Worldwide Airport Slots
Fact Sheet

Airport slots are a solution to a lack of airport capacity. Pre-assigned take-off and landing slots are required to avoid chaos at airports where the infrastructure cannot match demand. Allocating that capacity to airlines in a fair, neutral and transparent manner should be the role of an independent slot coordinator. This ensures the aviation industry can continue to grow and provide consumers the choice, destinations and connectivity they demand in a predictable way.

Unfortunately, the number of capacity constrained airports continues to grow. In summer 2019 there were 204 slot coordinated airports worldwide. Annually 1.5bn passengers depart from a slot coordinated airport, that's 43% of global departing passengers.

The Worldwide Airport Slot Guidelines (WASG) has been developed by airlines, airports and slot coordinators to provide a practical solution that can be applied to any airport globally to allocate and manage slots each season. **The WASG, however, must be applied consistently and in entirety for the benefits to be fully realized at congested airports.** It is built to deliver some key objectives:

1. To **facilitate consumer choice** of air services, **improve global connectivity** and **enhance competition** at congested airports for passengers and cargo.

2. To provide consumers with convenient schedules that meet demand, are consistent from one season to the next, and reliable in terms of their operability.

3. To ensure that slots are allocated at congested airports in an open, fair, transparent and non-discriminatory manner by a slot coordinator acting independently.

4. To realize the full capacity potential of the airport infrastructure and to promote regular reviews of such capacity and demand that enable effectual capacity declarations for slot allocation on a seasonal basis.

5. To balance airport access opportunities for existing and new airlines.

6. To provide flexibility for the industry to respond to regulatory and changing market conditions, as well as changing consumer demand.

7. To minimize congestion and delays.

The decision to implement slot management at a given airport should only be determined by the responsible regulatory authority following a thorough demand and capacity analysis and consultation with airlines and other stakeholders. Such analysis should be undertaken regularly and proficiently to underpin the declaration of available capacity for slot allocation each season. **The WASG cannot deliver more capacity, only make best use of what's declared to be allocated**.

Finally, slot allocation must be viewed as a solution to the fundamental problem of a lack of capacity until the longer-term solution of expanding airport capacity is implemented. For more information on the WASG and slots, visit www.iata.org/slots

IATA's view on the management of slots and the WASG

- **Slots are not the problem – lack of infrastructure is**. Airports need to do more to increase the operating capacity of existing infrastructure and governments need to encourage and facilitate timely and cost-effective expansion of congested airports and airspace. The WASG cannot deliver more capacity, only make best use of what's declared to be allocated.

- **Therefore, effective analysis of capacity and demand is essential,** to allow all available capacity to be declared for slot allocation and use. Today this process is lacking at many coordinated airports, and in the short term could expose vital additional capacity. It is not acceptable that an airport's capacity declaration may not have been

reviewed or updated in a decade, while airlines are adjusting schedules every season to match demand. Fleet and destination mix will impact the use of capacity, so to ensure optimal efficiency, airports must take more responsibility for their capacity. Likewise, changes to the capacity should be communicated in good time to airlines and the coordinator to ensure the least disruption.

- **We are a global industry – we need a global approach to slots** (i.e. the WASG). Aviation is the most global of industries, so where capacity constraints exist, there is a need for a single, harmonized, global set of guidelines. The basic principles of slot management are transparency, certainty, flexibility and sustainability. Flights operate between two airports; it's <u>vital that the rules at both ends</u> work consistently and in harmony.

- **The WASG is jointly published by IATA, Airports Council International (ACI) and the Worldwide Airport Coordinators Group (WWACG).** The WASG is the result of airport operators, airlines and slot coordinators working together to modernize and improve the slot guidelines.

- **The WASG performs well at congested airports**. It may not be perfect but challenges to the WASG are disproportionately focused on London Heathrow and a very small number of other airports (Amsterdam, Hong Kong, JFK) that are very congested, but their consumers still see benefits of the WASG process. Major low-cost carriers use a significant number of slots at primary, congested airports and are firm supporters of the WASG, which has enabled them to enter congested markets and grow and compete with certainty. (e.g. easyJet, JetBlue, Vueling, GOL, AirAsia)

- **Consumers benefit from the WASG** because it allows airlines to deliver a network of routes, offering choice at the prices they demand, building connectivity globally. The certainty of schedules is a primary factor for business travel that continues to facilitate trade and economic growth.

