



# POLICY BRIEF

February  
2025



<b>ITA Airways</b> New member of the Lufthansa Group	1
<b>Germany is lagging behind</b> Location costs are far too high	2
<b>Lufthansa and Condor</b> No basis for special fares	3
<b>EU SAF quota</b> Solutions for fair competition	4
<b>“Shark alert” above the clouds</b> AeroSHARK in use on three continents	5
<b>help alliance</b> Aid organization with global commitment	6
<b>Policy Hub goes online</b> Lufthansa Group's new policy website	6
<b>Contact</b> Your contact persons at the Lufthansa Group	7

**ITA Airways**

# NEW MEMBER OF THE LUFTHANSA GROUP

The Lufthansa family continues to grow. ITA Airways will become the group's fifth network airline. Since mid-January, the Lufthansa Group has held a 41 percent stake in the Italian airline. The remaining 59 percent stake is still in the hands of the Italian Ministry of Economy and Finance (MEF).

The first step of the investment was completed with a capital increase of 325 million euros. The long-term goal is a 100 percent takeover. The agreement between the Lufthansa Group and the MEF gives the group the opportunity to acquire the remaining shares in ITA Airways later this year.

ITA Airways is the largest airline acquisition in the history of the Lufthansa Group. With 5,200 employees and a modern fleet of around 100 aircraft, ITA will be the Group's largest network airline after Lufthansa's core brand. The new alliance creates a win-win situation for the companies involved, for customers, it secures prospects for employees and shareholders, and it strengthens the Italian and European aviation and tourism markets. As part of the Lufthansa Group, with its multi-airline, multi-brand and multi-hub strategy, ITA will improve connectivity within the EU and to the rest of the world.

Italy is the second most important foreign market for the Lufthansa Group after the USA, outside its home markets. The five-star Rome Fiumicino hub strengthens the Group's hub system, and the economically strong Milan metropolitan area gives the Lufthansa Group access to the second largest catchment area in the European Union, right in the heart of Europe. ITA will remain an independent brand and, as a member of the Lufthansa family, has new growth prospects.

In Italy, with its export-oriented economy, the alliance has enjoyed strong support from the outset: from politicians, the media, ITA Airways passengers, as well as from trade unions and employees. The German government has also been supportive of this project from the beginning. By contrast, the EU approval process was a tough one. It took almost two years for Brussels to give the green light to the transaction. In the future, European competition law must be applied more efficiently. Because consolidation in Europe will continue. It has to. European airlines need a certain size to survive in the long term in international competition – especially against competitors from the Middle East, Asia and the United States. Strong domestic airlines offer citizens connectivity and mobility within the EU and beyond – and they ensure Europe's strategic autonomy.

**ITA Airways and Lufthansa Group customers benefit from joint programs and offers**



**Effective immediately**

- **Miles & More** members earn miles for ITA Airways and **Volare** members points for Lufthansa Group's network airlines

**From March 30**

- ITA Airways moves to Terminal 1 in Frankfurt and Terminal 2 in Munich = **short transfer times**
- reciprocal **lounge access**
- 100 codeshare connections and **coordinated European flight schedule**

