Briefing Note: The European Commission's "Airport Package"

On January 24, 2007, the European Commission released an “airport package” consisting of three initiatives concerning the role of airports in the areas of competitiveness, safety, security and environmental impact of air transport in the European Union. The three components are:

- A proposal for a directive on airport charges;
- A communication on airport capacity, safety and efficiency in Europe; and
- A report on the implementation of the groundhandling directive of 1996.

While none of the components directly represents a regulatory change, all have implications on development of regulation and policy concerning airports in the European Union. Most notably, the proposal on airport charges contains the wording for the proposed directive that would become law when passed by the European Parliament and Council, and would require Member States to pass national laws to comply with the directive. The communication on airport capacity, safety and efficiency contains an action plan with a number of measures to be completed within the next few years that will contribute to the development of relevant policies and programs.

The individual components of the package are summarised in more detail in the sections below.

**Proposal for a Directive on Airport Charges**

The proposal for the directive on airport charges was developed as the current system of airport pricing regulation is seen by the European Commission to be inadequate. Currently, airport charges are an important component of costs for airport users, particularly carriers. The Commission was concerned that charges may be improperly or inappropriately imposed or justified, and that users are not systematically consulted on the charging system nor fully informed of the use of revenues derived from charges. Airport pricing is regulated at the national level only, with no existing EU-wide regulations or guidelines. The proposed directive would provide Union-wide requirements for national regulations on charges.
In constructing and evaluating the proposed action, the Commission consulted with stakeholders and sought expert advice including an impact assessment of four policy options to effect change. In addition to a directive, the Commission also considered the options of no EU action, voluntary industry-developed self-regulatory measures, and a single EU regulatory framework (i.e., a directly applicable regulation, as opposed to a directive). Following this assessment, it was concluded that a directive was the best option to effect positive change in this area, allowing national laws and airport situations to be taken into account.

The proposed directive would require each Member State to regulate airport charges in a manner including the following elements and principles:

- Charging systems must be **non-discriminatory** among passengers and carriers, and any differences in treatment should be related to actual costs of facilities and services provided.

- Airports must have a regular procedure for **consultation** between airport management and users or their representatives regarding airport charges, including ample notice of any proposed changes to the charging system. In the case of a disagreement, either party must be able to seek intervention through an **independent regulatory authority**.

- There must be **transparency** in the calculation of charges. This includes obligations of the airport managing body to provide information on the method of calculation of charges, as well as background including cost structure and revenues; and similarly from airport users, traffic forecasts, development plans and requirements.

- Airport management must consult with users before finalising plans for **new infrastructure projects**.

- **Quality standards** must be maintained through service quality agreements negotiated between airport management and users or their representatives on a regular basis.

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1 In the European Union, a **regulation** is a legislative measure that is directly and universally applicable in all Member States – once a regulation is passed, it is law throughout the EU. A **directive** is a measure which requires the Member States to achieve a result through their own individual actions, as through creating national legislation or regulations. Directives may thus be applied in different ways in each Member State, but the overall requirements of the Directive must be met.
Differentiation of charges between terminals, areas or services within an airport must be justified through objective, transparent and non-discriminatory criteria.

Security charges must be used exclusively to meet security costs.

If passed, the directive will require all Member States to develop or modify regulations to meet these criteria. Based on implementation of previous directives, this could take several years for all Member States to comply.

**Communication on an Action Plan for Airport Capacity, Efficiency and Safety in Europe**

This communication describes an action plan including a number of measures identified to address the issues of capacity, efficiency, safety and security in the European airport system. It is developed in the context of previous measures and developments which have seen the liberalisation of European air transport, significant growth in air traffic (particularly within Europe itself), and regulatory measures to maintain safety and efficiency including the development of the European Aviation Safety Agency (EASA) and the Single European Sky package to harmonise air traffic management. Given these developments and the expectations of further significant growth (at current growth rates, traffic will double in 20 years), airport capacity is identified as having the potential to become the **single most constraining factor** on air transport, with impacts on competitiveness, safety and the environment.

