The allocation of airport slots in the EU

Airport slots are permits allocated to airlines to use airport facilities for takeoff and landing on a specific day and at a specific time. To address growing airport congestion in the European Union, the Commission is proposing to allow market-based mechanisms in slot trading and allocation, increased transparency in slot transactions, and greater independence for slot coordinators.

Background

Growing air traffic over the past decade (see Fig. 1) has increased pressure on the capacity available at major EU airports. The creation of the single market for aviation in the 1990s brought EU-wide regulation for airport slots (a system in which a coordinator - usually an independent not-for-profit company - allows airlines to use an airport's facilities for landing or take-off on specific days and times). A 1993 Regulation set common rules for the allocation of slots, based on principles of neutrality, transparency and non-discrimination. Under these rules, airlines which have used their slots at least 80% of the time during the summer/winter scheduling period are entitled to the same slots in the following year's equivalent scheduling period (so-called "grandfather rights"). Slots which are not used sufficiently, go to a slot pool to be reallocated (the so-called "use it or lose it" rule). The Regulation also allows airlines to transfer or exchange slots, but not to buy or sell them (so called "secondary trading") even though this practice does occur (mainly at UK airports).

Why a new Commission proposal

Analysis shows that the current system prevents optimal use of scarce airport capacity for a number of reasons, including: misuse and late return of unneeded slots, barriers for new entrants and their expansion, absence of an EU-wide framework for secondary trading, and insufficient independence of slot coordinators. The Commission claims that instead of expanding infrastructure – which could harm the environment – enhanced slot allocation schemes would be effective for managing scarce capacity. Consequently, following a public consultation and stakeholders' hearing, the Commission proposed a new regulation in 2011, encouraging competition with market-based mechanisms. The proposal introduces a formal framework for secondary trading (explicitly allowing buying and selling of slots) and broadens the definition of new entrants, so that more can challenge 'dominant' airlines (usually national carriers). The Commission also proposes a strengthened slot allocation process, and increased independence of coordinators through clear rules on their financing.

Analysis from the Commission concludes that, up to 2025, the changes could create 62,000 jobs, generate economic benefits of around €5 billion for the EU, and allow the system to handle 24 million more passengers per year.

Transport Committee views

MEPs supported buying and selling of slots. However, they underlined that secondary trading should not put connections with major regional airports at risk – echoing a similar concern from the Council – and proposed that part of the proceeds of slot transactions go to improving airport infrastructure and services for passengers. In addition, MEPs introduced the idea of financial sanctions rather than general fees, as an incentive for airlines to return unneeded slots to the pool without delay. They also requested slot coordinators submit a declaration of financial interests. The Committee approved the report with 39 votes in favour and 5 against.

Figure 1 Trend in the number of flights, in millions, EU-27

![Figure 1 Trend in the number of flights, in millions, EU-27](image)