

ACI EUROPE WORKING PAPER – “OFF THE GROUND”

Report of the WS1 – Market Access – Slot returns

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Recommendations to European Commission EU/EEA Member States

1 INTRODUCTION

- 1.1 Council Regulation (EEC) No 95/93 of 18 January 1993 on common rules for the allocation of slots at Community airports governs the allocation and use of slots at Community airports. At coordinated (airports where demand exceeds capacity during all or part of the day) airlines must use their slots at least 80% of the time in order to retain the same series of slots for the next equivalent season (Summer or Winter).
- 1.2 On 30 March, the EU adopted Regulation 2020/459 amending the EU slot regulation and enacting a waiver on the 80% usage requirement as a contribution to providing relief to airlines in the current crisis. This waiver is significant – it exempts air carriers from the slot utilisation rules from 1 March 2020 until 24 October 2020. In addition, the Commission is empowered to extend these measures into the upcoming winter and summer seasons if circumstances justify it. On 16 April, in a letter addressed to aviation stakeholders, the Commission set out a notice period of 2 weeks for airlines to return unused slots to the pool.
- 1.3 While the impact of the Coronavirus on airlines has received a lot of attention from decision makers, it should not be forgotten that other actors in the aviation sector, namely airports and ground service providers, are suffering to at least an equal extent and in most cases even more as 80% of their costs are fixed and are thus incurred for as long as the airport is open. When flights are cancelled, zero revenue accrue to the airport as airlines do not pay airport charges and airports are unable to generate commercial revenues from shops and parking in the absence of passengers.

2 PROBLEM DEFINITION

- 2.1 ACI EUROPE supported a shorter waiver to enable airlines to react quickly to significant changing patterns of demand. Full alleviation of the slot usage rules until end of October gives airlines greater scope to:
 - cancel flights for commercial or operational reasons not motivated by COVID-19
 - not hand-back slots and prevent airlines who could offer a service from being able to
 - resist a structured way for clear information to be delivered to airports in a timely manner, to ensure airports can scale their operations and workforce effectively.
- 2.2 Current experience at airports across Europe has shown that some airlines have given as little as 12 hours' notice before they have informed the airport of a change to their schedule. Cancellation at such a late stage and in the current challenging environment is not in the “spirit” of the aviation industry responding to these circumstances together.
- 2.3 In addition, many airports are reporting that airlines have not returned slots and are still displaying full schedules for May/June when it is publicly known that they will not be operating. This is making effective planning for reduced operations extremely difficult.

- 2.4 Airlines lack of compliance with their obligation under Regulation 2020/459 to return unused slots could create havoc in the initial phase of recovery as the capacity of airports could be drastically reduced as a result of the implementation of social distancing and sanitary measures.

3 PROPOSED SOLUTION

- 3.1 The Commission letter of 16 April to aviation stakeholders setting out a notice period of 2 weeks for airlines to return unused slots is a welcomed first step to introduce some discipline in the market.
- 3.2 However, during the recovery phase and in order to allow airports to match their operations to actual traffic levels and attract other carriers to restore lost connectivity, airlines should notify airports – at both ends of a route – of any flight cancellations with a minimum of 4 weeks-notice, except in exceptional circumstances. The requirement to notify airports at the receiving end of the routes connecting bigger congested airports is critical for smaller airports and local service providers.
- 3.3 The process by which any further potential alleviation is considered for the winter season must be improved. It is imperative that a formal process is put in place which consults industry and is based on solid evidence, data and metrics and prevents large airlines exerting undue influence as and when markets begin to reopen.
- 3.4 The Commission with the help of European coordinators should collect and analyse data from all airports to help with their future policy making. This should allow to track the impact of 80/20 alleviation, understand the balance between necessary cancellation and strategic cancellation – as well as the trends in timescales of notice given. Based on the performance of airlines in returning unused slots during the Summer season, additional measures may need to be considered as part of any extension of the waiver beyond the Summer season. This could include a slot reservation scheme to incentivize airlines to return slots in a timely manner.

4 EXPECTED OUTCOME

- 4.1 The above solutions aim at ensuring that airlines cancel their slots in a more-timely fashion leading to a fairer process for all. This will help support airports and other service providers in their planning and preparations. It should also help airports attract alternative carriers thereby reducing the risk of valuable airport capacity being wasted and restore connectivity during the critical recovery phase.

5 CONCLUSION

- 5.1 The current COVID 19 crisis is another evidence of the urgent need to revise the 27-year-old Regulation (EEC) 95/93 on common rules for the allocation of slots at Community airports. The Regulation does not foresee the possibility to waive airlines usage requirement over long periods of time and does not provide the appropriate safeguards to do so. The hasty process that lead to the adoption of Regulation 2020/459 did not allow for fair and transparent industry consultation.