

Position Paper

May 2007

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• Olympic Airlines
• SAS
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• TAROM
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PAPER ON AIRPORT CHARGES

GENERAL PRINCIPLES

Introduction

The Association of European Airlines (AEA) welcomes the Commission's intention to develop a harmonised legislative framework with a Directive on airport charges, the Communication on capacity and the Report on ground handling.

The Directive on airport charges could provide incentives for European airports to achieve a high degree of competitiveness and to reduce distortions of competition. However, in AEA's view a lot has still to be done in line with its "10 Golden Rules" on airport charges as issued in September 2006 (see attached / handed out / etc / along with an extensive position paper including draft proposals for amendments).

ESSENTIAL ELEMENTS

AEA has identified that the following elements are essential in order to rebalance the inefficiencies now existing in the airline – airport relationship. AEA strongly recommends that these elements are included in the Directive. Failing to do so, would result in the Directive failing in enhancing a competitive industry and developing a level playing field in the aviation industry.

ICAO's basic principles on airport charges will have to be explicitly referred to in the Directive

- ICAO's basic principles on airport charges i.e. transparency, consultation, cost-relatedness etc. shall apply to all airports within the EU and thus be explicitly mentioned and referred to.

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The objective of the Directive would further have to address the following essential elements:

Providing airports with incentives to increase efficiency and to reduce costs:

- A strong and independent national regulator has to be established in each Member State. It should be committed to clear objectives, especially enhancing airport’s efficiency through an incentive regulation. In order to meet these principles it should be provided with the resources needed to design and enforce an effective regulatory framework and to oversee the economic, commercial and financial practices of airports according to its provisions;
- Airports must be encouraged to provide their services in the most cost-effective manner. Cost-effectiveness and efficiency should be established through a general framework for national regulation including a standard price cap system. The method for deciding such a system may be determined by the national regulator with the help of European benchmarks.

Transparency and fair share of efficiency gains with users and consumers:

- Inclusion of the “single till” mechanism as implementation of the ICAO principle of cost-relatedness. Airport charges have to be set on the basis of a fair and transparent calculation and allocation of costs, assets, and revenues. Revenue gained from passengers brought to the airport by airlines must be taken into account when airport charges are being established. It also provides for strong incentives for efficiency and productivity improvements by the airport;
- Transparency should be in place on the level of all costs, revenues, methods of calculation and allocation and demonstrate the level of any cross subsidisation between airports that occurs.

Eliminating distortions of competition and discrimination whilst establishing a level playing field:

- Non-discrimination should be ensured and charges should be based on a minimum standard with equal pricing regardless of the terminal used according to the one airport - one fee principle. Any differences in charging levels should be marginal and based on the true differences in costs and quality of the service provided;
- More efficient financing for airports, applying normal business practices, should be the norm and must be prescribed by EU legislation. Pre-financing of capacity expansion will only be permitted in exceptional cases and in full agreement with airport users.