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REGULATORY IMPLICATIONS OF THE ALLOCATION OF FLIGHT DEPARTURE AND ARRIVAL SLOTS AT INTERNATIONAL AIRPORTS

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FOREWORD

Introduction

During the past ten years, the increase in commercial air services has continued to outstrip available capacity at more and more airports. Although many of these airports are located in Europe, there are growing numbers in other regions as well. Moreover, because of the interconnected aspect of air transport, capacity constraints at some airports impact on other airports within the international air transport system. Environmental, economic, political and physical constraints on increasing airport capacity have, in some instances, exacerbated this problem.

Governments, airlines and airports have each developed measures designed to overcome or ameliorate situations of insufficient airport capacity. However, governments are increasingly likely to face additional situations where the demand by airlines to initiate or increase commercial operations cannot be met because of a lack of airport capacity. In light of this, the ICAO Council included in the *Programme Budget of the Organization for 1999-2000-2001*, a study on the regulatory implications of slot allocation at airports.

Scope

This study concentrates on the regulatory implications of the current situation; trends for airports where the demand by airlines to use the airport exceeds its capacity (on a continuous basis or during peak periods); the regulatory framework involved; and the means by which States, airports and airlines have sought to alleviate or minimize this situation. The study also assesses current and potential mechanisms for dealing with a chronic shortage of airport capacity and suggests possible improvements of and alternatives to the existing systems. While the study addresses the linkage between airspace congestion and airport congestion, it does not address the potential issue of slot allocation for air traffic management per se, focusing on airport capacity management (encompassing approach and aerodrome control, runway and terminal capacity).

Sources

The documents listed in the Bibliography which appears at the end of this study have been extensively referenced. The study was prepared by the ICAO Secretariat with information and assistance provided by Airports Council International (ACI) and the International Air Transport Association (IATA). A draft was reviewed by the ICAO Air Transport Committee in March 2000 and by the ICAO Conference on the Economics of Airports and Air Navigation Services in June 2000. The present text of the study takes into account comments made in the Committee and at the Conference and has been updated to reflect subsequent regulatory developments.

Further work

Pursuant to Recommendation 14 of the Conference on the Economics of Airports and Air Navigation Services, ICAO will undertake further work on developing guidance on procedural aspects of slot allocation with respect to equity and non-discrimination, consistent with Article 15 of the *Convention on International Civil Aviation* and including possible mechanisms for dispute resolution.

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EXECUTIVE SUMMARY

1. Although the situation in each capacity-constrained airport varies widely, with the steady increase in air traffic it is clear that more and more States will be confronted with slot allocation decisions. These decisions will be particularly difficult in the international arena because, as a market access issue, slot allocation involves which airlines will operate to and from a capacity-constrained airport and which will not, often when airlines from both groups have the underlying traffic rights and authorization to operate international air services to and from the city in which the airport concerned is located.
2. Increasing airport capacity through new or enlarged airports, runways and terminals is clearly the best solution for a capacity-constrained airport. However, it is equally clear that this solution is not feasible at a number of airports with environmental, physical and other constraints which prevent their replacement or expansion. For these cases, States must find some means to deal effectively and fairly with situations where the demand to operate commercial air services exceeds the capacity of the airport.
3. Measures to manage a lack of airport capacity can improve the situation in the short term and help to avoid bilateral disputes related to the allocation of airport slots for international services. Improvements in air traffic control and groundside facilitation as well as to existing mechanisms for slot allocation can increase the use of existing capacity and thereby provide some relief from a shortage of airport capacity.
4. Some issues related to capacity-constrained airports will involve broader regulatory policy questions, such as the enhancement of competition, the avoidance of excessive concentration and abuses of dominant positions, as well as the compatibility of broad market access with capacity-constrained airports. Although the broad granting of traffic rights bilaterally and regionally with multiple airline designation creates additional potential demand for airport slots, it also provides some relief in the form of flexibility to use alternate airports and cities which can accommodate new and increased air services.
5. A number of States will nevertheless have the task, in the long term as well as the short term, of balancing conflicting objectives in terms of which international air services will be able to use their capacity-constrained airports. In fashioning responses to this problem, States will have to take into account the legal framework provided by the Chicago Convention, air services agreements, regional and national slot allocation rules and existing voluntary mechanisms for managing insufficient airport capacity. However, the response will have to fit the situation of the individual airport(s) concerned and will therefore vary depending on the nature of the constraint and the means taken to overcome it.