European Communities

EUROPEAN PARLIAMENT

Working Documents

1984-1985

19 March 1984 DOCUMENT 1-7/84

Report

drawn up on behalf of the Committee on Transport

on airport charges in the European Community

Rapporteur: Mr J. MOORHOUSE

PE 88.567/fin.

English Edition

By letter of 22 February 1983, the Committee on Transport requested authorization to draw up a report on airport charges in the European Community.

By letter of 25 April 1983, the committee was authorized to draw up a report on this subject.

At its sitting of 13 January 1983, the European Parliament referred the motion for a resolution by Mr HOPPER and others (Doc. 1-1134/82) pursuant to Rule 47 of the Rules of Procedure to the Committee on Transport as the committee responsible and to the Committee on Economic and Monetary Affairs for an opinion.

At its sitting of 7 March 1983, the European Parliament referred the motion for a resolution tabled by Mr MORELAND and others (Doc. 1-1316/82) pursuant to Rule 47 of the Rules of Procedure to the Committee on Transport as the committee responsible and to the Committee on the Environment, Public Health and Consumer Protection for an opinion.

On 26 April 1983, the Committee on Transport appointed Mr James MOORHOUSE rapporteur.

The Committee on Transport considered the draft report at its meetings of 21 September 1983, 1 December 1983, 28 February 1984 and at the last meeting the motion for a resolution as a whole was adopted by 9 votes with 6 abstentions.

The following took part in the vote: Mr Seefeld, chairman; Dame Shelagh Roberts, Mr Carossino, vice-chairmen; Mr Moorhouse, rapporteur; Mr Albers, Mr Buttafuoco, Mr Fuchs Karl (deputizing for Mr Baudis), Lord Harmar-Nicholls, Mr Key, Mr Klinkenborg, Mr Loo (deputizing for Mr Gabert), Mr Marshall, Mr Martin Maurice, Mr Moreland (deputizing for Mr Cottrell), Mr Nikolaou (deputizing for Mr Lagakos).

The Committee on Economic and Monetary Affairs and the Committee on the Environment, Public Health and Consumer Protection decided not to submit an opinion.

The report was tabled on 13 March 1984.

The deadline for tabling amendments to this report will be indicated in the draft agenda for the part-session at which it will be debated.

C O N T E N T S

The Committee on Transport hereby submits to the European Parliament the following motion for a resolution together with explanatory statement

MOTION FOR A RESOLUTION

on airport charges in the European Community

The European Parliament,

- having regard to the motion for a resolution tabled by Mr HOPPER and others pursuant to Rule 47 of the Rules of Procedure on the pricing policy of the British Airports Authority (Doc. 1-1134/82),

- having regard to the motion for a resolution tabled by Mr MORELAND and others pursuant to Rule 47 of the Rules of Procedure on excess baggage for aircraft passengers (Doc. 1-1316/82),

- having regard to the report by the Committee on Transport (Doc. 1-7/84),

A. recognizing the fundamental role of airports in air transport and its significant link with the development of a Community airports policy in the context of the liberalization of air transport,

B. aware of the financial difficulties with which airport authorities have to contend as a result of the international air transport situation and of the problems specific to airports as regards management and the planning of particularly heavy investment in an adverse economic climate,

C. equally aware of the major problems of the long-term planning of extensions to existing airports or the development of new airports,

D. convinced that the reduction of airport charges in Europe would have a beneficial effect on the level of air fares in favour of users,

1. Notes that the legal status and methods of financial management of European airports vary widely;

2. Observes disparities in both the structure and level of airport charges, which cannot be explained solely by the varying degrees of commercial viability of the airports themselves;

3. Recognizes that airports provide a public service and that as such, they are generally linked to the States and public authorities and are dependent on divergent national policies in the Member States of the European Community;

4. Considers, nevertheless, that their operations should be pursued in compliance with the provisions of Articles 92 and 93 of the EEC Treaty and that consequently, international airports should endeavour to be commercially viable;

5. Believes, in the light of the above considerations, that steps should be taken by the European Community, within the framework of existing international agreements, to clarify and rationalize the operation and management of airports in the various Member States providing international services;

6. Recommends to this end that the general conditions of competition between airports in the European Community be improved;

7. Asserts the need for airports to achieve real financial autonomy sine qua non for fair competition, and to ensure transparency in all forms of public and, insofar as such aid is temporarily justified, in particular with regard to peripheral and island regions;

8. Recommends that airport accounting methods be standardized with a view to greater transparency and calls on the Commission to ensure that the annual accounts of Community airport operators are published;

9. Recommends that the various types and categories of charges be standardized, having regard to the numerous recommendations made by the ICAO on this subject;

10. Calls on the Commission to redefine the links between airports and public authorities, in particular terminating the preferential treatment which national airlines enjoy at airports in their own country;

11. Considers, taking the structure of American airports in particular as a basis, that the airport authorities should diversify their operating revenue as far as possible. By increasing their non-aeronautical activities (notably by an approach to marketing with the emphasis on commercial activities as well as by the development of industrial activities in the airport sector), they would be enabled to optimize their operating revenue and to reduce airport charges;

12. Considers it imperative to maintain duty-free shops in the international airports of the Community, having regard to the important contribution they make to the airports' commercial revenue;

13. Considers closer cooperation between airport authorities in the Member States of the Community to be of the utmost benefit since it should permit, through the pursuit of common objectives, a general improvement in the productivity and efficiency of airport management as well as a standardization of facilities making the use of airports easier for passengers;

14. Recommends that the levying of airport taxes and charges be guided by a concern for simplicity for the user and that all such charges be incorporated in the price of the ticket and clearly indicated for passenger information at the time of sale;

15. Advocates that airport taxes applicable to small aircraft be non-discriminatory, bearing in mind that they are used in particular by the small airports and less-favoured regions, and in the light of the Council Directive concerning the authorization of scheduled inter-regional air services for the transport of passengers, mail and cargo between Member States;

16. Calls on the Commission to submit a proposal laying down conditions of fair competition between international airports in the European Community;

17. Requests that the European Community obtain observer status with the ICAO and ECAC, notably with a view to the examination and the adoption of the recommendations of ICAO standards on airport charges;

18. Calls on all the Member States that have not yet acceded to the Eurocontrol Convention to do so and on all the Member States to transfer air traffic control in the upper airspace to Eurocontrol in order to reduce navigation charges in Europe;

19. Calls on the Commission to examine ways of revising the current IATA regulations on free baggage allowances and excess baggage charges and urges airlines to operate such allowances and charges on the basis of their dimensions and the number of pieces of baggage;

20. Instructs its President to forward this resolution to the Council and the Commission of the European Communities and requests the Commission to forward it to the ICAO and ECAC.

EXPLANATORY STATEMENT

I - INTRODUCTION

1. For a number of years now, airport charges have been at the centre of a controversy which has divided airlines, airline associations and airport authorities, chiefly in Europe.

Matters reached such a stage that 18 airlines even brought a court action against the British Airports Authority (BAA) in protest at what they considered to be excessive increases in landing and other charges, particularly at London's Heathrow Airport .

This debate has also widened to include air fares in Europe, their high level, particularly in relation to those in the United States, being blamed on the high level of aeronautical charges in Europe, which include airport charges.

2. Another side of this problem was raised in the motion for a resolution by Mr HOPPER and others on the pricing policy of the British Airports Authority[1], which prompted this report.

This resolution points out that the landing fee charged at Manchester Airport may be between four and five times the landing fee for the same aircraft at Stansted Airport. The explanation advanced by the authors of the resolution is that the British Airports Authority is a nationalized industry in the United Kingdom, whereas Manchester International Airport is not entitled to subsidies from the British Government, although it has received loans with interest rate subsidies from the European Investment Bank.

3. These two facts alone, which, moreover, highlight only one aspect of the problem under consideration, should be enough to give an idea of the complexity of the subject matter, which accounts for the strongly-held views on both sides.

