



## ASSEMBLY — 39TH SESSION

### ECONOMIC COMMISSION

#### Agenda Item 39: Economic Regulation of International Air Transport — Policy

#### AIRPORT SLOT ALLOCATION

(Presented by the International Air Transport Association (IATA))

#### EXECUTIVE SUMMARY

The industry has developed the Worldwide Slot Guidelines (WSG) for the management and allocation of airport slots to ensure the most efficient use is made of congested airport infrastructure. IATA (which facilitates the production and updating of the WSG) believes that States, airport operators, slot coordinators, along with the other air transport industry stakeholders, are fundamental partners in developing robust airport slot management policies and procedures. IATA has committed to ensuring all of these stakeholders remain key contributors and participants in the review and revision process for the WSG.

**Action:** The Assembly is invited to:

- a) recognize the critical role that all stakeholders currently play on both a global and local basis in defining the slot allocation policies and rules, and to that end support IATA's efforts to enhance the involvement of States, airports, airlines, slot coordinators and air traffic management organizations in future global optimization efforts;
- b) support the strategic review of the WSG as a key initiative to ensure the continual improvement and optimization of the WSG policies and processes, and to that end encourage States and other stakeholders to provide input into the process; and
- c) determine that the existing industry working groups and fora offered by the WSG sufficiently address slot allocation issues and therefore obviating the need for a panel or similar duplicative structures to address such issues.

<i>Strategic Objectives:</i>	This working paper relates to Strategic Objective D — <i>Economic development of air transport.</i>
<i>Financial implications:</i>	None
<i>References:</i>	ACI WP/231-EC/23 ATConf/6-WP/104 Doc 9587, <i>Policy and Guidance Material on the Economic Regulation of International Air Transport</i>

<sup>1</sup> English, Arabic, Chinese, French, Russian and Spanish versions provided by IATA.

## 1. INTRODUCTION

1.1 Previously, ICAO provided guidance that mirrors the fundamental principles of the Worldwide Slot Guidelines (WSG) in Doc 9587, *Policy and Guidance Material on the Economic Regulation of International Air Transport*, in 2008: “Any slot allocation system should be fair, non-discriminatory and transparent, and should take into account the interests of all stakeholders while it should also be globally compatible, aimed at maximizing effective use of airport capacity, simple, practicable and economically sustainable.”

1.2 The issue of airport slot allocation is by definition a global process requiring global standards and the involvement of all stakeholders in the process, without placing unnecessary constraints on the development of the worldwide air transport system. The WSG represent globally accepted best practice for States, airlines and airport regulators that need to optimize scarce airport capacity. They ensure that slots at capacity-constrained airports around the world are allocated to airlines using consistent policies, principles and processes, based on four cornerstones: certainty of access, flexibility to meet changing market needs, sustainability of costs and transparency of allocation, regardless of whether traffic at a given airport is primarily international or domestic, passenger or cargo.

1.3 A slot represents the approval that an airline needs to access the full range of airport infrastructure necessary for an aircraft to arrive at or depart from an airport on a specific date and time. The guidelines must work consistently worldwide to ensure that the slot allocated at one end of the route is allocated in the same time frame to the same priorities and with the same user requirements at the other end of the route, ensuring stability, predictability and standardization globally.

1.4 At an increasing number of airports worldwide, infrastructure development has failed to keep up with growth. As a result, the number of capacity constrained airports around the world is increasing: five years ago there were 142 coordinated airports; today there are 180 fully slot coordinated airports. In 2015, 43% of total global passengers departed from a slot coordinated airport.

1.5 As the WSG state, coordination is not a solution to the fundamental problem of a lack of airport capacity but rather an interim solution to manage congested infrastructure until the longer term solution of expanding airport capacity is implemented. The air transport industry and States should concentrate efforts on providing sufficient capacity, so that less slot coordination is needed than we currently have today, while ongoing efforts to optimize the WSG continue.

## 2. DISCUSSION

*Enhancing the current vital involvement of States, airport operators and all stakeholders at the global level.*

2.1 The WSG have continually evolved since 1974 to address the challenges raised by a constantly changing and growing industry; it is a ‘living document’ that ensures the optimal allocation of scarce airport capacity for the benefit of the entire air transport industry, consumers and local communities. Slot allocation processes must be kept relevant and applicable to ensure the smooth operation of commercial aviation. Currently the WSG are reviewed at least four times each year with an eye towards potential updates and revisions. The input of all stakeholders in this process, including the opportunity to propose amendments to the WSG, is welcomed and encouraged by IATA.

