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Florence Air Forum, Budapest Edition

# **Navigating towards a more efficient airport slots allocation regime in Europe**

Session 2: How effective has the existing slots regime been in ensuring optimal airport capacity utilisation and allocation of slots to airlines?

## General remarks on Regulation (EEC) No 95/93

- In general: the Regulation serves its purpose - the system works
- But: there are certain aspects where the Regulation requires amendments

## Regulation (EEC) 95/93 – where should it be amended?

- Calculation and reverting of historic series (Art. 10 (2), (3))
- Slot mobility (Art. 8 a)
- Slots and insolvency (no clear provision, only Art. 8a, 10 (4c), Reg. EU 1008/2008)
- New Entrants (Art. 2 b, 10 (6))

# Calculation and reverting of historic series - 1

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If an air carrier has met the 80% requirement – what is to be reverted to that air carrier as historic?

## Question

- 100 % of the series of slots held at Historic Baseline Date - HBD (31 Jan./31. Aug.), Art. 10 (2) and (3)  
or
  - 100% of the series of slots held at HBD **plus** additional slots relating to flights cancelled prior HBD, under the conditions of 8.7.2 WSG
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## Calculation and reverting of historic series - 2

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**Art. 10 (2) Reg. (EEC)  
95/93**

*“(...) demonstrate to the satisfaction of the coordinator that they [the slots] have been operated, as cleared by the coordinator, by that air carrier for at least 80 % of the time during the scheduling period for which they have been allocated.”*

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**Art. 10 (3) Reg. (EEC)  
95/93**

*“Slots allocated to an air carrier before 31 January for the following summer season, or before 31 August for the following winter season, but which are **returned** to the coordinator for reallocation **before those dates shall not be taken into account** for the purposes of the usage calculation.”*

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**8.7.2 IATA-WSG**

*„The cancellation of periods of **less than 5 consecutive weeks** does **not reduce** the period eligible for historic precedence, provided the **total number of cancellations is 20% or less** of the period between the first and last date of the series of slots.“*

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## Calculation and reverting of historic series - 3

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### Problem

**Conflict** between Slot Regulation and IATA-WSG (“double 80/20”), which leads to significant inefficiencies

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### Proposal

The Slot Regulation should clarify that **only** the series of slots **held at 31 January for the following summer season or at 31 August for the following winter season** are eligible to be reverted as historic if demonstrated to the satisfaction of the coordinator that they have been operated by that air carrier for at least 80% of the time during the scheduling period for which they have been allocated.

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# Slot mobility

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## Art. 8 a SlotReg

1. Slots may be: (...)
- (b) transferred:
- (i) between parent and subsidiary companies, and between subsidiaries of the same parent company,
- (ii) as part of the acquisition of control over the capital of an air carrier,
- (iii) in the case of a **total or partial take-over** when the slots are **directly related** to the air carrier taken over;
- (c) exchanged, one for one, between air carriers.

## Questions

- What is required for a **partial take-over**,
- When are slots **directly related to the air carrier**?
- How to deal with „**fake swaps**“?
- What is required for a **joint operation**? (Art. 10 (8))

## Proposal

Specify the Regulation, e.g. by adding definitions

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# Slots and airline insolvencies - 1

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Reg (EEC)  
95/93

**No specific provision** in the Slot Regulation on airline insolvency proceedings (except for 80/20 exemption concerning „financial restructuring“, Art. 10 (4) c). The only explicit provision is to be found in the IATA-WSG (now 8.15).

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8.15 IATA-  
WSG

*“8.15.1 **Slots can only be held by an airline with a valid operating license.** If an airline ceases to hold a valid operating license, its slots revert to the slot pool.*

*8.15.2 In the case of bankruptcy (or similar proceedings), the representatives of the airline should **enter into dialogue** with the coordinators to discuss their future intentions for the slots and provide the contact details of the administrator.*

*8.15.3 The slots may be **reserved** by the coordinator pending reinstatement of the airline’s operating license or a formal takeover of the airline’s activities. The airline, its legal representatives, or the responsible licensing authority should keep the coordinator informed of the airline’s status.*

*8.15.4 If dialogue has not been initiated within a **reasonable deadline** set by the coordinator, and if there is no legal protection linked to bankruptcy under national law, then the coordinator should reallocate the slots.”*

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## Slots and airline insolvencies - 2

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### Question

- Is **8.15. IATA-WSG** applicable (in particular 8.15.3: reservation of slots) and how is it to be interpreted (what is an „adequate deadline“ etc.)
- To what extent are changes to the slot portfolio of the insolvent air carrier allowed between the filing for insolvency and the transaction of a takeover (e.g. transfers to subsidiaries)?

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### Proposal

- Integrate the basic concept of 8.15 IATA-WSG into the Regulation and additionally specify it where necessary (see above) and i.a. define deadlines
  - Also: specify **Reg. (EU) 1008/2008** (what is a valid license etc.) and link it to Reg. (EEC) 95/93
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## New Entrants

- Strengthen access of New Entrants to enhance competition
- **But: special priorities** must lead to **special duties** (e.g. earlier slot return deadline)
- Example: 50% of new capacity at FRA in 2011 had been allocated to New Entrants. 68% of these New Entrants had returned their slots back to the pool by the Slot Return Deadline which could not be successfully reallocated due to this late handback.



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**Thank you for your attention!**