4. What is more, we should not forget the present context of general economic crisis in which air transport, far from being spared, is one of the sectors hardest hit both by the increase in fuel prices, the instability of exchange rates and the stagnation of air traffic after two decades of very rapid expansion.

---

[1] Doc. 1-1134/82

The diversity of the various situations and the fact that airports provide a public service make for an extremely complex legal, economic and financial situation, which has to be clarified first before we can go on to consider whether there is a case for action at Community level and, if so, what form it should take.

II - AIRPORT OPERATION: ECONOMIC AND LEGAL ASPECTS

5. By providing air transport users with infrastructures, facilities and services, airports commit expenditure which, as in any commercial system, must be offset by revenue in order to establish a measure of financial balance.

Revenue takes various forms: user charges, which we shall refer to under the general term of 'airport charges', account for between 30 and 80%; government royalties and commercial dues make up the remainder.

6. At international level, the question of airport charges is dealt with in the framework of the International Civil Aviation Organization (ICAO) in a 'Statement by the Council to Contracting States on Airport Charges'[1] of 1957.

This statement sets out the general principle that 'it is desirable that, where the cost of an airport is borne by the nationals of a State, nationals of another State using this airport should bear a full and fair share of that cost. This includes all expenditure incurred by the public authority responsible in respect of the airport and its essential ancillary services, including interest on fixed assets, capital depreciation, maintenance and operating costs, but taking into account aeronautical revenue and benefits of an aeronautical and non-aeronautical nature derived from the operation of the airport by the body or public authority responsible for that operation'.

7. An airport is an economic entity and as such does not remain static; clearly, therefore, any increase in expenditure caused by a variety of factors related either to general economic trends or the expansion of airport activities must be matched by an increase in revenue either from airport charges or from other sources, which we shall consider later.

---

[1] DOC. 7806-C/899, 17/7/57

8. Whilst most international airports are financially autonomous (despite the fact that a local authority finances any deficits), we must consider the situation of regional or local airports which find it difficult to achieve financial stability even by introducing substantial increases in airport charges. The abolition of public subsidies would lead to the closure of these airports, a decision which could have a harmful effect on peripheral regions where the airport is a vital facility for the inhabitants (particularly in island regions).

9. While the concept of an airport as an economic entity is fairly clear, the legal status of airports, and hence their methods of operation, differ widely not only from one country to another but also within a particular country[1].

There are four different methods of airport operation.

- Direct control :

Direct state control, as in Belgium and the United States in the case of federal territory.

Direct local government control, as in the case of Zürich-Kloten and Geneva-Cointrin airports in Switzerland.

- Concession :

Under this system, a local authority contracts out the operation of the airport to a public or private natural or legal person, (frequently with a financial guarantee, which is a common practice particularly in France, where the chambers of commerce hold the concession).

- Autonomous specialized bodies :

This is the most common system for the major airports. Basically, it allows of a method of management which reconciles the principles of commercial operation and public service. These autonomous specialized bodies may be public authorities (Paris Airport, the Airport Authorities in the USA and the United

[1] One example is the United Kingdom where certain airports (including the London airports of Heathrow, Gatwick and Stansted) are run by the British Airports Authority (BAA), others are run by the Civil Aviation Authority (CAA) and others are under local authority control.

Kingdom) or airport operating companies, as in the case of Amsterdam-Schipol Airport which is run by a mixed investment company (i.e. public and private capital) and in Germany where airports are run by commercial undertakings in which local authorities are associated. In the specific case of Frankfurt Airport, the operator is a joint stock company in which the public authorities have a major shareholding[1]. In Italy, too, airports are run by mixed investment companies in which the local authorities have a majority stake. In financial terms, this means that they have a majority share of the capital.

- Airports under international management :

The Basle-Mulhouse airport is one such example where the technical management is French and the commercial management Franco-Swiss.

10. Even though the State or the public authorities are involved in every case in the running of airports, the marked differences in legal status have important implications. The purely token involvement of public authorities in certain cases, or the financing to a greater or lesser extent of investments or other costs (policing for instance) by public authorities, means that the rules of the game (the object of which is autonomy, the achievement of a financial balance and hence a measure of competition) are distorted from the outset.

III - AERONAUTICAL AND AIRPORT CHARGES

11. There is often confusion as to what these charges entail, which to some extent accounts for the discrepancies in statistics produced by the various bodies concerned.

The airlines and their professional associations naturally refer to all the charges to which they are liable in order to operate their flights; these 'aeronautical' charges cover a whole range of charges including

- various charges levied by the State and public authorites (taxes, including various noise taxes, security);

[1] The Federal Republic of Germany, the Land of Hessen and the City of Frankfurt each hold more than 25% of the shares

- air navigation charges (air traffic control);
- airport charges: use of airport infrastructures (runways, taxiways, terminals).

In certain cases,the airport authorities actually collect these charges on behalf of the public authorities and thus the distinction made above is not always clear-cut.

We shall consider only airport charges,since they are central to the operation of the airport.

In order to avoid controversy, we need to know exactly what air navigation charges relate to.

12. Air navigation charges, i.e. charges made to cover expenses incurred by regional control centres for monitoring aircraft in their upper airspace,are quite distinct from airport charges.

Since 1971, 11 European countries have conferred the task of collecting these charges to EUROCONTROL: Austria, Belgium, Spain, France, Ireland, Luxembourg, Portugal, the Federal Republic of Germany, the Netherlands, the United Kingdom and Switzerland (i.e. the member states of Eurocontrol and four co-contracting states).

13. Under this system, Eurocontrol fixes standard rates (for an aircraft of 50 tonnes and over a distance of 100 km) basing its calculations on the costs incurred by regional control centres which are fowarded by the various states together with statistics on air traffic. These rates, which vary from country to country, are used to calculate the air navigation charges for each flight over the member states.

14. Italy, Greece and Denmark, which are not part of this charge collection system, levy air navigation charges on every flight over their territory. There is a flat rate for charges in Denmark,whilst Italy and Greece use a system similar to that of Eurocontrol.

15. The average weighted unit cost for European countries taking part in the Eurocontrol charges scheme (aircraft of 50 tonnes, flight distance of 100 km) in 1984 is $ 42.

This average cost hides considerable differences in individual countries, as shown in the table below: (1984)

BELGIUM	$ 28	NETHERLANDS	$ 49		
GERMANY	$ 43	IRELAND	$ 26		
FRANCE	$ 34	SWITZERLAND	$ 58	SPAIN	$ 25
UNITED KINGDOM	$ 55	PORTUGAL	$ 26		
LUXEMBOURG	$ 28	AUSTRIA	$ 40		

(source: Eurocontrol)

These differences may be caused by the technical level of the facilities, the size of the country or the frequency of flights over the territory of the various countries.

16. Associations such as the IATA have often drawn attention to the high air navigation charges, particularly in relation to the United States.

It is difficult to compare figures with the United States, as their method of collecting air navigation charges is completely different. The Airport and Airways Trust Fund levies a tax of 8% on the price of a ticket for domestic flights, a flat rate of 3$ (US) for international flights and a charge of 4 cents per gallon of kerosene used in general aviation[1].

Of all the objective causes of differences in the cost of air traffic in Europe and the USA, greater weight should be attached to the cost of regional control centres in relation to air traffic organized at European level.

In a recent article, The Economist[2] published the results of a comparative study carried out in 1978 which estimates the saving which could be achieved by extending Eurocontrol's terms of reference at over 25%.

---

[1] It should be noted that flights over United States territory with no landing are not subject to air navigation charges.

[2] The Economist, 15 January 1983, page 63

IV - AIRPORT CHARGING SYSTEMS

17. The International Civil Aviation Organization (ICAO) publishes each year a manual of airport and air navigation facility tariffs[1] which your rapporteur has used as a basis to analyse the various charging systems.