**From 2026**

- ITA membership in **Star Alliance**

Germany is lagging behind

# LOCATION COSTS ARE FAR TOO HIGH

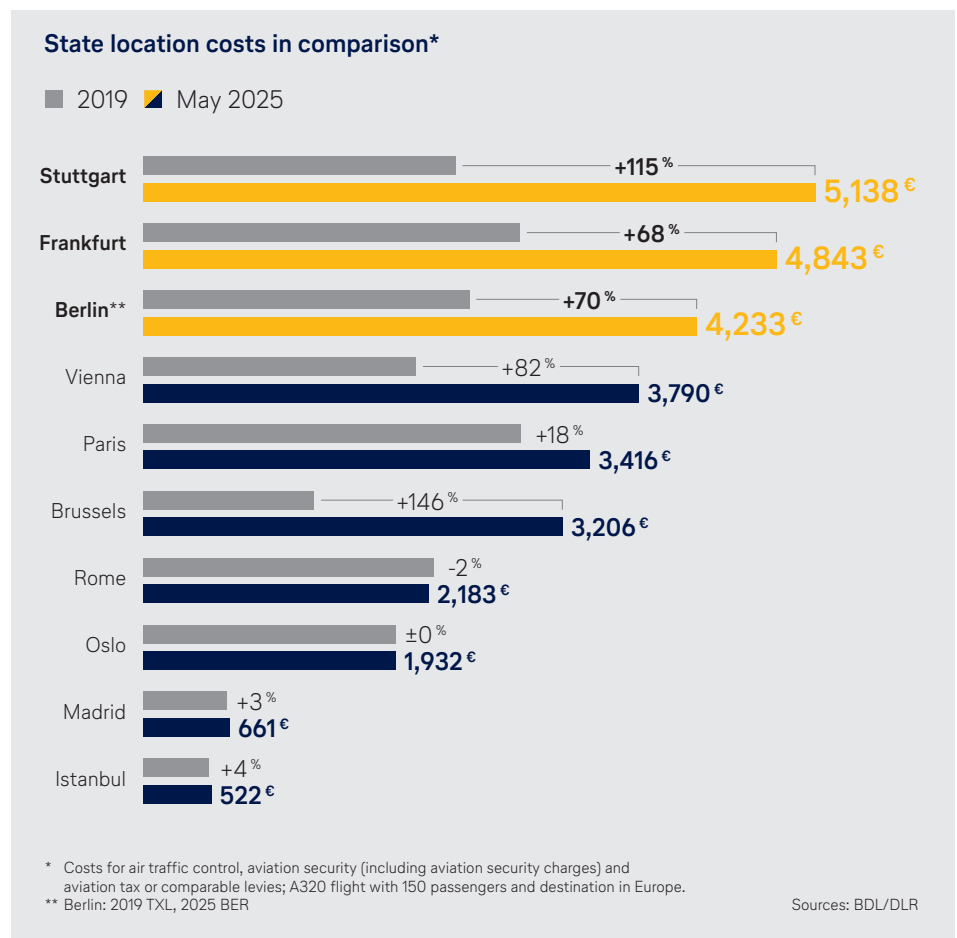
Flying to and from Germany has become more expensive again. As of January 1, 2025, state location costs, consisting of aviation tax, aviation security fees, and air traffic control charges, rose by almost 20 percent – a new record. Relief is overdue.

While aviation in the rest of Europe and worldwide is reaching record levels, the number of seats available in Germany is stagnating at well below 90 percent of pre-crisis levels, especially on short- and medium-haul routes. Constantly rising airport charges, taxes and fees now account for around one-third of the total cost of a flight. For an intra-European Airbus A320 flight from Stuttgart, for example, state location costs will amount to more than €5,000 in May 2025 – an increase of more than 115 percent per passenger since 2019. This makes German airports some of the most expensive in Europe.

In particular, aviation security fees for passenger and baggage screening were significantly increased in 2025 – by up to 50 percent at some airports to a new high of €15 per passenger. Arrival and departure charges levied by Germany’s air traffic control authority, DFS, have also reached new record levels: after increasing by almost 120 percent between 2019 and 2024, they rose by a further 40 percent at the beginning of 2025. This puts Germany in third place in Europe for air traffic control charges.

The enormously high location costs are forcing airlines to discontinue uneconomical routes to and from Germany. As a result, even economically strong regions such as Friedrichshafen are losing international connections because the feeder flights to the hubs are no longer profitable. Airports close to borders are losing passengers to neighboring countries because tickets can be offered at lower prices. This

is an alarming development for Europe’s largest exporting nation. To ensure that Germany remains competitive as a business and aviation location, the future federal government must act: In addition to the long overdue abolition of the national quota for Power-to-Liquid (PtL) fuel, a package of measures must be introduced to provide targeted relief. The aviation tax should be abolished. In addition, the cost of air traffic control and aviation security fees must be brought down to a competitive level.