2.2 The stakeholders involved in the slot allocation process include States, airport operators, airlines, slot coordinators and air traffic management organizations. IATA recognizes the need for the involvement of each of these parties in defining the policies and processes of tomorrow, and looks forward to the deeper participation of the States, airport operators and all other stakeholders in this strategic review.

2.3 With this in mind, meetings have been formalized between members of the Slot Policy Working Group (SPWG) and ACI's Expert Group on Slots (EGS) to provide a forum whereby technical and expert discussions on airport slots have commenced, including discussions on how the airport operators' involvement can be enhanced.

2.4 In addition to the ongoing review and revision of the WSG, and following the recommendations of ICAO during the Sixth ICAO Air Transport Conference (ATConf/6) in 2013, the aviation community has agreed to establish an in-depth strategic review of the guidelines, to ensure they evolve and remain viable for years to come. Any deficiencies in the slot allocation process will be addressed by the industry through this strategic review to ensure that a globally compatible process is maintained.

***Recognizing the current involvement of airport operators on the local level, while protecting the paramount need for global consistency.***

2.5 The involvement of States, airport operators and all other stakeholders is an important part of the current process for the establishment of local rules, and IATA supports their continued involvement in this process, but cautions that such local process must not be allowed to put global consistency at risk.

2.6 In keeping with the recommendation of ATConf/6 in 2013, IATA strongly believes that having different rules and processes for slot allocation at either end of the route adds complexity and leads to unnecessary inefficiencies. In order to balance the need for flexible local rules, which can take into account the specific circumstances of a given airport, against ensuring that such local rules do not lead to unintended conflicts with the uniform, global process, the WSG recognize the value of local guidelines only when approved by the established industry consultative committee – which includes and is often chaired by the airport operator – and not implemented by one single stakeholder.

2.7 As an example of the airport operator's involvement on a local level, coordination parameters (or the capacity declaration) are agreed prior to the start of each season by a capacity limits committee in order to instruct the slot coordinator of the parameters within which it must allocate slots. The industry standard process is led by the airport operator and is a collaborative process that draws upon the roles of each of the stakeholders, including air traffic services management organizations, the slot coordinator and airport development teams. The WSG further recommend that the airport operator conducts a regular capacity assessment, providing it a further direct influence on key local capacity decisions.

2.8 Such influence must be tempered, however, by the involvement of a neutral party to ensure that local rules continue to meet the fair, non-discriminatory and transparent standards of the global guidelines. To this end, the WSG promote the slot coordinator as functionally and financially independent of all interested parties, acting in a neutral, transparent and non-discriminatory way. No other stakeholder is able to fill this neutral role, and IATA therefore insists that the involvement of the independent slot coordinator is a mandatory requirement for the slot allocation process.

***Suggested path forward.***

2.9 While IATA appreciates the concerns of ACI in WP/231 EC/23 and its request for guidance through its proposed Panel, IATA does not support this suggestion, as forming additional industry fora for discussion of slots matters will create unnecessary duplications and inefficiencies. IATA would instead recommend that existing industry working groups and fora offered by the WSG sufficiently address slot allocation issues and therefore negate the need for a panel or similar duplicative structures.

2.10 Further, IATA would oppose any consideration of market-based primary slot allocation mechanisms. These have been analyzed on many occasions in the past, by multiple independent academic and expert organizations, with no clear indications that such mechanisms improve the utilization of already-congested airport capacity or provide benefits to improving customer experience and choice in connectivity and fares. The unintended consequences to the global air transport network of such potential alternatives represent a much more serious risk of distorting the system than would outweigh any theoretical benefits.

2.11 Airport operators are a fundamental partner in developing robust airport slot management policies and procedures. IATA has committed to ensuring the airport operators are a key contributor and participant in the upcoming strategic review of the WSG to provide one single global standard for future years. IATA looks forward to continuing to work collaboratively with States, airport operators, and all other stakeholders on both a global and local basis to address all slot allocation concerns and agree upon further improvements to the process where necessary.

**3. RECOMMENDATION TO THE ASSEMBLY**

3.1 The Assembly is invited to:

- a) recognize the critical role that all stakeholders currently play on both a global and local basis in defining the slot allocation policies and rules, and to that end support IATA's efforts to enhance the involvement of States, airports, airlines, slot coordinators and air traffic management organizations in future global optimization efforts;
- b) support the strategic review of the WSG as a key initiative to ensure the continual improvement and optimization of the WSG policies and processes, and to that end encourage States and other stakeholders to provide input into the process; and
- c) determine that the existing industry working groups and fora offered by the WSG sufficiently address slot allocation issues and therefore obviating the need for a panel or similar duplicative structures slot issues.