



WORLDWIDE AIR TRANSPORT CONFERENCE (ATCONF)

SIXTH MEETING

Montréal, 18 to 22 March 2013

Agenda Item 2: Examination of key issues and related regulatory framework

Agenda Item 2.1 : Market access

PROPOSAL FOR INFORMATION SHARING AND ICAO GUIDELINES FOR FAIR SLOT OPERATION

(Presented by the Republic of Korea)

EXECUTIVE SUMMARY

This working paper examines the current situation of airport slots in international air transport. It also proposes States to communicate slot information and suggests ICAO to establish proper guidelines in order to promote fair slot operation at capacity constrained airports.

Action: The Conference is invited to:

- a) review the information and assessment presented in the paper;
- b) endorse the conclusions presented in paragraph 4; and
- c) adopt the recommendations presented in paragraph 5.

References: ATConf/6 reference material is available at www.icao.int/meetings/atconf6.

1. INTRODUCTION

1.1 As growth in air traffic continues to outstrip finite airspace and airport capacity, air space congestion and shortage of airport take-off and landing slots are becoming more and more serious aggravating economic loss and airport users' inconvenience. As a result, airports across the world are promoting capacity expansion to address congestion.

1.2 However, airports are facing challenges in pursuing capacity expansion that requires massive investments. Accordingly, the number of capacity constrained airports where "first come, first served" rule is not respected is increasing.

1.3 In the beginning, each government imposed a ceiling on airport capacity as a part of its slot allocation policy for capacity constrained airports. However, existing legacy carriers claimed their slots to be vested rights and secured more slots than actually needed to block the entry of new carriers, which eventually became a hindrance to the further improvement of the air transport industry's competitiveness.

2. DEFINITION AND OUTLOOK

2.1 ICAO Doc9626, Chapter 4.10 (Manual on the Regulation of International Air Transport – Airport-related Matters) defines airport slots as “specific time periods allotted for an aircraft to land and take off at an airport.” The existing slot rules include “use-it or lose-it” and “80-20” rules. Accordingly, airlines need to demonstrate that they have been operated for at least 80% of the time during the scheduling period for which they have been allocated in order to secure the same series of slots in the next equivalent scheduling period.

2.2 Where the demand for slots at a particular airport exceeds the available supply, the airport can be considered as “capacity constrained,” at which time a “slot allocation” process is implemented.

2.3 Capacity constraint may occur only at certain periods of the day or on certain days of the week, or even during specific seasons. Constraint may also be imposed following bilateral air services agreements.

2.4 As air traffic continues to grow, the insufficiency of slots is becoming more prevalent and increasingly requires more airports to be built. Such trends are becoming more and more prevalent throughout the regions in various forms.

2.5 The International Air Transport Association (IATA) suggests slots at capacity constrained airports across the world to be traded and managed based on the principles of slot allocation prescribed in IATA Worldwide Slot Guidelines, part 2.7, which include fairness, transparency and non-discrimination.

2.6 According to the International Air Transport Association (IATA), the total number of capacity constrained airports that have been labelled as a fully-coordinated or Level 3 Airport¹ increased from 136 in 2000 to 159 in 2012, and the number is expected to continuously increase as other 121 airports across the world are experiencing similar level of congestion.

3. CONTEXT AND CURRENT STATE OF DISCUSSIONS

3.1 ATConf/5-WP/27 published in March 2003 highlighted the importance of slot allocation at slot-constrained airports and proposed a set of principles to be respected in slot allocation. The principles that IATA suggested read as “slot allocation rules should be globally compatible, market driven and aimed solely at the maximum effective use of airport capacity, and should be transparent, fair and non-discriminatory while also being simple, practical and economically sustainable”.

3.2 ATConf/5-WP/85 suggested ways to address insufficiency of slots at constrained airports by increasing the availability of aircraft and slots by easing the operating restriction imposed earlier on the grounds of higher noise and relaxing the night curfews.

3.3 ATConf/5-WP/91 underlined, from the perspective of airport operator, that traffic rights, airport capacity and airport slots are entirely different and separate issues. The paper also suggested that airport operators should play a leading role in the slot establishment process and oversee the efficient

¹ Level-3 airports are airports where the demand for runway and gate access exceeds the capacity of the airport, resulting in the need for slots to be allocated to airlines through IATA Schedule Coordination System.

allocation of slots to airlines and that when slots are allocated, airlines should be granted usage rights to the slots but not property rights.

3.4 In the case of the Republic of Korea, slot allocation is the responsibility of Korea Airport Schedule Office (KASO) as prescribed by Article 606 (slot coordination) of the Ministerial Regulations of the Aviation Act in order to secure smooth movement of air traffic, efficient airport operation and administrative fairness and transparency. KASO holds consultations with the regional aviation authority, airport authorities and airlines in establishing slot allocation standards and respective details.

4. **DISCUSSION**

4.1 Although standards on slot allocation are in place, existing carriers are claiming their slots as vested rights, which increases entry barriers or even blocks new airlines to participate in slot coordination meetings. Against this backdrop, the principle of fair, transparent and non-discriminatory slot allocation may lose its ground.

4.2 Slot allocation without transparency at capacity constrained airports has a negative impact on the ability of air carriers to exercise market access, which becomes barriers to entry in the international air transport market.

4.3 In this regard, slot information of all capacity constrained airports, including those with capacity ceilings, needs to be made public. Such information will avail more objective data be used at slot coordination meetings and provide fair opportunity for airlines to trade slots in the auction, which will eventually promote sound competition among airlines.

4.4 By doing so, international air transport will be able to achieve further development as impediments to air service liberalization as well as delay and congestion will be addressed.

5. **RECOMMENDATIONS**

5.1 The following recommendations are proposed for consideration of the Conference:

- a) slot information should be made public using websites or by establishing a database through encouraging States to conduct periodic reports to ICAO on slot capacity;
- b) ICAO should require States to make the information publicly available once States do not abide by paragraph a) above; and
- c) ICAO should continue to play a leadership role in developing policy guidance with regards to fair slot allocation.