Naturally, the categories of charges vary from one country to another and, within a country, from one airport to another, according to whether the flight is domestic or international. The method of calculation also varies. (A breakdown of the different scales of charges in each country is given in Annex III.)

(1) Landing charges

18. These are generally based on the maximum weight indicated in the certificate of airworthiness.

Denmark applies a take-off charge instead of a landing charge.

(2) Passenger service charges

19. These are charges collected from each passenger on departure and the amount varies.

In most cases this charge is no longer paid separately by the passenger but incorporated in the air fare.

This type of charge is much less common on the North American continent.

(3) Hangar and parking charges

20. These are to cover the costs connected with parking the aircraft at the airport. They are generally based on aircraft weight but in some cases, such as in Canada, an apparently more logical criterion is used, namely the ground surface area occupied.

---

1 DOC 7100, 1981 and 1982 editions

Some airport authorities apply separate scales of charges for hangars and for parking.

These first three categories of charges are common to all airports; the following, more specific, charges correspond in most cases to individual situations, and it is they which arouse controversy and opposition.

(4) Peak surcharges

21. The basic idea behind these surcharges is to help to reduce congestion at airports during peak periods. It involves a principle of economic theory, namely differential pricing, which is widely applied in the transport sector by shipping companies and, to a certain extent, by rail undertakings in the form of certain fare reductions and by airlines (the blue, white and red tariffs of the French airline, Air Inter).

In theory, this makes it possible to smooth out traffic peaks and to ensure greater use during slack periods.

In Europe, this system is applied in the UK by Heathrow and Gatwick Airports to passenger service charges for the period 1 April to 31 October and from 11 a.m. to 4 p.m. (British Summer Time). In fact, the BAA distinguishes between three periods for which different scales of charges apply: peak, normal and slack periods.

A similar system has been introduced by airports in Greece. Landing charges are 50% higher for landings and/or take-offs at night, and a 20% surcharge is levied on landings between 11 a.m. and 3 p.m. from June to September.

(5) Noise charges

22. Environmental considerations have prompted certain airport authorities to introduce a specific charge for noise.

This is the case in Switzerland at Zürich and Geneva-Cointrin airports, where the noise surcharge varies on the basis of an aircraft classification as determined by the energetic mean value of the noise level of the aircraft type.

In France, a charge in the form of a tax was introduced in 1973 at Paris-Orly and Roissy-Charles de Gaulle Airports.

The BAA, on the other hand, reduces the landing weight charge by 20% in the case of aircraft which have been issued with a noise certificate in accordance with Annex 16 of the ICAO.

It is well known that these noise charges are highly controversial with the airlines. They rightly point out that for many years, they have been making serious efforts to reduce aircraft noise by investing in new equipment and that the noise nuisance, such as it is now, is linked to the siting of certain airports in urban areas and is thus the sole responsibility of the airport authorities.

(6) Security charges

23. The vulnerability of air transport to the growth of terrorism has prompted international airport authorities to expand their security services which, naturally, costs money.

The United Kingdom levies a security charge of between £1 and £2 per incoming passenger.

In France, a bill of 12 May 1981 introducing a security charge has not, as far as we know, been made law, and these costs are still borne by the government or recovered in part via landing charges.

In Switzerland, there is no specific charge; security costs are incorporated in the other airport charges instead.

In Germany, security costs are borne in most cases by the Länder.

(7) Miscellaneous charges

24. This heading covers a whole range of charges specific to certain airports, devised more often than not according to the possibilities of raising revenue. These include:

- ground lighting charges (Paris Airport).
- passenger loading bridge charges (fixed stairway or telescopic passageway) in Belgium;
- freight charges (according to the freight unloaded from an aircraft or a vehicle) at the Swiss airports of Zürich and Geneva-Cointrin.

In the United States, a whole range of miscellaneous charges are levied over and above the customary charges depending on the particular airport: charges for air terminals, baggage handling, baggage conveyor belts, air terminal waiting rooms, fuel throughput charge, inspection fees for international flights and so on.

Following discussions with European airport authorities, it seems that a new charge may be introduced in the form of an approach charge in the zone covered by airport radar. This supplementary new charge is certain to raise the level of airport charges still further. The Netherlands and the United Kingdom have apparently already introduced this charge, with the result that the overall level of airport charges has risen.

25. Impressive though it is, this long list of airport charges does not conceal the real problem, i.e. how are operators to cope with new calls on their finances, with the increasing cost of services or, quite simply, with the constraints imposed on them by the law?

As we shall see later, there is not necessarily a correlation between the number of charges levied by an airport on its users and a higher overall revenue.

Above all, this situation reveals the lack of uniformity in airport operating accounts and the differences in charging policy, because for units of comparable size, the facilities which need to be provided are basically the same.

V - SCALES OF AIRPORT CHARGES

(1) General situation

26. To give an idea of the charging policies of the various countries we have used the figures published in the 1982 edition of the 'Manual of airport and air navigation facility tariffs'[1] issued by the ICAO, which each year calculates specimen charges for three types of aircraft of different capacity in regular international service.

---

[1] op. cit. page 13

IATA also publishes statistics on airport charges in the form of International User Charges. Generally, these appear to be 10% higher than those published by the ICAO, but the order of magnitude remains the same.

The charges shown in the table below are those in force at the main international airport of the country under consideration. They include daytime landing and take-off charges and the charges related to passengers carried, as well as other passenger service charges or elements added to the landing charge (thus air navigation facility charges are excluded).

The aircraft in question are:

	Weight in tonnes	Seating capacity	Number of passengers
DC 9-30	44.5	75	50
B 707-320B	148.3	150	100
B 747-100	322.05	375	225

27. Level of charges for 1982 (in US dollars)

COUNTRY	DC 9-30	B 707-320B	B 747-100
EEC			
Belgium	431	1084	2390
Denmark	301	521	1957
France	362	1112	2684
Germany	536	1458	3196
Greece	160	467	1076
Netherlands	456	1254	2797
Luxembourg	na[1]	na[1]	na[1]
Italy	216	520	1161
Ireland	616	1741	3848
United Kingdom	1035	2600	6109
Non-EEC European countries			
Switzerland	449	1245	2779
Austria	630	1723	3191
Spain	196	551	1210
Portugal	328	853	1878
Sweden	567	1573	3616
Norway	na[1]	na[1]	na[1]
Non-European countries			
Australia	605	2248	4885
USA	756	1289	2470
Canada	150	575	1291
Japan	847	2143	4628

(Source: ICAO)

[1] not available

N.B. The above table is based on official ICAO statistics and shows the average charges levied at the main international airport in each country. Cf. Annex VI.

(2) Remarks

28. The most striking feature is the extreme fluctuation in the figures from one country to another: the charges for a B 747, for instance, vary from $ 1161 in Italy to $ 6109 in the United Kingdom, i.e. by a factor of five. (However, it should be noted that the BAA challenges the figures in the ICAO document, which is an official information document. This discrepancy might seem hard to justify on purely economic grounds.

29. It is also significant that the level of charges varies considerably from one country to another according to the type of aircraft. The charges for a B 747 are three times higher than for a DC 9 in the United States and eight times higher in Australia.

30. The United Kingdom is way ahead of the other countries, with charges 40% higher (still taking the example of a B 747) than Japan, its nearest rival in the list of the most expensive airports.

31. The Member States of the European Community, with the exception of the United Kingdom, fall into two groups: Ireland, Germany, Netherlands, France and Belgium where charges are above $ 2300 and Denmark, Italy and Greece where they are below that figure.

Average charges in the Community (excluding the United Kingdom) are:

- $ 385 for a DC 9
- $ 1020 for a B 707
- $ 2385 for a B 747,

i.e. approximately the same as New York-Kennedy Airport.

Charges in non-EEC European countries are of the same order as those in the Community, with Sweden on a par with Germany,and Spain on a par with Italy. Detailed figures for the 19 major European airports are given in Annex IV.

