



Florence Air Forum: Budapest Edition

6 September 2019

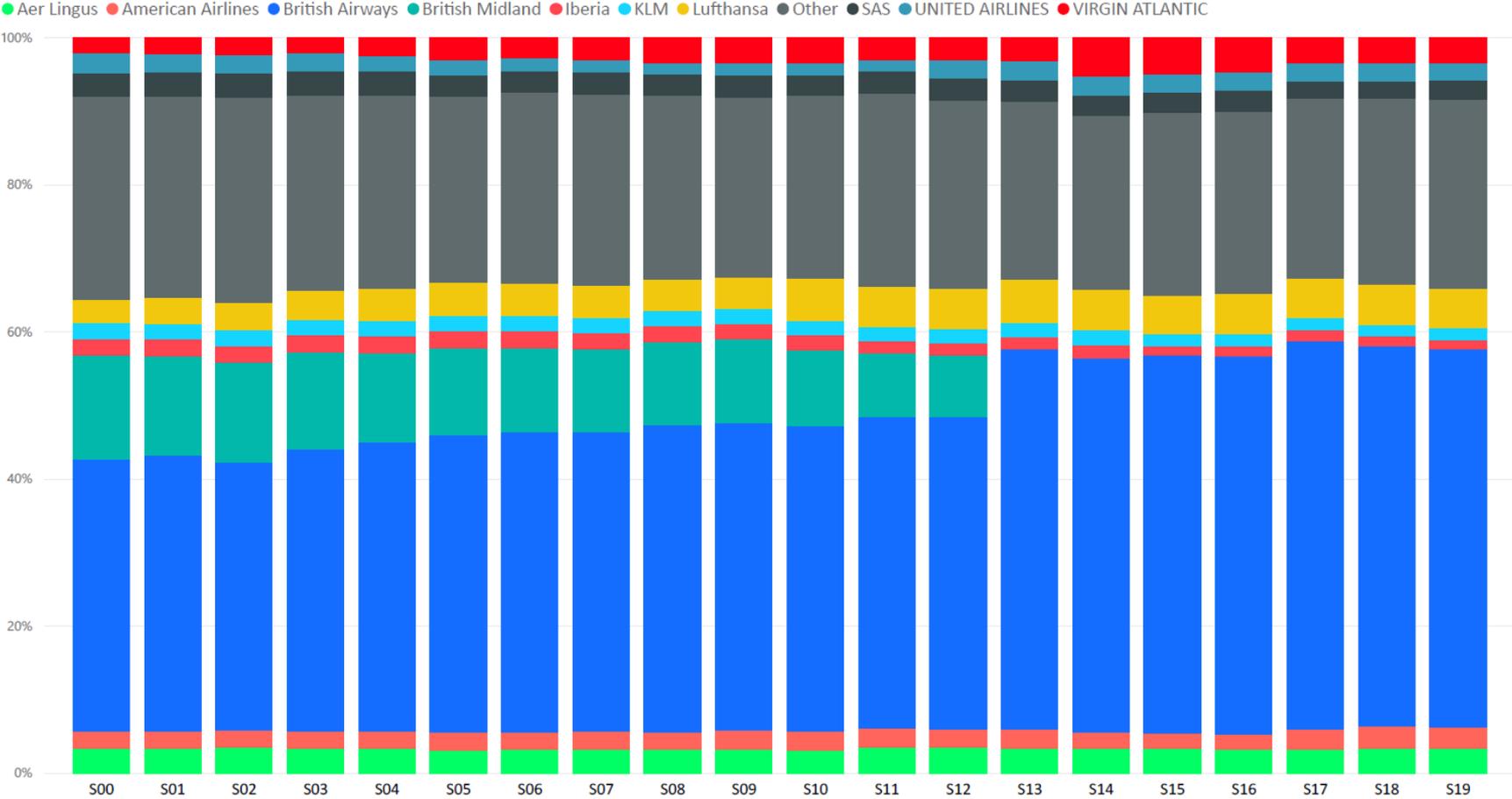
Integrity | Together | Own it | Professional | Constantly striving for better

ACL data on the effectiveness of the current system

- Current allocation system does favour incumbents and has allowed growth of large holdings by a small number of carriers.
- But it has also supported the growth of a diverse spread of carriers at each UK airport.

Spread of carriers at London Heathrow

Summer Season Slot Holdings by Carrier - LHR



ACL data on the effectiveness of the current system

- Despite the lack of capacity at the UK's heavily constrained airports, the current allocation system has allowed ACL to make allocation decisions to provide fair and competitive growth.

Main trends observed from secondary trading data

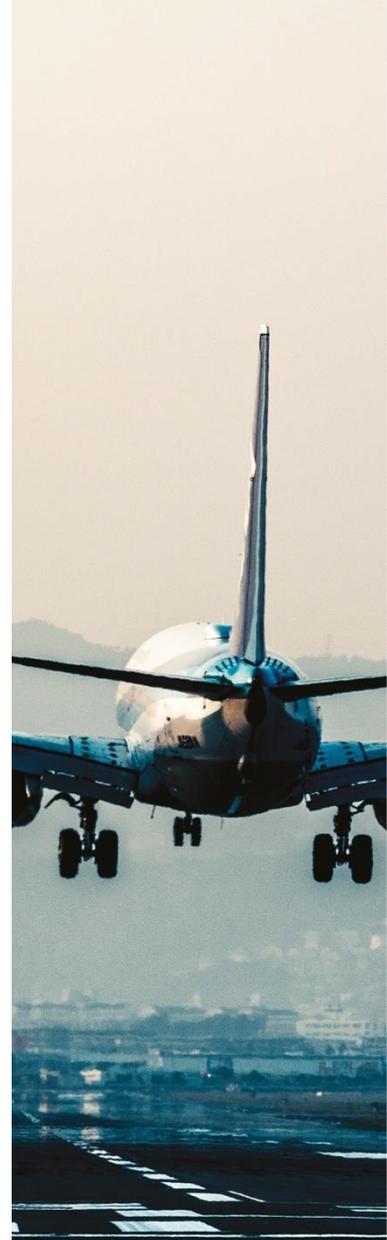
- Secondary trading can encourage slot mobility at heavily constrained airports.
- The majority of slots sold are acquired by incumbents (those with the deepest pockets).
- In the last ten years, secondary trading at LHR has brought in few new destinations or new carriers.
- Slot sales have tended to result in an increase in the numbers of seats per slot.

Market based mechanisms

- There is a real art in the design.

“It is very, very hard to figure out what the best strategy might be. These auctions are just so complicated”.

- Auctions could lead to over pricing.
- There is a risk that large, well funded carriers will Hoover up slots and new entrants will be excluded.



Food for thought

- Market based mechanisms give Member States little ability to ensure the right competitive outcomes.
- Do market based mechanisms give any better or more guaranteed solutions to the inefficiencies than the current system would with tweaks?
- Market mechanisms are not a perfect solution – they may also inhibit competition.