## Lufthansa and Condor

# NO BASIS FOR SPECIAL FARES

Condor is adding new European flights and extra services within Germany. This is good news for passengers. It also has significance for a legal dispute between Condor and Lufthansa. The core issue of the dispute: Is Lufthansa obliged to offer flights to its competitor at special conditions? German courts have ruled that it is not – but now the EU Commission is getting involved.

Lufthansa is allegedly abusing its dominant market position. On the basis of this accusation by Condor, in 2022 the German Federal Cartel Office prohibited Lufthansa's 2020 termination of the so-called "Special Prorate Agreement" (SPA). The SPA is an agreement that grants Condor special conditions for booking feeder flights in the Lufthansa network. It dates back to the time when Condor still belonged to the Lufthansa Group.

Condor argued that there was no alternative to Lufthansa for the feeder flights. Therefore, Lufthansa was not allowed to terminate the SPA. Condor itself is now providing the counterevidence. In addition to new connections to Rome, Milan, Prague and Paris, the airline will fly twice from Frankfurt to Berlin, Hamburg and Munich starting in March. "Condor is thus offering an attractive alternative to existing connections within Germany," says the press release. Condor's claim that there is no alternative to the Lufthansa feeder flights is, therefore, not true. Even before this, this theory was without basis, since Condor – like Lufthansa to an increasing extent – can also use rail as a feeder, for example.

### Federal Court of Justice and Düsseldorf Higher Regional Court rule in favor of Lufthansa

In the legal dispute between Lufthansa and Condor over the termination of the SPA, both the Düsseldorf Higher Regional Court (OLG) and most recently the Federal Court of Justice (BGH) have ruled in favor of Lufthansa: There is no obligation to continue the SPA. Thus, both courts went against the decision of the German Federal Cartel Office (Bundeskartellamt) from August 2022, which not only prohibited the termination of the SPA but even ordered further benefits for Condor.

According to these rulings by the highest courts, the agreement expired at the end of 2024. However, Condor can continue to book feeder flights with Lufthansa in addition to its own flights. But only at the usual IATA interline conditions, in line with other airlines. Nothing will change for passengers – they can check in and check their baggage as usual for the entire journey.

Although two of Germany's highest courts have allowed Lufthansa to terminate the flights at special rates, the EU Commission has now announced that it will provisionally require the Lufthansa Group to reinstate the SPA. Without Lufthansa's feeder flights to Frankfurt, competition on the Frankfurt-New York route, which Lufthansa offers with its joint venture partners United Airlines and Air Canada, is at risk – according to the argumentation. This is despite the fact that two other strong competitors, Delta Air Lines and Singapore Airlines, operate on the route, as they do on most transatlantic routes. The European Commission's announcement also imposes a feeder obligation on Condor's global network. And on top of that, there is no possibility to pass on real cost increases.

The approach is also surprising in that the EU Commission has already reviewed the case twice, referring it to the German Federal Cartel Office in 2020 and to the German Federal Court of Justice in winter 2024. From Lufthansa's point of view, there is neither a factual nor a legal basis for the Commission's actions.

#### From the OLG decision:

"There are significant circumstances which indicate that [...] the members of the 9th Decision Division [of the Federal Cartel Office] did not conduct the administrative proceedings against Lufthansa from the outset in an impartial and open manner and free of political influence by the Federal Ministry for Economic Affairs (BMWi)."

**EU SAF quota**

# SOLUTIONS FOR FAIR COMPETITION

A mandatory SAF quota has been in force in the EU since 1 January 2025. The problem: the quota puts European airlines at a disadvantage. A new study highlights the fact that fair competition and climate protection would be compatible. A tough challenge for the EU Commission.