32. This table confirms that charges on the North American continent range from comparatively low in the case of the United States (New York-Kennedy Airport) to very low in the case of Canada (Montreal, Toronto).

(3) Trend in charges in recent years

33. Given firstly the rates of inflation in the various countries and, secondly, the erratic movements of the American dollar - the currency used for comparison - between 1978 and 1982, it is not possible to produce meaningful figures on trends in the level of charges.

However, a number of useful comments can be found in a study on airport charges undertaken by the Institute of Air Transport (ITA) in 1981[1].

34. The country in which charges have increased most sharply over the last five years is the United Kingdom, where the average increase was 35% in 1980.

Charges have risen only slowly in the Netherlands, Germany and Switzerland, and at a reasonable rate in France and Italy.

Lastly, we should mention the case of Luxembourg Airport, which has not increased its charges since 1972.

35. In real terms, airport charges do not appear to have risen at all and even seem to have fallen. At least, that is the impression given in a study by the International Civil Airport Association (ICAA), one of the few studies available.

The study is based on 14 EEC airports[2] which accommodate 130 million passengers each year.

The study covers a five-year period from 1977 to 1982. The charges recorded were much the same in all the airports in the case of an 'average' aircraft: charges for five categories of aircraft weighted according to the proportion of European traffic corresponding to each category in the airport. The inflation rates quoted for each country to determine developments at constant rates were obtained from the national statistical offices.

---

[1] Aeronautical charges: Part one - airport charges by J. PLAIGNAUD - Institute of Air Transport (ITA) - Study No. 8/1981

[2] Heathrow and Gatwick in London, Rome, Milan, Frankfurt, Düsseldorf, Brussels, Manchester, Amsterdam, Charles de Gaulle and Orly in Paris, Dublin, Shannon and Copenhagen.

36. The results were as follows: (source ICAA)

Airports	Annual variation in charges
AMSTERDAM	- 1.2%
BRUSSELS	- 5.3%
COPENHAGEN	- 9.8%
DUBLIN	- 2.1%
FRANKFURT	+ 1.0%
LONDON	- 2.2%
PARIS	- 2.4%
ROME	+ 0.6%

These figures show that airport charges have caught up with the rate of inflation which was very high in all countries during this period.

(4) Charging policies of the states

37. Every year, the states must submit to the ICAO a document setting out their general pricing policy.

Although all the countries basically follow the ICAO's recommendations, policies tend to differ fairly widely nevertheless.

A number of European countries (France, Netherlands, Ireland and the United Kingdom) have made it absolutely clear that they intend to recover all the costs involved in airport operation from the users by imposing more or less severe charges.

Changes in the rate of charges are frequently made annually or every six months (Austria, Belgium, Canada, Ireland) or sometimes every two years, as in Italy.

There is, therefore, a distinct tendency towards stricter management in airports aimed at ensuring their viability. This was a necessary step as local authorities' refusal to increase charges, as in Italy, has often placed airports in delicate financial situations.

VI - EXPLANATIONS FOR DISPARITIES IN THE LEVEL OF CHARGES AND SPECIFIC PROBLEMS

(1) General factors

38. A comparison of two European airports of comparable size, Amsterdam-Schipol and Rome-Fiumicino, reveals that charges are more than twice as high in Amsterdam as in Rome. What factors could explain this situation, which is not confined to these two airports? In fact, there are a number of reasons.

The low charge rates could be an encouraging sign of high productivity but also of public financial assistance.

39. Financial intervention by the state or local authorities may explain the low rate of some charges. The provision of a public guarantee of financial stability may encourage some airports not to introduce large increases in their charges.

Furthermore, in many cases the local authorities themselves determine the level of aeronautical charges and the intervals at which they may be reviewed[1].

As regards investment, the state or the local authorities may offer airport authorities loans with interest rate subsidies to help with their financing or may even assume responsibility for certain expenditure or bear the cost of installations. In the case of regional or local airports, the authorities sometimes provide the operators with the complete airport infrastructure.

As regards operating costs, the local authorities sometimes take on certain administrative duties directly, in addition to instances of direct financial intervention on their part.

This raises the immediate problem of airports whose charges are partially financed by the taxpayer at national or local level and those who are forced into real financial autonomy.

In the case of major international airports in category I, their legal status makes them autonomous, although this does not mean that there would be no public financial intervention in the event of a deficit. For airports in categories II and III, which handle less traffic, but which often play a vital role in their region, financing by the local authorities is essential in view of their useful contribution but should be subject to strict rules within the Community.

40. Conversely, inadequate productivity may lead to high charges. Without calling the management of some airports into question, the development of a number of management techniques would definitely help reduce some items of expenditure or create or increase sources of revenue.

---

[1] For example, reference should be made to the texts governing the calculation and collection of charges at Paris Airport which place the airport under the guidance of the State.

41. When comparing the level of charges, we must also bear in mind the fact that the quality and variety of the services offered to airlines and passengers may justify higher charges.

42. Each airport has developed in a different set of circumstances. The increase in air traffic in the 1960s led to considerable investment. Some airports were able to expand unhindered on their own site, whilst other airport authorities were forced to create new bases.

In the light of this simple fact, it is obvious that airport authorities do not all face the same problems and cannot therefore apply the same level of charges as they do not bear the same burdens.

We now face a paradoxical situation in the European Community where major international airports are operating below capacity at peak hours, and are increasing their charges in an attempt to reduce the problem, whilst smaller airports are operating above capacity and are seeking higher rates to cope with the resulting financial burden.

43. Another problem is the structure of airport revenue. As we explained above, airport charges are only part of an airport's revenue, and determined efforts to develop non-aeronautical activities have a definite and direct influence on the level of charges, as we shall see later.

(2) Specific factors

(a) The case of UK airports run by the BAA

44. As we have seen, the charges at London's Heathrow Airport are exceptionally high, and we shall therefore examine this situation in more detail.

The 'internal' constraints upon BAA are strong: first, the BAA is implementing a £700 million expansion plan and can obtain funding in only one of two ways: borrowing from the government or raising its own revenue (it is not allowed to contract bank loans or issue bonds).

The London airports run by the BAA (Heathrow, Gatwick and Stansted) also pose logistical problems: Heathrow Airport has reached saturation point, and the airlines refuse to land at Gatwick or Stansted.

45. The BAA has attempted to resolve this problem by devising a differential pricing system, charging widely varying rates according to the time of day and according to the airport.

The method of comparison used earlier, based on the three commonest aircraft types , shows how this works in practice.

in US dollars (1982)

AIRPORTS	DC 9-30	B 707-320B	B 747-100
HEATHROW			
Peak period	1768	3853	10116
Off-peak period	496	1376	3681
GATWICK			
Peak period	877	2091	5633
Off-peak period	426	1150	3067
STANSTED			
Peak period	200	700	1630
Off-peak period	196	490	1166

(Source IATA)

46. The theory behind this system of differentiating between peak and off-peak periods is straightforward enough: it is supposed to lead to a more even distribution of flights throughout the day.

Besides , charging fees which differ markedly from one airport to another ought to increase traffic at the cheapest airports.

At all events, the very high charges at Heathrow which is by far the busiest of the three airports, help to swell BAA coffers.

In practice, however, the introduction of this system has not really had the desired effects as regards the evening-out of traffic throughout the day and between the various airports for obvious reasons, bearing in mind that airlines fix their timetables to suit their passengers and that this means flights during peak hours.

In fact, faced with this situation which they consider scandalous, 18 airlines brought a legal action against the BAA, although in the end the matter was settled out of court. British airports are without doubt among the most expensive in the world at present, and the only way to keep charges to a reasonable level is to use them at off-peak periods.

47. The high charges are not confined to airports in the London area or those run by the BAA.

Let us look at two examples.

in US dollars

AIRPORTS	DC 9-30	B 707-320B	B 747-100
EDINBURGH run by the BAA	1414	4043	10116
MANCHESTER run by the local authorities	1293	3105	7649

(Source BAA)

48. This brings us back to the motion for a resolution tabled by Mr HOPPER and others (Doc. 1-1134/82) on the pricing policy of the BAA.