To address this ‘capacity crunch’ and its resulting impacts, the Commission proposes actions in five key areas. These are:

**Make better use of existing airport capacity.** A number of measures are proposed that would help optimise existing capacity through better information, planning and usage requirements. These include undertaking a capacity assessment through an inventory of existing and planned airport throughput, the formation of an observatory on airport planning to supervise the planning process, and the possible modification of slot regulations to better enforce optimal slot usage. The use of collaborative decision making (CDM), involving

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2 I.e., a group comprised of Member States and stakeholders which will share information and collaborate to supervise the process and provide a pan-European vantage point.
sharing information among all airport partners to improve operational performance, is proposed to increase predictability and reduce delays in the air transport system.

**Provide a consistent approach to air safety at airports.** The increased traffic levels have the potential to compromise safety and require improved safety measures throughout Europe. Measures include the extension of EASA’s responsibilities to include airport safety regulation, and using Global Navigation Satellite Systems (GNSS) to enhance safety through prevention of collisions and allowing safe operations of more closely spaced operations.

**Promote “co-modality” of air and other transport modes.** Improving air transport’s connectivity to other modes is expected to help alleviate congestion and environmental impacts, and improve efficiency, though this is not expected to significantly reduce growth in air transport. Measures include improving airport access to adjacent cities, regions, and major metropolitan areas, and promoting air/rail intermodality including integrated air-rail ticketing.

**Improve environmental capacity and planning framework for new airport infrastructure.** Improving the environmental capacity\(^3\) is intended to alleviate the noise impact of airports, which is a major impediment to airport development. Alleviation of noise is to be guided by ICAO’s Balanced Approach to noise, which includes minimising impacts through land use planning, noise abatement and operational restrictions, but may allow more stringent noise restrictions phasing out the noisiest “Chapter 3” aircraft. The planning framework is also to be improved through the development of best practice guidelines and improved co-ordination of airport plans and wider land-use plans.

**Develop and implement technological solutions.** Promoting the development and early adoption of technologies is expected to help improve airport safety and efficiency. These include A-SMGCS (Advanced-Surface Movement Guidance and Control Systems) for controlling of air traffic movements under all weather conditions; tools and systems developed under the SESAR\(^4\) program for enhanced airside and groundside capacity and safety; and the use of technologies such as RFID to enhance the logistical efficiency of airports.

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\(^3\) Environmental capacity refers to the capacity to accommodate air traffic based on environmental rather than physical constraints. Many airports, particularly near urban areas, are subject to ‘noise budgets’ which limit activity particularly for noisier aircraft and night operations.

\(^4\) SESAR (Single European Sky ATM Research) is the European Air Traffic Management modernization program.
Many of the proposed measures are to commence immediately, and all require actions to be commenced if not completed in 2007 or 2008. Actions are largely focused on further study and the development of proposals or mandates, which will guide policies and regulations from this time onward.


The final component of the package is a report which examines the application and impact of Council Directive 96/67/EC on access to the groundhandling market at Community airports. This Directive provided for the gradual opening up of the groundhandling market at major European airports to more competition with the goals of reducing costs and improving quality of service. The Directive was adopted on 15 October 1996, but took time to be adopted by all Member States. Most were in compliance by 1999 but the latest to adopt legislation was in 2000. In addition, the adoption was not universally acceptable to the Commission and in two cases (one of which has since been resolved) some articles of the directive have not been applied correctly in the view of the Commission.

The report looked at several aspects of the application and impacts of the Directive on groundhandling at airports. Major findings were:

**Costs** of groundhandling were lower across the board in nearly all member states, generally meeting the intent of the Directive.

**Quality** impacts were more varied, but generally the number of cases where there were positive impacts outweighed those where quality decreased. There were also a number of cases where no change in quality was noted. Stakeholder views on quality varied, with air carriers taking a more positive view than airports in general.

**Competition**, measured by the number of service providers at airports, generally increased with the exception of fuel and oil handlers, which remained stable.

**Employment** did not appear to be reduced, though some incumbent operators took the view that the quality of employees may have declined, as established operators laid off some skilled workers and new operators took on lower-paid and less skilled workers.

Generally, the impacts of the Directive were positive and in line with its objectives, but some problems were noted. Most notably, the selection procedure of groundhandlers was not always fully independent as it should have been when Member States had direct interest in an airport; and the participation of airport operators in
groundhandling often distorted competition through unequal treatments and reduced the opportunity for other operators to gain market share. These and other issues will likely provide the basis for a proposal for a revision of the Directive.