licences at big European airports instead of two is important because it means the difference between healthy competition and a high cost duopoly. But we don’t think poor ground handlers should be protected with longer licences (10 years) as has been suggested and subcontracting limits.

We believe we are well placed to understand what our customers want, and we know that if quality is poor we will sell fewer tickets.

Route Liberalisation

Pressure should also be maintained to bring more competition to the countries on the EU's borders and I am pleased that the Commission has just reiterated this as a priority.

easyJet has taken advantage of the liberalisation of routes between the EU and Morocco and Jordan. We would very much like to see the EU engage directly to open up more countries.

The economic outlook across Europe remains highly uncertain so it is important to look for ways of extending commercial
possibilities and stimulating trade with neighbouring states like Turkey.

We very much hope the negotiations will move ahead rapidly and successfully.

**Consumers**

We all know that regardless of the importance of market access, the critical factor is consumers.

Twenty years into the era of the Single Market, I would argue that companies like easyJet have delivered for the consumer, we thrive by listening to our passengers and use the freedoms of a market free from price and capacity controls to meet their continuing travel needs.

**Our ambition is that easyJet is seen as Europe’s preferred airline.**

Some of you will have noted that we are not aiming to be the biggest in Europe nor the preferred “low cost” airline.

That’s not to say that easyJet no longer sees itself as low cost. Quite the reverse – it’s built into the DNA of the airline and is central to us remaining competitive - low costs are the basis of our low fares.

It is the consumer who finds the titles of “legacy” or “low cost”, “traditional” or “budget” increasingly irrelevant.

People don’t say “I want to fly with a flag carrier on holiday” any more than they say they want to fly with a “low cost” airline.

Our passengers can and do make their choice on a combination of value and price, destination and schedule.

Some will always buy the cheapest available regardless of the level of service.
Many more demand great value and expect good service.

And that’s why they fly with easyJet.

They like the fact that they know we are the lowest fare on the routes we fly – leisure or business.

They like the friendly helpful service they get on board.

They like the fact that they land in a primary airport, not miles away from the city they want to get to.

They like the range of food you might actually want to eat and are happy to pay for.

The EU has played an important role in giving consumers choice and protection through EU 261 and PRM regulation.

But we have all seen the problems with EU 261. The problem is that the rules are unclear, and inconsistently applied.

easyJet fully support the plans to reform EU 261. The debate is often seen as airline versus consumer. That is not correct.

BUT - Airlines should not be the insurer of last resort.

Passengers of course want to be able to get on the flight they booked. So if they are denied boarding, or their flight suffers long delays, it is right that they receive compensation if it is the airline that has failed them.

But as in the case of the recent volcano (or indeed ATC strikes), this was not an airline problem. It was airlines that paid over €1 billion in compensation due to 261. Even well-intentioned regulation can end-up creating operational difficulties, inadvertent side-effects and, yes, additional costs which undermine the ability of airlines to keep fares at a reasonable level. So we hope the reform will take all of this into account.

Our cause – making travel easy and affordable
Everyone at easyJet feels passionately about making travel easy and affordable for passengers – and that is now our stated cause.

It applies throughout the passengers’ journey with us – from end to end

We want our passengers to come back and use our services time after time - they won't come back if the end to end experience is poor.

We have learnt the lesson the hard way - in Summer 2010 we had a period of poor performance. One of my first priorities when I joined that year was to strengthen the integrity and resilience of our operation.

I’m pleased to say that summer 2012 was our best ever for punctuality and reliability and we’re taking that momentum into our new financial year.

Our punctuality is now over 88%. We’re now ahead of competitors like BA, Air France and Lufthansa.

This success continues to be reflected by our strong Customer Satisfaction scores which are at 82%.

Things still go wrong from time to time - as they do for every airline - but our aim is to do the right thing for our passengers when this happens.

For example, when we know there’s going to be disruption we have really improved how we communicate to the people affected in advance and tell them what we’re doing to try to sort it out or to help them out – by using email and text. We recently launched our industry leading mobile application which improves this even further.

Of course this is the right thing for the passenger BUT it’s also easier, simpler and cheaper to manage the effects of disruption away from the airport.
If I had to identify the biggest threat to consumers it is the increase of unjustified taxes such as Air Passenger Duty, which is preposterously high in the UK and a significant cost in Germany.

This is a tax on passengers, on jobs, on growth and ultimately on the freedom of movement across the single market.

Whatever environmental justification there might once have been for APD this has long gone and has been further eroded by the recent introduction to our industry of Emissions Trading (ETS).

**Business Travellers**

Aviation is an essential part of the European - and indeed global - economy. The Single Market has freed up airlines to serve business and create new opportunities.

We are seeing an increasing number of business travellers flying with easyJet. The harder economic environment and the way we have communicated our brand position is seeing more business travellers reappraise and sample easyJet. Once business passengers try us, they use us again.

Across our network almost 10 million of our passengers are flying on business and on some routes the proportion of passengers travelling on business is over 40%.

The key elements in attracting such passengers are punctuality, reliability and schedule.

We fly to 40 of Europe’s 50 largest airports – more than any other airline - because that is where our customers want to fly.

Much of our recent capacity growth has been thickening routes between Europe’s biggest cities to give business travellers the frequency they need.
Examples include operating 14 times a day each way between London and Amsterdam, the eight each way between Paris and Milan.

Building on this platform we now offer products for business travellers, such as the flexi fare which allows the traveller unlimited changes to their booking plus speedy boarding and a bag.

But the biggest game changer has been our recent announcement to roll-out allocated seating on all of our routes.

By the end of November, all passengers will be allocated a seat and will also have the choice of selecting a seat – whether that is for extra leg room or near the front - for a small charge.

In these more difficult times, we have seen many public institutions come on board. Our newest recruit is none other than the British parliament, to many MPs delight no doubt.

We hope this will soon be all the EU institutions too.

**Capacity and Environment**

If easyJet and its competitors are to continue to serve the EU economy and open new routes, we need continued progress on capacity, balanced by a credible response to climate change.

The key challenge facing the industry is to ensure that emissions are put on a downwards path.

ETS is a measure which we welcome. It means that all future growth in European aviation will be carbon-neutral and provides an incentive for further reductions in emissions and will encourage innovation.

easyJet is continually seeking innovative ways of operating more efficiently which will also reduce our environmental footprint, from single engine taxiing, to light weight carpets
and trolleys on board, to our latest trials such as fuel efficient paint and an innovative trial on electric green taxiing.

As a result an easyJet passenger's carbon footprint is 22 per cent less than a passenger on a traditional airline, flying the same aircraft on the same route.

**Conclusion**

In conclusion, the future is hard to read given the macro economic uncertainty.

But it is clear that the Single Market has served the aviation industry, the airline passenger and the European economy extremely well.

What is also clear is that easyJet with its focus on making travel easy and affordable has enabled the people of Europe to come together like never before. One thing we are certain of is this - that through focusing on our passenger and on our ability because of our advantaged network to connect Europeans, we are in a very strong position to continue to deliver low fares, good service and connectivity across Europe.

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