While it is true that the charges at Manchester Airport are considerably higher than at Stansted Airport, they are lower than at Edinburgh (run by the BAA) and on a par with those at Gatwick.

Objectively speaking, therefore, it would appear that it is not the BAA's statute which is to blame but its general pricing policy and its attempt to spread the load among the airportsit controls. However, it could be that the high charges at London Heathrow and, to a lesser extent, Gatwick, are the result of the level of charges in other airports run by the BAA, particularly at Stansted and in Scotland. This means that if all the airports were privatized, the current levels would be reversed. Levels would probably fall at Heathrow and Gatwick whilst there would be substantial increases at Stansted, where there is little traffic. The long-term viability of some Scottish airports might also be threatened.

Finally, we should point out that the Civil Aviation Authority is also obliged to impose very high charges to compensate for the under-utilization of the airports under its guidance.

(b) Differences between levels of charges at European and American airports

49. The general study of charging levels did not reveal a particularly marked difference between American and European airports. One should point out, however, that the American airport taken as a reference was New York-Kennedy Airport, one of the most expensive in the United States.

A comparison with other American international airports shows the differences to be much more pronounced.

in US dollars

AIRPORTS	DC 9-30	B 707-320B	B 747-100
MIAMI[1]	21	44	118
SAN FRANCISCO[1]	52	100	271
ROME[2]	216	520	1161

(Source IATA)

[1] Airports with lowest charges in the USA

[2] Airport with lowest charges in the EEC

50. There are a number of factors which might explain this situation:

- better productivity or more efficient management of American airports could be part of the answer. Indeed, it would appear that the ratio of the number of employees to the level of airport traffic is lower in the USA than in Europe. It is difficult to check the validity of this argument in view of statistical difficulties in comparing the number of staff employed caused by differences in job descriptions;

- a second factor which seems to be particularly important is how the revenue of American airports breaks down. Charges in fact represent only a small proportion of their operating revenue. Because they have alternative, particularly commercial, sources of revenue, airports are able to reduce the amount of their airport charges accordingly;

- the third reason, and in our opinion the most important, is that the airlines in the United States build their own airports or, as the case may be, rent terminals which have been built by the airport authorities. 'The bulk of the capital invested in airports and air navigation facilities is raised by a charge levied by the U.S. Government on all air tickets'... Consequently, landing and parking charges are only meant to cover residual costs'.[1] In some cases, airport authorities are almost like landlords to the airlines.

These economic attitudes to airports are radically different from those encountered in Europe. This makes a comparison of charges in Europe and the USA an extremely delicate business and prevents our drawing any firm conclusions.

VII - THE SHARE OF CHARGES IN AIRPORTS' OPERATING REVENUE

51. As we noted in Chapter I of this report, the charges levied on airlines by airport authorities do not constitute the airports' sole source of revenue.

The table in paragraph 52 shows the percentage of aeronautical revenue in a number of European airports. Care should be taken when comparing these figures as regards the allocation of ground assistance charges which differs according to whether the services are provided by the airport, the airlines or third parties.

---

[1] J. PLAIGNAUD, op. cit. p. 19

An airport is a complex of aeronautical and non-aeronautical activities. As for the latter category, international airports are centres for commercial activities and services warranted by the presence of several thousand or, in some cases, tens of thousands of people every day[1]. The duty-free zone includes duty-free shops which do extremely good business. But, in addition, there are all kinds of retail outlets (newspaper stands, boutiques) and services (restaurants, banks, insurance companies, travel agencies, vehicle rental agencies and car parks). These activities may be run totally or in part by airport employees (as is the case at Rome-Fiumicino) or simply contracted out (Paris Airport).

Whatever the case, these activities constitute an important source of revenue for an airport.

52. Aeronautical charges as a percentage of operating revenue at selected airports

(1982)

AMSTERDAM	51%
PARIS (ROISSY, ORLY, LE BOURGET)	54%
LONDON (HEATHROW, GATWICK)	52%
MANCHESTER	53%
COPENHAGEN	65%
BRUSSELS	57%
ROME	59%
FRANKFURT	63%
North American airports	
LOS ANGELES	24%[2]
MIAMI	10%[2]
NEW YORK	15%[2]

Source: ICAA

53. These figures corroborate what we said about American airports. Miami, which currently has the lowest charges in the world, obtains 90% of its revenue from other activities, especially from leasing operations which represented 70.3% of its operating revenue in 1980. Besides, airports with a low level of non-aeronautical revenue are even more sensitive to fluctuations in air traffic.

---

1 London Heathrow 43,600; Frankfurt 32,000; Paris airports 53,000; Rome 19,500; Brussels 11,000, etc.

2 1980- J. PLAIGNAUD, op. cit. p.19

54. A study of the trend over the last five years in Europe reveals a marked increase in revenue from non-aeronautical activities. At Paris Airport, for instance, non-aeronautical revenue has been up by about 12% per year.

55. Duty-free shops account for a large share of airports' commercial revenue, as is made clear in the following table which shows duty-free sales as a percentage of total commercial revenue.

AMSTERDAM	76%	(1982)
PARIS (ROISSY, ORLY, LE BOURGET)	62%	
LONDON (HEATHROW, GATWICK)	64%	
MANCHESTER	39%	
COPENHAGEN	23%	
BRUSSELS	80%	
ROME	38%	
FRANKFURT	43%	

Proposals to abolish these shops in airports in the European Community have greatly alarmed the airport authorities. Although the legal grounds which may be put forward to justify a ban of such shops in intra-Community trade may be admissible, the European Community undoubtedly has to contend with quite enough other problems of integration and, in relation to them, abolishing duty-free shops would appear a somewhat futile exercise.

Should these plans materialize, one could expect an appreciable drop in sales at airports, leading in turn to a loss of revenue which would have to be offset by an increase in charges which - as has been pointed out - are already quite high enough in many cases.

56. The need for new sources of income derived from non-aeronautical activities is recognized, moreover, by the ICAO. Its Recommendation No. 16 issued by the ERFA Conference in 1973 reads as follows: 'The Council recommends that airport authorities should encourage the full development of revenues of this kind, having regard to the need for moderation in charges to the public, the requirements of passengers and the need for terminal efficiency. All possibilities for developing concession revenue should be studied and ICAO should be kept informed of practices and conclusions in this regard so that the benefit of experience may be made available to all.'

57. There seems to be ample scope for increasing non-aeronautical revenue, both in terms of quantity and quality. As regards commercial activities, it is possible that not all airport authorities have made the most of their potential. In some cases, efforts to improve management and marketing to seek ways of boosting sales or developing new businesses are essential and could only have a positive effect on revenue from commerical activities. For example: Frankfurt Airport is developing a highly comprehensive shopping centre within the airport confines, as are Heathrow and Gatwick.

58. Airport authorities could also try to develop activities with little or no apparent connection with air transport, as some American airport authorities have done. The location of airports close to important economic centres and their function as a point of interchange with other modes of transport are major attractions for certain industries. These include aeronautics and associated industries (aircraft maintenance), of course, but concern first and foremost a group of industries in the higher tertiary sector (data-processing and electronics sectors) for which proximity to an airport is a valuable asset in view of the speed of communication it offers and its suitability for the lightweight goods involved.

In the past twenty years, the concept of 'airport-related activity zones' (ARAZ) has been developed in the USA. These are industrial zones within the airport confines and linked to the main runways via taxiways. The most famous example is Los Angeles whose ARAZ includes computer manufacturers such as IBM and CONTROL DATA, photographic companies such as NIKON and CANON, research companies and service industries, in addition to aeronautical services. (These activities may lead to the development of 'free zones'.)

By granting leases for other commercial or industrial activities which provide them with additional resources, airports could increase the cost-effectiveness of the massive investment needed for their development and reduce the level of charges levied on airlines.

