

**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**

**FAIR AND EQUAL OPPORTUNITIES TO ACCESS THE  
INTERNATIONAL AIR TRANSPORT MARKET AND THE PROBLEM  
OF AIRPORTS' CONGESTION**

(Presented by Bahrain, Egypt, Iraq, Jordan, Lebanon, Libyan Arab Jamahiriya, Morocco, Oman, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, United Arab Emirates, Yemen and the Observer from Palestine)<sup>2</sup>

**SUMMARY**

This paper deals with the issue of airport congestion and its impact on slot allocation as well as the application of the principle of non-discrimination.

Action by the Conference is in paragraph 5.1.

**1. INTRODUCTION**

1.1 During the last decade, international commercial air services have continued to outgrow available capacity in an increasing number of airports around the world. Furthermore, the limited capacity in some airports within the international air transport system was further aggravated by other environmental, political and financial restrictions. With several new economic developments, such as the increasing competition between air carriers and the emergence of a new breed of carriers known as low-cost carriers that are rapidly increasing in the international air transport market, the competitiveness of certain air carriers from the developing countries is being affected in one way or another by the growing competition in high density airports, which in turn affects their access to the international markets.

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<sup>1</sup> Arabic version provided by Members of the Arab Civil Aviation Commission (ACAC).

<sup>2</sup> Members of the Arab Civil Aviation Commission (ACAC).

1.2 Governments and air carriers alike have taken measures to overcome or alleviate the problem of limited capacity in airports. However, there are still certain airports that cannot fulfill the needs of airlines that wish to start or increase commercial operations due to the limited capacity at those airports.

## 2. THE PROBLEM

2.1 During the last decade, air traffic has increased in certain areas of the world. The major airports in those areas are no longer capable of accommodating a larger number of flights either due to their limited capacity during certain periods of the day, the week or the season, or even during all working hours of the airport. There are also other external restrictions that prevent airports from increasing their capacity (through building new airports or expanding existing ones). These are basically the environmental considerations and physical restrictions.

2.2 From the environmental point of view, curfews and noise reduction measures aim at reducing the negative impact of aircraft noise to the lowest possible extent for the communities living around airports. Such measures affect the capacity of these airports. Thus, the operation of less noisy aircraft would be considered an important factor in reducing the impact on airport capacity.

2.3 As for the physical restrictions on the expansion of airport capacity, they are mainly the geographical conditions in the airport area such as mountains and hills. There is also the location of that airport in terms of its surrounding population activity and economic activity. If the airport is located in a high density area, the cost of obtaining further land for the extension of a runway or the development of a new one becomes extremely high, particularly if the country concerned faces a problem of limited land for development purposes.

2.4 In such circumstances, countries face a dilemma in striking a balance between the interests of air carriers, particularly the ones that have been providing air services to and from such airports since a long period of time, and the desire of such carriers to increase their flights to those airports with limited capacity to take advantage of their market share.

2.5 There is also a need to balance the interests of new air carriers that wish to operate new services to such airports and that must also be given an equal opportunity to enter the market and compete with other air carriers. It is therefore obvious that, the slots at certain airports have become a scarce resource that is difficult to obtain.

## 3. SOLUTIONS TO THE PROBLEM

3.1 In order to reduce the scarcity of airport slots and to deal with the insufficiency of capacity, certain States, airport authorities and air carriers have taken measures to increase airport capacity. Such measures include the enhancement of air traffic control services and the rationalization of passenger and cargo clearance measures such as the use of machine readable travel documents, visa waiver programmes, advance screening and electronic cargo documents.

3.2 Within the same context, other States have adopted policies to reduce the extent of this problem. Such policies include:

- a) refraining from negotiating new or extended traffic rights unless they could be fulfilled;

- b) negotiating advance access to slots on the bilateral level before the new capacity becomes available in the form of a new airport or the extension of an already existing one;
- c) applying the principle of reciprocity on slot allocation at airports; the development of alternative airports and encouraging carriers to use them particularly in cities with more than one airport;
- d) recognition of the linkage between noise restrictions and demand; as this may reduce demand or distribute air traffic according to noise criteria rather than the choice of air carriers, passengers or cargo operators; and
- e) the application of peak time pricing in the landing charge to help increase demand on available slots in periods when the capacity of an airport is not fully utilized.

3.3 Due to the insufficiency of capacity at airports and the unavailability of slots which may hinder the exercise of air traffic rights in an increasingly competitive international air transport market, new alternatives have emerged to reduce the extent of this problem:

- a) Allow carriers to buy, sell and lease airport slots; and
- b) adopt of marginal pricing mechanisms for peak periods to spread the utilization of slots available at airports.

3.4 It is well known that the International Air Transport Association (IATA) has developed its schedule coordination system which is considered the primary mechanism to allocate slots used by different operators. It has also put forward certain rules on the flight scheduling process with a coordinator for every airport to ensure transparency, fairness and non-discrimination. The 1994 World-wide Air Transport Conference had recognized within its conclusions the measures adopted by IATA and recommended that air carriers from developing countries be granted a preferential treatment.

3.5 The Arab Air Carriers Organization (AACO) believes that the call from IATA to adopt international and collective measures in scheduling flights is based on the principles of transparency, fairness and non-discrimination. Such principles deserve to be supported provided that the concept of equal opportunity be integrated into air transport agreements between States, as air carriers from congested areas are able to operate at any time in airports of developing countries which do not have the same congestion problems. However, air carriers from developing countries do not have the same amount of slots. They thus lack the flexibility to operate to the airports of developed countries. The principle of equal opportunity is therefore of fundamental importance to have a fair allocation system. The Arab Air Carriers Organization stresses the importance of including this concept in any code of conduct that may be adopted in the scheduling of flights.

#### 4. CONCLUSION

4.1 The problem of scarce slots at airports and their allocation to air carriers that wish to increase the number of their flights or to start operations to such airports with a limited capacity raises issues involving the prevention of market access, discrimination, fair and equal opportunities, and compliance with the Convention on International Civil Aviation (Chicago Convention). It also raises some concerns regarding the commercial exchange of slots as it may have an adverse impact on competition, particularly if such slots were

monopolized through their sale, purchase or lease by certain carriers that have large financial resources and that have a capability of monopolizing such slots with their huge budgets.

4.2 Moreover, peak time pricing may be contradictory with the fundamental principles involved in the imposition of charges, namely non-discrimination and cost recovery as well as refraining from imposing charges for non-existing facilities or services that are not provided to carriers.

## 5. ACTION BY THE CONFERENCE

5.1 In line with the efforts made by ICAO and in keeping with the objectives of the Conference, ICAO is invited to:

- a) develop guidelines and regulations that take into consideration the obligations of States according to Article 15 of The Chicago Convention. Such guidelines and regulations should identify the necessary means of obtaining slots at airports and provide for the necessary flexibility to use them for States which have carriers that are unable to access markets due to the limited capacity of such airports and the scarcity of slots. This should be undertaken in accordance with the principles of transparency, non-discrimination and equal opportunities; and
- b) develop with IATA detailed and clear criteria to safeguard fair competition between air carriers so as to enable them to access markets in capacity constrained airports.

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