According to the EU regulation “ReFuelEU Aviation”, the quota for sustainable aviation fuels (SAF) will increase from the current 2 percent to 6 percent in 2030 and up to 70 percent in 2050. This will result in significant additional costs for airlines, as SAF is three to five times more expensive than conventional kerosene. Significant price reductions are not in sight. Furthermore, the SAF quota massively distorts international competition because it only applies to flights originating in the EU. If a flight is transferred to a third country, such as Turkey or the Gulf States, the second leg of the flight is not subject to this EU regulation. As a result, non-European airlines can offer their tickets at significantly lower prices. The consequence: emissions are not reduced but merely shifted outside the EU (“carbon leakage”).

The resulting competitive disadvantage for European airlines and their hubs is not only significant, but also avoidable. This is the conclusion of a report commissioned by the German and French aviation associations BDL and FNAM. The study, conducted by the consulting firm Steer, proposes two instruments that combine fair competition with effective climate protection:

- **SAF Levy:** A competition-neutral solution would be a SAF ticket surcharge for all passengers departing from EU airports, covering the entire flight route regardless of the transfer point. Revenues should be used specifically to offset the additional costs of the SAF.
- **SAF Rebalancing Charge (SRC):** This ticket surcharge would be levied specifically on routes not covered by the EU SAF requirements, such as connecting flights outside the EU on non-European carriers. The revenue could be used to further decarbonize European aviation, but the volume would be significantly lower than with the SAF Levy.

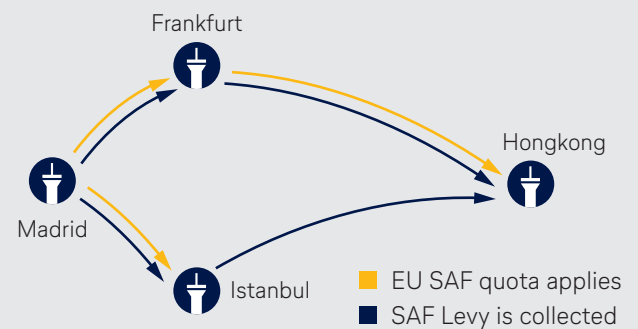
The study’s findings come – following the Draghi report – at the right time for the new EU Commission and its goal of sustainably strengthening the competitiveness of the European economy. Brussels has so far lacked the necessary determination in the aviation sector. It is therefore even more

important that the EU Commission now prepares solutions to make targeted use of the review process anchored in the ReFuelEU regulation. The study shows how this can be done. Only economically healthy airlines can invest the billions needed in the most modern, fuel-efficient aircraft and sustainable aviation fuels.