VIII - THE SHARE OF AERONAUTICAL CHARGES IN AIRLINE COSTS

59. Given the diversity of airport charges, it is worthwhile examining their share in airline operating costs.

For statistical reasons, it is not possible to distinguish between airport charges and air navigation charges. As a rule, air navigation charges account for approximately 23% of total aeronautical charges.

60. Charges as a percentage of airline operating expenditure

European airlines	1977	1978	1979
LUFTHANSA (Germany)	5.8	5.7	5.8
SABENA (Belgium)	3.3	3.3	3.1
AIR FRANCE (France)	5.2	5.1	5.0
ALITALIA (Italy)	3.7	3.5	3.4
KLM (Netherlands)	4.3	4.3	4.1
BRITISH AIRWAYS (United Kingdom)	5.3	5.8	4.8
SWISSAIR (Switzerland)	5.5	5.8	6.0
AER LINGUS (Ireland)	9.8	10.5	7.9
SAS (Scandinavia)	7.7	7.6	7.5
Non-European airlines			
AIR CANADA (Canada)	2.8	2.9	3.1
PANAM (USA)	1.4	2.9	2.5
TWA (USA)	2.0	1.9	1.7
CONTINENTAL AIRLINES (USA)	1.9	1.5	1.2
JAPAN AIRLINES (Japan)	3.9	7.8	4.9

(Source ICAO)

61. The above table shows clearly that aeronautical charges account for between 3% and 6% of European airlines operating costs, while in the case of American airlines they range from 1.5 to 3%.

There is an obvious correlation between this difference and the difference between the levels of airport charges in North America and Europe. However, on closer analysis, these figures do not reflect the differences observed between the respective countries of Europe, in particular in the case of the UK and British Airways[1].

[1] It is also true that these statistics predate the sharp increases implemented by the BAA.

IATA considers that charges have reached intolerable levels on certain routes: 33% of operating costs on the Amsterdam/London route (AR) and 18% for Amsterdam/Frankfurt (AR), as against 6.8% on the route Amsterdam/New York.

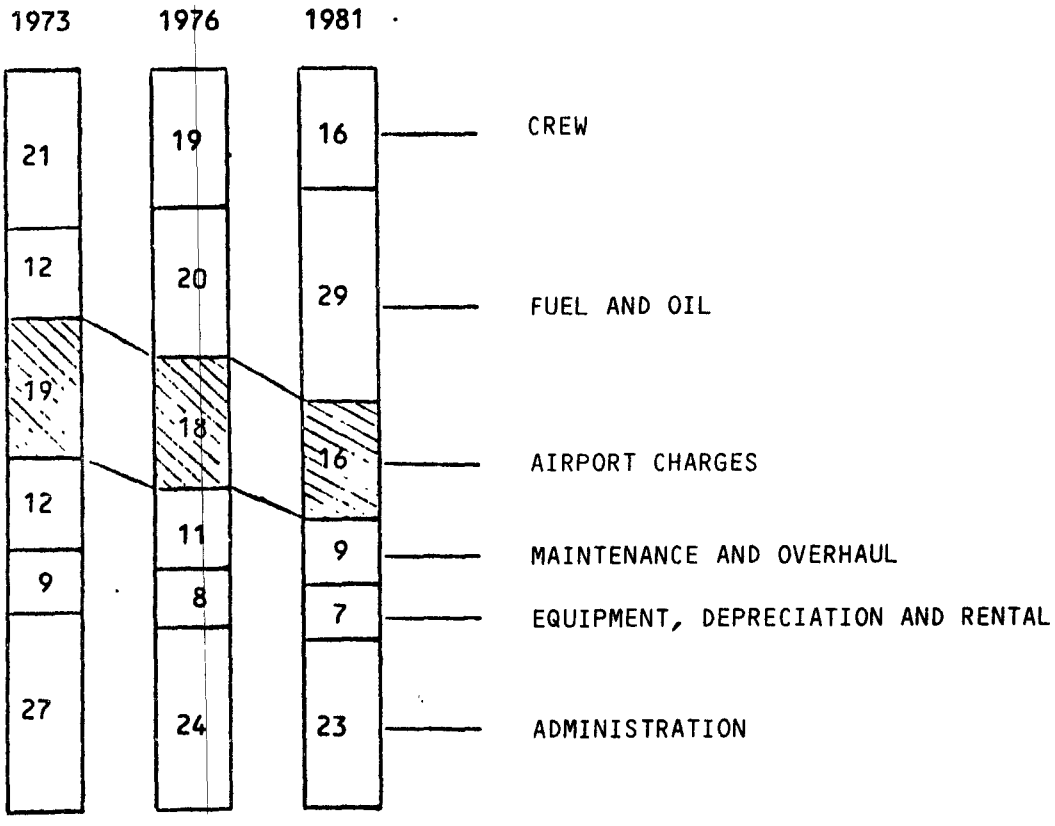
Overall, however, aeronautical charges are not a major item in airline budgets, but the differences between European and North American airlines may help to explain the latter's better track record on air fares.

62. A period of three years is not really long enough to draw conclusions about the overall trend, although the figures do indicate a certain stability.

More comprehensive figures are available from IATA for all airlines, but these refer only to operating costs (excluding investment). They show that the percentage share of aeronautical charges fell from 19% to 16% between 1973 and 1981.

BREAKDOWN OF AIRLINES OPERATING COSTS

IN % (Source IATA)



63. Nevertheless, the airlines and their associations, such as IATA, have expressed certain demands concerning the rate at which airport charges are increasing (which they consider excessive) and the nature of the costs covered by such charges.

Basically, these demands cover the following points[1]:

- security charge: IATA considers that civil aviation is not the real target of terrorist activity but merely a convenient vehicle and that therefore there is no case for imposing a specific charge for security services which are part of the measures taken by states to protect themselves against acts of terrorism;

- noise charges: airlines argue that they have invested heavily in reducing the noise levels of their aircraft and that they cannot be held soley responsible for nuisance caused;

- passenger service charges: IATA considers that certain charges for the use of common facilities should be paid directly by passengers;

- miscellaneous charges: airlines suggest that certain costs such as the fuel throughput charge should be recovered through landing fees, but also certain other costs such as aviation facilities, catering, handling and so on. They question the usefulness of certain services such as ground weather information, claiming that it is inferior to the information exchanged between commercial aircraft equipped with weather radar;

- peak surcharges: while not disputing that certain airports suffer from congestion, IATA considers that a better coordination of schedules would be preferable to imposing surcharges or even to auctioning off peak slots.

64. Lastly, the airlines feel that in paying airport charges they are paying for various kinds of non-aeronautical activities at the same time.

---

[1] The IATA charging policy - IATA Review, January-March 1981, page 13

IX - RECOMMENDATIONS ON AIRPORT CHARGES

(1) The need for Community action

65. The existence of a Community market presupposes that economic groups operate under the same market conditions as regards both advantages and drawbacks.

International airports should not be immune to this general rule. We must ensure equal treatment for airports in each Member State, as it seems that this has still not yet been achieved. There are two ways of achieving this:

- the ultimate abolition of all forms of public aid (direct or indirect financial aid) to create genuine financial autonomy and, initially, the introduction of Community regulations on public intervention;

- the abolition of various constraints and commitments (no access to the banking market, fixing of charges by local authorities) which have a harmful effect on the financial stability of our airports. In the case of airports in island regions or isolated locations, where it is impossible to create financial stability, strict Community regulations should be introduced, and a list of eligible airports should be drawn up.

(2) Scope for Community action

66. Air transport, by its nature, is international. The European Community can only take action within the framework of the international agreements in force, particularly within the framework of the ICAO.

Given the diversity of situations observed in the different Member States of the Community, and given our desire to improve air transport links within Europe, Community action should not be ruled out.

