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European Commission
Directorate General for Energy and Transport
24 Rue de Mot Office :DM 24 5/85
B-1049
Belgium

ARC comments to the Commission staff working document :

**Consultation on the application of the Council Regulation (EEC) 793/2004 on
common rules for the allocation of slots at Community airports.**

Introduction.

The Airport Regions Conference (ARC) is an association of regional and local authorities across Europe, which has an international airports situated within or near its territory. We are today more than 30 cities and regions hosting “the big five” airports in Europe along with other major and regional international airports in 18 European Countries.

The ARC brings together a wide range of expertise at the interface of air transport and local and regional policies. A common concern is to balance the economic benefits generated by the airports against their environmental impact, notably the effect on the quality of life of local residents. The ARC members cooperate at European level to pursue common interests. This means that ARC members discuss and formulate positions and other statements that reflect the views of cities and regions on aviation, regional development and environment.

The ARC comments

The ARC members have an interest in slot allocation and subsequently slot trading. We are concerned with the effects slots allocation and slots trading may have in European airport regions.

The use of slots and market mechanisms may impact, directly or indirectly in the connectivity between European regions and the major political, financial and research centres in Europe and hence the airport regions ability to foster economic growth, social cohesion and European competitiveness in global markets.

Slots are closely linked with capacity at airports. Capacity and especially the capacity needed to accommodate future growth will be one of the main issues for ARC in the forthcoming months and years. ARC is especially concerned about the connectivity of the region and this in order to fulfil the regional development strategies as set out by the regionally elected authorities.

ARC wants to stress that regions need to be able to provide the necessary – anticipated and pro-active – spatial planning and transport in order to maximise the use and the economic effect of airside capacity issues. Regions also need to find the right measures to balance the negative effects of more movements at airports with the residents right to a decent quality of life. Therefore, the use or abuse of slots can be an important element in the mission of regions and thus of ARC.

In some sense it could be said that regional and planning authorities play a crucial role in the process of providing capacity at airports. In this sense it should be acknowledged that capacity, and specially additional capacity at expanding airports, should be used to fulfil particular objectives of connectivity adopted by democratically elected regional or local bodies.

Instead of only commenting on the questions in the consultation, we would like to take this opportunity to share our concern with the Commission on the effects slots may impose from a regional perspective.

Our comments do not fall naturally under any specific question. After consultation with Mr Nicholas Pel, DG Transport and Energy, our comments will not follow the requested formula.

- Slot coordination as a tool for better use of existing capacity

ARC considers slot coordination at congested airport as a tool for better use of existing capacity. ARC subscribes the focus from the European Commission on optimizing the use of existing capacity as an essential element in the capacity discussion. Therefore, the slot coordination system should be a system with as less as possible leakages on the efficiency side. ARC enhances, in general terms, the amending of the 80/20 'use-it-or-lose-it' provision. ARC believes that abuses of the system could be tackled if the provision would be higher than 80/20. But the nature of the airports varies from region to region, and even within a region. So, it might well be possible that the 80/20 provision at a hub airport is a suitable solution. Our experience shows that the 80/20 provision has other effects in a leisure/charter airport for example. Therefore, the improved regulation should allow more differentiation.

- Slot coordination as a temporary efficiency enhancement to bridge the investment in additional capacity.

ARC believes that slot coordination, slot trading and local rules/guidelines could fulfil a role as a temporary efficiency enhancement in bridging the time gap between decision to invest and the moment the additional capacity is in use. Especially local rules and local knowledge of the use of slots could help to bridge the gap.

ARC believes that regions should be one party involved in the process of slot coordination. They can bring expertise of the local economic and environmental situation. Although there might be a possibility that local rules have a short-term effect and more of a local airport focus, we believe that future management of the existing capacity needs such instruments. Instruments that can refine the general European one fit all regulations in the direction of efficient allocation of slots to the most desired economic development of the airport and the region. Local rules seem to be an appropriate instrument. Local expertise seems appropriate in an efficient allocation process.

- Slot coordination regulation has to be adapted to the type of airport (hub – point to point – charters)

A survey with our members showed different opinions and different situations that relates to the type of airport in the region. ARC believes that a slot coordination regulation should contribute to the optimal use of existing capacity. The same argument is valid for the extent of the congestion. Most airports are not hub airports where congestion is a problem for a main part of the day. Airports with mostly point-to-point operations face congestion within peak hours only. Airports with mainly charter or leisure operations have congestion problems parts of the year.

Airports hosting airlines or alliances with a real hub system have a specific situation. Slots are an essential element in maintaining and developing the network of the home carrier or alliance. The slot regulation must allow local rules that take into account the essential element of building a feeder and network structure focussing on new long haul routes. In that way the slot regulation would also be in line with the perspective of the future capacity development. The slot regulation system must not prevent the home carrier or an alliance the necessary flexibility to extend or adapt the feeder and network structure. The hub system is for certain airport regions closely united with the airport related economic development in the region. A slot allocation system that breaks up the economy of scale in a hub system may also have consequences for number of airport related job in the region.

In some airports in Europe huge capacity expansion are currently underway. In these airports, regional authorities as well as the airport operator may prefer to build a feeder and network structure, focus on new long haul routes and make sure that point to point carriers do not take most of valuable new slots at the most attractive hours.

These are all reasons for a regulation that is adapted to or contains instrument to adapt to the needs of the specific airport.

- Slot coordination and trading could be an instrument in the policy of peripheral regions and the Lisbon agenda.

ARC embraces the view that European regions need to be able to travel back and forth to major political, financial and research centres over one day. It is

an essential requirement for a region to be able to attract investments and to recruit knowledge- based industry.

Peripheral regions, especially with a low population, could be facing a competitive disadvantage when airlines consider what flights to allocate slots to. The reason is that a slot at the peak landing and take off hours most likely will be allocated to what the airline considers as a more profitable route.

The regions mentioned as examples may find themselves unable to make business trips, to their most important destinations within reasonable hours, leaving home in the early morning and come back the same evening. That would be a serious disadvantage for those business communities and an inefficiency to enhance economic growth and social cohesion in all European regions. It may even be a counterproductive use of slots from a Lisbon Agenda perspective.

Described below are several options to meet what may become a reality in a short period of time, when the airport capacity is scarce resource.

- PSO's for peripheral regions at hub airports or the major airports serving the major business centres in Europe,
- To allow regions or airports to buy slots in the secondary slot trading system secure access,
- To reserve slots in a pool for designated regions and cities

ARC would like the European Commission to consider how to avoid situations as the one described above.

2. Hearing in April

Slot coordination and trading have an impact on the Lisbon agenda and the Cohesion policy. It is equally an important issue for airport regions as well as other stakeholders in the industry. The ARC will be happy to contribute with our views in a coming hearing.

Bengt Christensson
Secretary General
Airport Regions Conference