

WORLDWIDE AIR TRANSPORT CONFERENCE: CHALLENGES AND OPPORTUNITIES OF LIBERALIZATION

Montreal, 24 to 29 March 2003

Agenda Item 2: Examination of key regulatory issues in liberalization 2.2: Market access

SLOT AND NOISE ISSUES

(Presented by India)

SUMMARY

This paper highlights the problem of imbalance in the provision of air transport services caused by non-availability of slots at some airports thereby adversely affecting the growth of air transport operations and market access. This also goes against the basic principle of reciprocity of opportunity in the bilateral process. The situation is further compounded by night curfews imposed by some States. To overcome the problem, the paper recommends that preferential treatment given to new entrant operators to get their fair share of slots should also be extended to airlines from countries who are not able to balance their services as per the bilateral agreements, because of non-availability of slots. The paper also suggests removal of night curfews in the light of low noise level of present day aircraft and adherence to ICAO Standards and Recommended Practices (SARPs) for laying down national regulations to increase the slot availability.

Action by the conference is in paragraph 3.1.

1. INTRODUCTION

1.1 In the last decade, measures to liberalize air transport have centered around expanding traffic, route and operating rights – be it on a bilateral, regional or multilateral basis. The focus has now shifted to the more global issue of relaxing national ownership requirements for the designation of airlines. All these measures can, on paper, create vastly expanded market access. In practice, however, liberalization would be a non-starter without the availability of slots required to operationalize the additional rights granted. It also goes against the basic principle of reciprocity of opportunity.

2. SLOT AND NOISE ISSUES

2.1 A large number of airports in major traffic generating countries are slot constrained. This situation has been compounded by national regulations of some of the countries to impose nighttime curfews on air transport operations due to local environmental comfort. This restriction impacts adversely on the availability of slots at such airports. Moreover, it also creates problems in a large number of other countries, particularly the developing countries, as they are forced to handle a large volume of international scheduled operations during odd hours of night, causing severe imbalance in the utilization of their facilities. On one hand the airport infrastructure and the air navigation facilities face acute congestion during particular periods at night, on the other, for most of the daytime they remain grossly under utilized. The airspace also gets congested during the night hours, imposing strain on the air traffic control units.

2.2 The necessity of imposing night curfews arose because of poor town planning of airport cities. Many airports, which were located outside the cities, got surrounded by populated areas because cities were allowed to grow around airports without proper planning. For the comfort of a small population of people living around airports, restrictions have been imposed on operations from the airports causing problems and discomfort in other cities. Air travellers and the aviation community should not suffer because of improper planning of towns.

2.3 The night curfews were imposed by some countries at a time when aircraft noise levels were very high compared to the present day aircraft, as they were meeting only the ICAO Chapter 2 noise requirements. The present day aircraft certified to the Chapter 3 requirements create less noise, and the future aircraft are expected to generate even lesser noise. In the light of the improvements achieved in the noise level, the operating restrictions imposed earlier on the grounds of higher noise level are no longer justified. It is, therefore, high time that these restrictions are reviewed and the night curfews are relaxed. This one step alone would release a large number of additional slots, which would ease the slot constraints to a great extent. The conference should give serious thought to this issue and take concrete steps in this direction.

2.4 It has been observed that in the dispute between the United States and the European Union over the issue of noise emission standards at some European airports, the United States objected to the raising of noise levels unilaterally by some European States above the ICAO SARPS. This issue has been discussed in the Council of ICAO and the President was asked to arbitrate. It has been accepted that ICAO SARPS should be the guiding principle for member States to lay down their national regulations and States should not go beyond that. India is in full agreement with this position and stresses that no State should go beyond SARPS, particularly if it adversely impacts the air transport operations of other States, particularly the developing countries, who are not in a position to replace their older airplanes not meeting the noise standards of some States laid down unilaterally above the ICAO SARPS.

2.5 The 4th Air Transport Conference recognized that a shortage of airport slots was a serious physical constraint on market access, and called for States to increase airport capacity. However, there has been very little activity to expand airport capacity in the last decade. The required expansion of airport capacity, in most instances, is out of sync with the grant of enhanced market access. The result is that the growth of air transport services remains dependent considerably on availability of slots, even if market access is liberalized. A State would be reluctant to conclude a liberal air services agreement if its own operators are unable to operate additional flights to capacity-constrained airports in other countries. It also goes against the basic principle of reciprocity of opportunity in any agreement. The availability and allocation of slots, therefore, assumes critical importance in ensuring that the benefits of liberalization are realized by all players and not reaped by a few by cornering the limited slots.

2.6 ICAO in its ATConf/5-WP/8 points out that the existing bilateral, regional and multilateral regulatory regimes based on the Chicago Convention can provide a viable and flexible platform for States in pursuing liberalization according to their specific needs, objectives and circumstances. The paper also suggests that in liberalizing market access, due consideration should be given to airport capacity constraints and the long-term infrastructure needs. It recommends that problems involving air carriers, which are unable to exercise their entitled traffic rights at a capacity-constrained airport, may, if necessary, be addressed during discussions on the relevant air services agreements.

2.7 The International Air Transport Association (IATA) position paper on slots makes a plea that its voluntary slot coordination activity – now operating at 214 airports – has worked successfully over the years, and should be left free to operate. It further points out that its slot coordination measures encompass considerations, which ensure that new entrants get their fair share of the slot pool. Presumably, the preferential treatment to new entrants emanates from the need to create competition by bringing in more players and by preventing a few incumbent airlines from dominating the market.

2.8 One step which could reduce, if not eliminate the problem, is that the preferential treatment given to the new entrants should also be extended to airlines from countries, whose airports are, typically, not slot-constrained, but their airlines are unsuccessful in obtaining slots at the slot-constrained airports. The preferential treatment should be accorded by IATA slot co-coordinators till such time that the imbalance in the service levels exists. The IATA slot coordination machinery should be modified to include this feature in their regulations. Without such measures there is no way that airlines in such situations can obtain usable slots. It is also necessary that regulatory authorities should step in wherever the non-availability of slots results in imbalance in the utilization of the bilateral rights. This interface with the regulatory authorities will in no way impinge on the neutrality or transparency of the IATA system provided that IATA formally makes a provision for preferential treatment for such cases. Such intervention alone can ensure that the opportunities created on paper by the liberalization process are, in practice, available to all players.

3. ACTION BY THE CONFERENCE

3.1 The Conference is invited to take note of the contents of the paper and resolve that:

- a) to ensure fair market access and growth of air transport operations, preferential treatment given by IATA to new entrant operators to get their fair share of slot pool, should be extended to airlines from countries whose airports are not slot-constrained but whose airlines are unsuccessful in obtaining slots at slot-constrained airports,
- b) the night curfew for operation of air transport services imposed by some countries, which is causing slot constraints and thereby imbalance in the utilization of traffic rights, has become a hindrance in market access and the growth of air transport operations and hence should be removed; and
- c) all States should follow strictly the ICAO SARPS and no State should impose standards unilaterally beyond the SARPS, which may adversely affect air transport operations of other States.

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