

European Commission Report Confirms Stronger Regulation of Powerful Airports Would Benefit European Passengers by Preventing Monopoly Abuse

- Lack of competition gives large EU airports significant market power
- Limited effectiveness of EU framework due to lack of strong mandate for regulators, lack of prescriptive rules and divergent implementation
- New legislation is required to ensure effective and targeted regulation of airports with significant market power to protect consumer interests

Brussels, 15 July 2019 – Airlines for Europe (A4E) is pleased that the European Commission has published its evaluation of the 2009 Airport Charges Directive (ACD), which confirms that the current framework needs to be reformed. The evaluation finds shortcomings in several areas, and confirms A4E airlines’ concerns with the ACD, including:

- The ACD does not tackle the risk of abuse of airport market power effectively, particularly for the largest EU airports. The report finds that some airports can still “extract prices and terms that would otherwise not be achieved in a competitive market”;
- A lack of detailed requirements on the independence, powers and duties of national regulators has limited their ability to intervene when needed to prevent abuse;
- The absence of detailed requirements for airports to consult airlines on the level of charges and to be transparent about the cost basis for those charges. This has led to inadequate consultation and limited information being provided to airlines;
- A lack of specific rules on airport infrastructure investments, including the planning process, consultations, level of charges and the powers of regulators in this regard;
- That airport networks under common ownership or control have little incentive to operate efficiently and/or compete.

Importantly, the report states that “competition remains limited for some, in particular large airports, resulting in significant market power of these airports vis-à-vis airlines” which can set excessive charges. This drives up airline costs, undermines competitiveness, and results in long-term detriment to passengers in terms of choice and affordability.

A key finding is that the ACD would have been more effective had it been better targeted at airports with significant market power. National authorities have already imposed economic regulation on Amsterdam Schiphol, Dublin, London Heathrow and London Gatwick airports for this reason.

“New airport charges legislation is needed to ensure consistency and targeted regulation of powerful airports to protect airlines and passengers from excessive airport charges. The Commission’s analysis confirms that we need stronger and fully independent national regulators, as well as clear requirements for airports to meaningfully consult airlines and be transparent about their costs”, Thomas Reynaert, Managing Director, Airlines for Europe.

A4E is calling on the Commission to expedite the ongoing impact assessment of policy options to improve the current framework as soon as possible.

“Passengers should not be bearing the cost of excessive charges. Rather, efficient airport regulation will enable EU economies to fully benefit from aviation. Europe needs cost effective infrastructure. The Commission now has an opportunity to get it right”, Reynaert added.

About A4E

Airlines for Europe (A4E) is Europe’s largest airline association, based in Brussels. The organisation advocates on behalf of its members to help shape EU aviation policy to the benefit of consumers, ensuring a continued safe and competitive air transport market. With more than 700 million passengers carried each year, A4E members account for more than 70 per cent of the continent’s journeys, operating more than 2,900 aircraft and generating more than EUR 110 billion in annual revenue. Members with air cargo and mail activities transport more than 5 million tons of goods each year to more than 360 destinations either by freighters or passenger aircraft. Members include Aegean, airBaltic, Air France-KLM, Cargolux, easyJet, Finnair, Icelandair, International Airlines Group (IAG), Jet2.com, Lufthansa Group, Norwegian, Ryanair, TAP Air Portugal, Smartwings and Volotea. Follow us on Twitter @A4Europe or visit www.a4e.eu.