**Measures to offset distortions of competition caused by ReFuelEU Aviation**

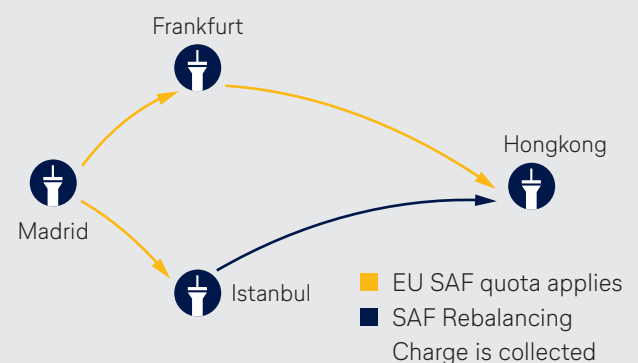
**SAF Levy:**

refinances the additional SAF costs for the affected airlines



**SAF Rebalancing Charge:**

finances measures to decarbonize EU aviation



“Shark alert” above the clouds

# AEROSHARK IN USE ON THREE CONTINENTS

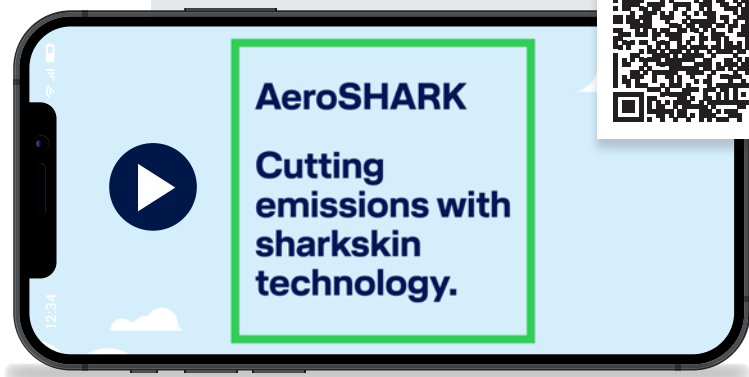
The Lufthansa Group is the first airline group in the world to equip its aircraft with the innovative “shark skin”. Almost two years after the first flight, 25 aircraft are already in service with AeroSHARK. Each converted aircraft saves fuel and reduces CO<sub>2</sub> emissions.

The foil developed by BASF and Lufthansa Technik is modelled on the skin of a shark and is applied to the aircraft’s fuselage and engine nacelles. It reduces frictional resistance during flight and thus lowers fuel consumption by up to one percent. The Lufthansa Group has now equipped 20 of its aircraft with this innovative technology. The group’s entire AeroSHARK fleet thus saves around 18 tons of kerosene and 57 tons of CO<sub>2</sub> every day.

The success story of the “shark skin” continues. Airlines outside the Lufthansa Group are now also using the surface technology. Recently, three airlines from Asia and South America announced that they will apply AeroSHARK to their fleets. Lufthansa Technik is training the maintenance staff on site and is supporting the airlines during the initial installation. With all 25 aircraft equipped with AeroSHARK, more than 31,000 tons of CO<sub>2</sub> emissions have already been avoided. This is equivalent to more than 170 flights from Vienna to New York with a Boeing 777-200ER.

**Nature as a Blueprint**

With a microscopic structure, the 50-micrometer-thin film mimics the unique properties of shark skin. Countless tiny riblets reduce air resistance and thereby lower fuel consumption. In the current development stage, CO<sub>2</sub> emissions can be reduced by up to one percent. This makes AeroSHARK a prime example of bionics – technology inspired by nature.



**CO<sub>2</sub> ↓ >31,000**

metric tons of CO<sub>2</sub> emissions have already been avoided. This is equivalent to more than 170 flights from Vienna to New York with a Boeing 777-200ER.

**>170 x**



**9,800**

metric tons of jet fuel saved by the in-service the AeroSHARK fleet

**>160,000**

flight hours logged with the vAeroSHARK modification

help alliance

# AID ORGANIZATION WITH GLOBAL COMMITMENT

For more than 25 years, the help alliance's mission has been to enable young people around the world to shape their own future. With a total of 73 projects in 43 countries, the aid organization of the Lufthansa Group creates opportunities for children, adolescents and young adults in the areas of education, training and work.

In the current year alone, the help alliance is supporting 14 new development projects, thus making an important contribution to the UN Sustainable Development Goals. These are aimed at ending poverty, protecting the planet and promoting peace and prosperity worldwide. Geographically, the new projects are spread across two locations in Europe, ten in Africa, and one each in Asia and Latin America.

In addition, the help alliance supports local initiatives in which Lufthansa Group employees are personally involved. These range from renovations and inclusion projects in schools to support for vocational training. The aim is to strengthen local commitment and promote practical activities.

Policy Hub goes online

# LUFTHANSA GROUP'S NEW POLICY WEBSITE

The Lufthansa Group's new policy website has been live since February: the Policy Hub.

Here you will find a concise overview of the Lufthansa Group's key aviation policy issues and demands – from climate protection and Fit for 55 to competition, airports, labor and social issues and consumer protection. In addition, all issues of the Policy Brief since December 2021 are available. You will also find the contact details of the Group's political representatives in Berlin, Brussels, Beijing and Washington.

[politik.lufthansagroup.com/en](http://politik.lufthansagroup.com/en)



**Lufthansa Group**

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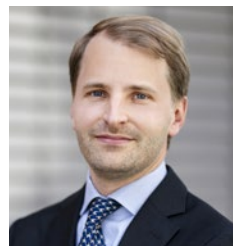
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