

# Airport charges

2007/0013(COD) - 24/01/2007 - Legislative proposal

**PURPOSE:** to set common principles for the levying of airport charges at Community airports.

**PROPOSED ACT:** Directive of the European Parliament and of the Council.

**BACKGROUND:** at present, pricing of airport infrastructure is regulated at national level through systems that are not always properly justified and the provision of information thereon can be inadequate. Users are not systematically consulted at all EU airports prior to the determination of charges or before the modification of a charging system. Airport users are not usually informed about future investments at airports and their necessity. Airport charges are an important link in this chain as they account for between 4% and 8% of the major EU air carriers' operational costs. The majority of EU airports are still publicly owned and as a result the public authorities have an interest to maximize profits from airport operations. Yet, the number of privately owned EU airports is growing, and shareholders equally have an interest in the maximization of profitability and may press the public authorities thereon. Public authorities have an interest to facilitate charges increases at airports that are in the preparatory stages to privatisation so as to generate optimal revenues from the sale of an airport to private investors.

Reference is made to ICAO's 'Policies on charges for airports and air navigation services'. The recommendations therein recognise the need for the economic regulation of airports to include elements such as non-discrimination in the application of the charges, the ensuring of transparency and consultation, and the establishment and review of quality standards. The present proposal gives heed to this policy guidance.

**CONTENT:** this ambitious proposal for a directive on airport charges will re-define the relationship between airport operators and airport users by requiring total transparency, user-consultation and the application of the principle of non-discrimination when calculating charges levied on users. Moreover, it will create a strong, independent national authority to arbitrate and settle disputes in order to achieve a speedy resolution.

The proposal defines a number of basic principles to be respected by airport operators when they determine their airport charges.

**Non-discrimination:** charging systems should not discriminate between carriers or passengers. Furthermore, differences in treatment should be related to the actual cost of the facilities and services

provided.

**Consultation and remedy:** the airport managing body and the air carriers serving the airport, or their representative organisations, must engage in a dialogue on the charging system applicable at an airport not only when such system is modified but also when the levels of the respective charges are being established. The aim of this requirement is that the two parties exchange views on a regular basis on the levels of the charges as well as on all factors and regulatory requirements that have an influence on their determination.

**Transparency:** the proposed Directive does not contain provisions on calculation methods for charges that should be applied in each Member State. The Commission acknowledges the large diversity of airport regulation existing in the various Member States but a reasonable amount of information must be provided by the operator to the air carriers so as to make the consultation process between airports and air carriers meaningful. To this end the Directive establishes which information should be provided on a regular basis by the airport managing body. Air carriers should, in turn, give information as to their traffic forecasts, their intended fleet use and their present and future specific requirements at the airport so as to allow the airport managing body to employ their capital and dedicate their capacity in an optimal way.

**Quality standards:** sub-standard quality of airline operations and airports' services disturbs the efficiency of the airport system especially in departure and transfer operations. Delays in embarking and the subsequent possibility of the loss of slots are, especially at airport rush hours, relatively severe consequences. Both players have an interest, therefore, to come to an agreement that may safeguard the quality of service at an airport. Either party should be given the possibility to seek the intervention of an independent regulatory authority when an agreement is not reached.

**Differentiation of charges:** charges are set on the basis of fixed criteria. This is different for the passenger charge which is related to the use of the terminal. At an airport, one terminal may differ from another and as a result the level and quality of service in the various terminals on offer may not be the same: the difference in quality, and age and degree of dilapidation, of a terminal itself may equally

be a point of distinction between the various levels of passenger charge to be paid by the airport users at one airport. It is necessary to ensure that in principle all air carriers wishing to have access to the terminal or services at reduced costs and quality will have such access on a non-discriminatory basis.

**Security charges:** the protection of air passengers and cargoes from acts of unlawful interference committed against air transport has been enhanced by Regulation 2320/2002/EC establishing common rules in the field of aviation security and a series of implementation Regulations which have laid down more specific measures for the implementation of common basic standards. The funding of security measures is not addressed by this legislation. Four main mechanisms are currently being used to fund aviation security activities within Europe: funding by (i) aviation security taxes, (ii) security surcharges or fees, (iii) airport security charges and, to a lesser extent, (iv) State grants and subsidies. As certain EU airports levy charges for security services, this subject should be within the remit of this Directive especially as significant differences in the way security costs are passed on, or not, to airport users between one airport and another can have a distortive effect on competition.

**Regulatory authority:** a draft Directive that contains principles to be respected by the main partners in the air transport industry i.e. the airports and air carriers, which have diverging interests, needs to be properly applied and adhered to at Member States' level. An authority to be established in each Member State that is in charge of ensuring the correct application of the Directive would be an appropriate guarantee that its provisions are respected.

It should be noted that the present Directive is part of an "airport package" consisting of three key initiatives: a proposal for a directive on

airport charges, a communication on airport capacity, efficiency and safety in Europe and a report on the implementation of the ground handling directive. The package focuses on the role of airports in the further development and competitiveness of the European internal aviation market and will mark the future of airport regulation in Europe by ensuring regulatory convergence between Member States.

The communication on airport capacity, efficiency and safety in Europe provides a comprehensive action plan detailing a coherent strategy for responsibly tackling congestion at European airports. The five principal measures highlighted that aim to accommodate traffic growth in an environmentally sustainable manner are: to optimise the use of existing capacity; to provide a coherent approach to air safety operations at aerodromes; to promote "co-modality"; to improve the environmental capacity of airports and the planning framework of new airport infrastructure; and to develop and implement cost efficient technological solutions.

The first report on the implementation of the ground handling directive demonstrates the positive effects that the initial phase of liberalisation has had on opening up access to ground handling markets at European airports to competition and opens the door for a debate as to the next steps that need to be taken.