67. So far, the Commission of the European Communities has not tackled this problem directly, although it did touch on it in its proposal on scheduled passenger air fares in the EEC[1] in which it challenged the high level of and increases in airport charges and, indeed, provoked a strong reaction from the circles concerned.

---

[1] COM(81) 398 final

68. Community action could be based on the application of Articles 92 and 93 of the EEC Treaty dealing with aids granted by States and in particular on Article 92(1). 'Save as otherwise provided in this Treaty, any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects Member States, be incompatible with the common market.' It is essential that regulations governing the granting of public aid of all kinds be introduced as soon as possible.

69. The European Community cannot operate effectively in its own right unless it obtains observer status in the ICAO which would enable it in particular to express its views on various recommendations and coordinate action in the Member States.

(3) Improving general conditions of competition between airports

70. The use of the term competition in the context of airports may seem questionable. Airports, particularly international airports, are in a monopoly situation compounded by the existence of state carriers. An airport is not chosen because of its various advantages but according to passenger requirements. Competition does exist when an airport is the centre of a hub-and-spoke system, as in the case of transcontinental flights and where it is possible to fly to the final destination from one of several international airports, or in the case of charter flights, although the volume of traffic involved remains limited.

In the field of air freight, on the other hand, there is genuine competition between the airports of Paris, London, Frankfurt, Brussels and Amsterdam, reflected in an intensification of promotional campaigns, improvements in service and reductions in tariffs at these airports. Paris Airport estimates that the diversion of trade which can be achieved represents some 7% of its freight traffic.

71. The fact remains that it is important for airport activities to be financed under identical conditions.

A number of practices can also distort the conditions of access to airports by airlines. The Greek airports, for instance, until very recently exempted Olympic Airways and Olympic Aviation SA aircraft from payment of landing and parking fees, as well as charges for the use of air navigation facilities. Rome Airport used to grant

similar concessions to Alitalia, but this has now been stopped. On the other hand, it is clearly impossible to ban the granting of rebates to major clients, who in many cases happen to be the state carriers of the country in question.

(4) Harmonization of accounting methods in Community airports

72. In order to improve the conditions of competition and to gain a clearer picture of the real sources of airport financing, it is essential that accounting methods be harmonized to introduce real transparency into airport accounts.

There is the problem of access to these documents, of course, but this could be restricted to a few authorities, including the Commission of the European Communities. Concern about this question was expressed by ICAO as long ago as 1957[1], but it took no action in view of the difficulties that this might raise at international level. The same is not true of the European Community. The Commission could be instructed to collaborate with the authorities in various airports to establish a specific accounts system, the results of which would be published each year.

(5) Harmonization of charging systems at Community level

73. Following our earlier line of argument, and given the lack of uniformity we have discovered, it should be possible to think in terms of a common scale of charges for international airports without necessarily interfering with their autonomy.

This would provide an opportunity to reexamine certain charges in the light of the findings of the conference on 'Airport and Route Facility Economies' which was held in 1981 under ICAO auspices.

(6) Better cooperation between airports

74. The European section of the International Civil Airports Association (ICAA) was set up in 1980. It incorporates 102 airport authorities and 22 associate members from 23 European countries (except BAA).

This forum provides an environment conducive to closer cooperation between airports, particularly within its EEC working party, which could lead to action being initiated in the following fields:

---

[1] Statement by the Council to Contracting States on Airport Charges, op. cit.

- general improvements in the productivity and efficiency of airport management
- investment planning
- standardization of reception, signalling, information and passenger movement procedures
- mutual assistance
- exchange of information.

75. In addition, cooperation between airports takes place within two other international bodies. The AOCI (Airport Operators Council International) is essentially a North American organization of 200 airports. 18 of the largest European airports are also associate members, allowing them to remain informed of North American airport techniques and policies.

The WEAA (Western European Airports Association) has 12 members, of which only 4 are from the EEC. Of these, only London (BAA) is not also a member of the ICAA.

(7) Developement of non-aeronautical resources

76. As we mentioned above, airports must seek new resources by making full use of the definite advantages offered by the location of its facilities in terms of both trade (general promotion, extension of activities, setting up world trade centres, commercial exhibitions) and industry (development of industrial zones within the confines of the airport).

(8) Use and collection of certain charges

77. At present, most airlines include all charges in the price of the air ticket, and this practice ought to apply to all airports.

Nevertheless, airlines appear to prefer passengers to pay certain charges for the use of airport facilities directly to the airport. This would be a regrettable step backwards, which your rapporteur must vigorously oppose. The price of the ticket should include all cost factors, and there should be no additional charge whatsoever.

78. At present, the only additional costs which passengers are required to pay is the excess baggage charge. This problem was raised in a motion for a resolution tabled by Mr MORELAND and others[1] which called for the revision of current IATA regulations.

Airlines which are members of IATA levy an excess baggage charge on air passengers where the weight of the luggage exceeds 30 kg in first class and 20 kg in tourist class[2]. These excess charges which are calculated at 1% of the first class rate per kilogramme of excess weight are a particularly lucrative source of income for airlines on long-haul flights but are a quite improper burden on passengers.

79. Having considered this problem for some time, the American Civil Aeronautics Board (CAB) changed the system to one based on the number and size of the items of luggage. The same system has been introduced in Canada.

Under this system, passengers are allowed to have two items of luggage in the hold not exceeding 158 cm x 115 cm and one item in the cabin not exceeding 115 cm. The maximum weight for each item is 32 kg (although this varies from airline to airline). Excess baggage charges are levied on items exceeding these standard figures.

The system is also applied on KLM flights to and from North America and in Europe.

The savings for passengers can be quite substantial. Let us take, for example, two flights by PAN AM from Heathrow to Los Angeles and Johannesburg (South Africa) respectively with three items of luggage in compliance with the American standards described above.

There is no excess baggage charge on the flight from London to Los Angeles. On the London to Johannesburg flight, passengers have to pay an excess charge of £ 799 for a single ticket, or almost double the price of an off-season APEX ticket.

80. Your rapporteur feels, therefore, that this situation should not be allowed to continue in Europe, even if the examples are less dramatic given the shorter distances involved. He feels that airlines should apply a system based on the number of pieces of luggage similar to that of their American counterparts.

---

1 Doc. 1-1316/82

2 The 20 kg and 30 kg rule was introduced in the 19th century for stagecoaches. Although weight may have been an important factor in the early days of aviation, it is not a vital factor today.

MOTION FOR A RESOLUTION - DOC. 1-1134/82

tabled by Mr HOPPER, Lord HARMAR-NICHOLLS, Mr PRICE, Mr MOORHOUSE, Mrs KELLETT-BOWMAN, Mr KELLETT-BOWMAN, Mr SHERLOCK, Mr WELSH, Mr FORTH, Mr HOWELL and Mr TURNER

pursuant to Rule 47 of the Rules of Procedure

on the pricing policy of the British Airports Authority

The European Parliament,

A. having regard to the undertaking given by Commissioner Kontogeorgis in the European Parliament on 15 December 1982 to the effect that the European Community would investigate the pricing policy of the British Airports Authority with regard to landing and other fees at Stansted Airport,

B. having regard to the fact that the landing fee for an aircraft at Manchester International Airport (e.g. a Boeing 737) may be between four and five times the landing fee for the same aircraft at Stansted,

C. having regard to the fact that the British Airports Authority is a nationalized industry of the United Kingdom and that the subsidy is not available to Manchester International Airport and other airports,

1. Deplores this discrimination against the only non-nationalized Category A International Airport in the United Kingdom;

2. Instructs the European Parliament and its appropriate committee to consider what action the European Parliament should take to redress this injustice;

3. Assures the European Commission of the full support of the European Parliament, should the European Commission decide to take action under Article 92 of the Treaty of Rome;

4. Instructs its President to forward this resolution to the European Commission and the Council of Ministers.

MOTION FOR A RESOLUTION - DOC. 1-1316/82

tabled by Mr MORELAND, Mr JANSSEN van RAAY, Mr ALBERS, Mrs EWING, Mr MOORHOUSE, Mr KEY, Dame Shelagh ROBERTS, Mr PURVIS, Mr MARSHALL, Mr NORMANTON, Mr TURNER, Sir Peter VANNECK and Mr BEAZLEY

pursuant to Rule 47 of the Rules of Procedure

on excess baggage for aircraft passengers

The European Parliament,

A. noting that under IATA regulations excess charges are charged on baggage weighing over 20 kilos,

B. noting that excess baggage charges vary according to the routes,

C. noting that in the operation of a modern jet aircraft, space not weight is the significant limiting factor on baggage,

D. believing that excess baggage charges should be related to cost and to the airline handling expenses,

E. noting the initiative of KLM in introducing the 'piece' system on KLM 'stopover' flights.

1. Believes that current IATA regulations on excess baggage should be revised;

2. Believes that airlines should operate excess baggage charges on the basis of number of 'pieces' of baggage and on their dimensions.

