

ACI World calls for airport charges reform

Airports Council International (ACI) World has released research demonstrating the “critical need” to modernize global policy frameworks on airport charges to serve the best interests of travelers and local communities.

The research – called *The State of Play: Competition, Regulation and Airport Charges Research Report* – draws on comprehensive data sources to give an overview of the evolution of the industry; an assessment of charging and regulatory frameworks; airport experiences with regulation and charging strategies; lessons learnt from COVID-19; and the potential future direction of economic oversight.

Based on data analysis from InterVISTAS Consulting Inc, a strategic aviation and mobility consultancy, the study findings show that while charges for aeronautical services represent as much as 54% of revenues for airports, the full basket of airport charges represents only 5.1% of the average base airfare and ancillary fees from a consumer perspective. Landing charges levied on airlines represent only 1% of the airfare.

Many airports have been regulated around the world, with governments using a variety of regulatory models related to airport charges. A number of governments have concluded that the costs of imposing heavy-handed regulation outweighs the benefits to the traveling public.

The data shows that those airports that are heavily regulated are associated with higher unit charges as compared to more light-handed models.

Since the direct cost of airport charges (levied on both passengers and airlines) to consumers is small in terms of the final ticket price, including airline ancillary charges, new approaches for economic oversight should be considered to ensure better use of airport capacity through flexible pricing, the fostering of infrastructure development for connectivity and socio-economic benefits, and providing charges incentives to address issues of congestion, noise and climate change impacts.

“The current framework on airport charges that has been in place for over half a century needs a complete rethink for today’s airport industry and the traveling public,” said ACI World Director General Luis Felipe de Oliveira. “While it has some desirable elements, it is fundamentally a rigid, cost-based approach, focused almost exclusively on cost recovery and not on achieving economically and socially beneficial outcomes for the traveling public. Passengers are at the center of our aviation ecosystem – without them, we as an aviation sector cannot exist. A more efficient charging system will benefit the industry, with positive benefits for end users.

“The *State of Play: Competition, Regulation, and Airport Charges Research Report* provides in-depth evidence to support the need for a shift in global policy frameworks on airport charges towards ones that incentivize sustainability, efficiency, investment in infrastructure, and that generate a multiplier of socio-economic benefits and connectivity. In consideration of the changed competitive landscape, it is critical that airport charging policies be focused on market needs and signals, and that the best way forward for the benefit of the traveling public and local communities, is through commercial agreements between airports and airlines.”