## Allocation of slots at EU airports

2011/0391(COD) - 01/12/2011 - Legislative proposal

PURPOSE: to recast Regulation (EEC) n° 95/93 on the allocation of airport slots in order to i) ensure optimal allocation and use of airport slots in congested airports; ii) ensure strengthened and effectively implemented slot allocation and use and iii) enhance fair competition and competitiveness of operators.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

BACKGROUND: the implementation of the Slot Regulation has significantly improved slot allocation at busy European airports in terms of neutrality and transparency, making a major contribution to the creation of the internal market in aviation.

Nowadays, however, there is much more competition. Since 1992, the number of intra-EU routes operated has more than doubled and there has been a 150 % increase in long-haul flights departing from European airports. In 1992, just 93 European routes were served by more than two airlines. In 2010 there were 479 such routes.

The slot-allocation system established in 1993 does not ensure the optimum allocation and use of slots and thus of airport capacity.

As highlighted by Eurocontrol and ACI-Europe, one of the key challenges facing Europe is airport congestion. According to Eurocontrol's Long Term Forecast in December 2010, even taking into account currently planned infrastructure enhancements, as much as 10% of demand for air transport will remain unmet in 2030 due to a shortage of airport capacity.

Therefore, it is necessary to review the Slot Regulation to determine to what extent it can be improved with a view to matching capacity to demand for air transport in all sectors (long-haul, regional, cargo, etc.).

This initiative is one of the actions necessary for the Single European Transport Area as described in the Commission's White Paper: Roadmap to a Single European Transport Area — Towards a competitive and resource efficient transport system. It is also part of the airport package of measures identified as a strategic initiative in the 2011 Commission Work Programme.

IMPACT ASSESSMENT: three packages is as follows:

- **the first policy package** included measures to improve the effectiveness of slot allocation and the use of slots, without changing the administrative nature of the current system;
- the second package incorporated the elements of the first package but added several more, including market-based mechanisms (in the form of explicit provision for secondary trading across the EU). It also included several pro-competitive proposals, such as revision of the new entrant rule and making the criteria for granting priority for allocation of a slot for the following season (so-called grandfather rights) slightly stricter;
- the third package comprised all elements of the second package, but took the market-based mechanism a step further by withdrawing 'grandfather' or 'historical' slots and having them auctioned.

The Commission recommended that the second package be implemented as its benefits would be considerably higher than the costs incurred. For the 2012-25 period, the package was estimated to result in an average annual increase of 1.6 % (or 23.8 million) in the number of passengers carried, a net economic benefit of EUR 5.3 billion, as well as a significant increase in employment (up to 62 000 full-time jobs).

LEGAL BASIS: Article 100 (2) TFEU.

CONTENT: the main points of the proposal are as follows:

## 1) Introduction of the possibility for secondary trade in slots and increased competition

- in order to encourage greater slot mobility, the proposal expressly allows airlines to buy and sell slots:
- it is also proposed to broaden the definition of 'new entrant', to help facilitate the growth of sustainable competitors and reduce the schedule fragmentation that occurs when slots are allocated to a larger number of airlines unable to translate these slots into a viable alternative to dominant carriers.
- 2) Strengthening the transparency of the slot allocation process and the independence of slot coordinators: the proposal:
  - contains a number of provisions to ensure that the slot allocation process is supported by a sufficient degree of transparency;
  - will allow stricter criteria for the independence of the coordinators with regard to any interested party to be defined;
  - advocates enhanced cooperation between the coordinators, initially through the development of common projects covering, for instance, the development of common slot allocation software or even merging the coordination activities for airports situated in different Member States.

On the basis of progress made, the Commission could eventually propose, at a later stage, the creation of a European coordinator responsible for slot allocation at all European Union airports.

- 3) Integration of slot allocation with the reform of the European air traffic management system (Single European Sky): the proposal aims to make an important contribution to strengthening the management of the aviation network at European level by associating the European Network Manager with the slot allocation process:
  - the Commission may request a capacity analysis at an airport, should the network manager deem this necessary for ensuring coherence with the airport operational plan. Such capacity analyses would be carried out in accordance with standards agreed at European level;
  - the Commission could make recommendations to the Member State on the capacity assessment if
    the network manager suggests that it does not fully take into account the needs of the European
    network;

the proposal also introduces a new category of airport: the 'network airport'. Such airports are not
coordinated, but are identified as important since they may offer alternatives during times of
network disruption. Thus, the proposal provides that coordinators gather information on the
operations at these airports.

## 4) Amendment of the '80-20' rule and definition of a series of slots and resort to the airport charge system to discourage the late return of slots to the pool:

- in order for airlines to be granted priority for the allocation of a given slot in the next corresponding scheduling season, they need to have used at least 85 % of the allocated series of slots (instead of 80 % at present);
- the minimum series length (i.e. the minimum number of weekly slots required for priority allocation for the following corresponding season) is raised from 5 to 15 for the summer season and 10 for the winter season. Exceptions are provided for certain types of traffic (charter) to take the characteristics of regional airports into account;
- lastly, to ensure that slots reserved prior to the start of an operating season are in fact operated as planned by airlines, the proposal would authorise airports to use an airport charge system to dissuade air carriers from belatedly returning slots to the pool.

BUDGETARY IMPLICATIONS: the proposal has no implications for the EU budget.

DELEGATED ACTS: the proposal contains provisions empowering the Commission to adopt delegated acts in accordance with Article 290 of the Treaty on the Functioning of the European Union.