EU AIRPORTS PACKAGE

The International Air Transport Association (IATA) reacted cautiously to the publication on 1st December of the European Commission’s Airport Package of legislation which is aimed at addressing the critical issues of European airport capacity and competitiveness.

“Competitiveness and capacity of the air transport sector are critical foundation stones for the European economy. The airports package is an indication that the European Commission has recognized this and the urgent need to improve both. It is a package of measures. It is good to see some steps in the right direction. But some areas of concern remain among industry experts. It is important that today’s publication is followed-up by a vigorous and open dialogue between all parties to refine the package to get the best results,” said Tony Tyler, IATA’s Director General and CEO on the day of the EC’s announcement.

IATA highlighted two of the package’s positive features:

• IATA welcomes the further liberalization of the ground handling market which should allow airlines to provide a better and more efficient service at European airports.

• IATA acknowledged that by legalizing secondary trading of airport slots, the package provides a regulatory foundation for a practice that has become widespread. Transparent rules will ensure that this is done in fairness to all parties concerned.

Added Tyler, “Our common goal is to ensure sufficient capacity and a competitive market for airport services across Europe. To this end, industry provided input to the Commission in the development of the package to ensure that our views and experience were understood. We are pleased that some of our major concerns have been taken into account.”

There are still issues of concern for the industry and Tyler noted that some areas of the package should be improved. He went on, “Proposed changes to the use-it-or-lose-it slot rule will provide some perverse incentives that would not be in the interest of the environment, capacity or efficiency. Moreover, the current rules work well for all stakeholders. We look forward to continuing our dialogue to address the less helpful points included in the package so as to arrive at a solution that is aligned with the well-established global best practices of the IATA Worldwide
Slot Guidelines.” Here he was referencing technical provisions of the package which would change the 80-20 rule to an 85-15 rule and redefine what constitutes a slot series.

In conclusion Tyler said, “We need to keep focused on the big picture. Regulation of existing capacity is not in itself a solution to providing the efficient infrastructure with sufficient capacity to meet Europe’s growing demand. Joined-up thinking among governments and with the Commission must be coupled with the political will to implement, in order to ensure that the European economy benefits from the global connectivity that only air transport can provide. But governments are dragging their feet. A case in point is the long-delayed Single European Sky (SES). SES is targeting a critical increase in airspace capacity but states are not meeting their targets. The European air transport sector is structurally weak. Let us not miss this opportunity to take a holistic and co-ordinated look at what is needed to support a competitive European economy and air transport sector over the long-term.”

In September IATA forecast that European airlines will see profits plummet to $300 million in 2012 for an EBIT* margin of just 0.8%.

* Earnings Before Interest and Taxes