ANNEX III

CATEGORIES OF CHARGES IN DIFFERENT COUNTRIES

BELGIUM	. landing charges . passenger service charges . parking rates . hangar rates . passenger loading bridge charges . air navigation facility charges
CANADA	. landing charges . parking charges . hangar charges . general terminal charges for passenger aircraft . passenger security services fee . air navigation facility charges
DENMARK	. landing charges[1] . passenger service charges . hangar charges . parking charges . air navigation facility charges
FRANCE	. landing charges . lighting charges . passenger service charges . parking charges . air navigation facility charges
GERMANY, FEDERAL REPUBLIC OF	. landing charges . parking rates . hangar rates
GREECE	. landing charges . passenger service charges . parking charges . air navigation facility charges
IRELAND	. landing charges . passenger load fees . parking charges . air navigation facility charges
ITALY	. landing and take-off charges . hangar and parking charges . air navigation facility charges

[1] In actual fact, take-off charges

LUXEMBOURG

- landing charges
- parking charges
- passenger service charges
- air navigation facility charges

NETHERLANDS

- landing fees
- parking and hangar charges
- air navigation facility charges

SWITZERLAND

- landing charges
- noise surcharge
- passenger service charges
- parking charges
- air navigation facility charges

UNITED KINGDOM

BRITISH AIRPORT AUTHORITY AIRPORTS

- landing charges
- passenger service charges
- government security services fee
- parking charges

CIVIL AVIATION AUTHORITY AIRPORTS

- landing charges
- passenger charges
- government security services fee
- parking charges

LOCAL AUTHORITY AIRPORTS

- landing charges
- passenger charges
- parking charges
- hangar charges

UNITED STATES

Chicago

- landing charges
- parking and terminal charges

Dallas - Fort Worth

- landing charges
- parking charges

Detroit

- landing charges
- parking fees
- international terminal use charges

Houston	. landing charges . fuel flowage fee
New York	. landing charges . special terminal charge . parking and storage charges
Washington National Airport	. landing charges . mobile lounge charges . federal inspection service.

SCALE OF AIRPORT CHARGES IN 19 MAJOR EUROPEAN AIRPORTS IN 1982

GENERAL REMARKS

This study relates to airport charges for five categories of aircraft used in international traffic only as at 1 April 1982.

Navigation charges are not included.

The conversion currency used is the Swiss franc (exchange rate as at 1 April 1982).

AIRPORT CHARGES

(1 April 1982)

AIRPORTS		DC-9-30	B-727-200	DC-8-62	DC-10-30	B-747-B
AMSTERDAM	Sw.fr.	1059	2062	2462	4185	5692
	D.fl.	1459	2841	3393	5742	7842
ATHENS	Sw.fr.	370	760	960	1666	2298
	DR	11625	23925	30225	53125	72325
BASEL-MULHOUSE 1)	Sw.fr.	693	1433	1883	3218	4465
	F.fr.	2285	4728	6211	10617	14735
BRUSSELS	Sw.fr.	1024	1920	2176	3646	4926
	B.fr.	24000	45000	51000	85500	115500
COPENHAGEN	Sw.fr.	653	1275	1505	2425	3569
	D.kr.	2773	5428	6399	10318	15161
DUBLIN 2)	Sw.fr.	1477	2774	3173	5319	7195
	Irish £.	522	980	1122	1660	2543
ADV-FRANKFURT	Sw.fr.	1229	2356	3274/2952	4804	6639
	DM	1536	2945	4093/3521	6005	8299
OTHER ADV-AIRPORTS	Sw.fr.	1156	2216	3080/2742	4585	6266
	DM	1445	2770	3825/3423	5733	7858
HELSINKI	Sw.fr.	1404	2626	2944	4935	6657
	F.M.	3350	6268	7025	11782	15890
LISBON	Sw.fr.	887	1674	1987	3294	4474
	E.S.P.	32500	61940	72780	121810	165550
LONDON 3)	Sw.fr.	828	1755	2657	4188	5909
	£.	240	510	783	1215	1715
MADRID	Sw.fr.	682	1290	1527	2617	3585
	Ptas.	35930	67956	80412	137804	188860
MANCHESTER	Sw.fr.	1029	3432	3903	6542	8842
	£.	538	1009	1148	1924	2601
MARSEILLES	Sw.fr.	641	1341	1595	3015	4214
	F.fr.	2072	4332	5474	9740	13610
OSLO	Sw.fr.	1665	3131	3870	5954	8051
	N.kr.	5275	9902	11238	18903	25565
PARIS	Sw.fr.	924	1954	2386	4325	6023
	F.fr.	2992	6322	7718	13992	19487
ROME	Sw.fr.	560	1259	1475	2495	3394
	Lit.	445500	793500	997500	1684500	2.291000
STOCKHOLM	Sw.fr.	1329	2539	2975	5137	7096
	S.kr.	4055	7771	9112	15715	21715
VIENNA	Sw.fr.	1447	2761	3415	5287	8539
	A.S.	12703	24254	29993	46432	57425
ZURICH	Sw.fr.	372	1660	2103	3708	5121

LIST OF ABBREVIATIONS USED

ICAO: International Civil Aviation Organization

IATA: International Air Transport Association

ICAA: International Civil Airports Association

BAA: British Airports Authority

CAA: Civil Aviation Authority (UK)

ERFA: Economics of Route Air Navigation Facilities and Airports

ARAZ: Airport-related activity zones

CHARGES FOR TYPICAL AIRCRAFT

(£; BAA S-E and major international airports)

		B747 335 mt 265 pax		B737 53 mt 80 pax	
		Existing	Proposed	Existing	Proposed
BAA Charges (including security)					
LHR:	Peak	4761	4654	1076	1157
	Summer O-P	1285	966	212	208
	Winter	957	966	161	208
LGW:	Peak	2548	2722	551	621
	Summer O-P	1223	1225	151	169
	Winter	926	939	130	142
STN:	Summer	978	969	121	126
	Winter	698	707	118	124
Annual Average (All charges)					
LHR:	BAA excl Sec	2054	1946	300	337
	Security	321	321	97	97
	CAA-NSC	406	398	72	74
	Total	2781	2665	469	508
LGW:	BAA excl Sec	1283	1348	184	217
	Security	321	321	97	97
	CAA-NSC	406	398	72	74
	Total	2010	2067	353	388
Other Major Airports					
	£ =				
Paris	F Fr 12.06	2208		396	
Frankfurt	DM 3.95	2324		483	
Amsterdam	Fl 4.44	2210		556	
Copenhagen	D Kr 14.30	1294		272	
Stockholm	S Kr 11.55	2233		464	
Rome	Lit 2399	1410		318	
Tokyo - Narita	Yen 334	3894		844	
Zurich	Sw Fr 3.16	2034		422	
Manchester - Summer		4002		847	
- Winter 1000-1300		3460		761	

Rates of Exchange as at December 22nd 1983