- **As a long-term approach, we are always open to evaluating alternatives,** so we have been looking (and are still looking) to see if there is a better long-term approach to allocating and managing scarce capacity. Through research and analysis, it has been found that there is no better solution out there today; auctions, peak pricing and computational allocation only cause cost and complexity which will harm global connectivity for consumers.

- **The WASG delivers competition, growth and access to ever-congested airports** in a simple and practical process that is fair, neutral and sustainable. Low cost carriers have entered congested airports with the WASG in place, and have grown and competed with incumbents, thus driving benefits for consumers and economies alike. But importantly this is balanced with the need to promote stability and certainty in schedules to support growth in routes and networks which brings connectivity. Slot mobility (swapping or transferring slots to other airlines in a secondary process) allows airlines to best use slots to meet consumer demand with speed and agility.

- **Although it is not perfect, the WASG remains the best long-term solution to managing scarce capacity**. Without such a harmonized global standard, the inevitable result would be governments and airports around the world using a confusing patchwork of (often conflicting) systems for allocating and managing slots that would cripple airlines' efforts to provide their customers with the services their want, to the places they want to fly, when they want to fly and at a price they want to pay. The economic and social value created by global connectivity would be negatively impacted.

What are the objectives of the WASG – is it about protecting slots for airlines?

- No, the primary objective of airport slot coordination remains ensuring the most efficient declaration, allocation and use of available airport capacity in order to optimize benefits to consumers, taking into account the interests of airports and airlines.

- To this end, the WASG has extensive policy on managing the use of slots and ensuring high performance. Coordinators monitor performance of all operators at their airports to ensure airlines are using the slots effectively and as allocated. The process for managing performance is a key feature of the WASG and an important role of the coordinator: it is not just about allocating the slots.

Why not auction slots to the highest bidder?

- Auctioning adds costs and uncertainty to the slots process with potentially disastrous outcomes for consumers.

- It will lead to distortions between carriers and reduce choice and connectivity for consumers. It may create perverse incentives to reduce the creation of new capacity to keep the values high for those receiving the revenue.

It would not actually solve the issue of allocating capacity – detailed and precise coordination is needed to match the capacity available to the planned operation at these incredibly constrained airports. Auctioning would result in far less efficient allocation of scarce airport capacity.

What about secondary trading – isn't that a form of auction?

- Secondary trading is a better solution than primary auctions. Secondary trading facilitates slot mobility (i.e. the movement of slots between airlines) and access to congested airports even when no slots are available through the general pool. It is proven to increase the efficient allocation of slots at very congested airports that allow it to take place, e.g. the UK and US.

- It provides for some flexibility in the system and allows slots to be traded which may allow new entrants or new routes to more in-demand destinations

But it remains a niche solution in particular circumstances, rather than a general principle. It is only used at airports where there is little to no capacity remaining.

New entrants – are they really blocked from accessing congested airports?

- The WASG already provides for 50% of available capacity to be allocated to new entrants.

- The rules of the WASG provide a balance between offering capacity to new entrants while providing for stability and reliability generated by carriers who have consistently operated slots over time.

- The WASG does not just benefit 'legacy airlines'. Major low-cost carriers use a significant number of slots at congested airports and are firm supporters of the WASG to provide consistent and reliable schedules every season while managing capacity challenges.

The inability to gain access to super-congested airports is not a reflection of the access opportunities provided by the WASG at most airports globally, but a fundamental problem from a lack of airport capacity.

The use-it-or–lose-it rule (80/20 rule) is not about a carrier's entire slot allocation but about each series of slots

- The 80/20 rule promotes positive utilization of scarce airport capacity resulting in 95%+ utilisation of the most heavily demand airports. This is because a slot not utilized as part of a series can still be allocated and used by another carrier.

- The 20% margin of flexibility is rarely used in entirety and certainly not for all flight series, in normal times. Increasing the slot use rate is an arbitrary approach to force airlines to fly more regardless of demand. It would invoke cost and unsustainable operating conditions on an industry that achieves average utilization well above other sectors.

- The 80/20 rule offers airlines the certainty to publish tickets almost one year in advance of operation which allows consumers to plan and buy travel in advance.

- Technical problems, bad weather, strikes, and other issues can prevent a flight taking off. Flexibility is vital to keep the system running. Poor performing services are identified in isolation and judged for improvement, without negatively impacting well performing services.

- Losing a whole series of slots for the next season because of a few flights not operated will make planning and investment much less predictable. Both carriers and their passengers need this predictability.

Today the 80/20 rule allows flexibility and therefore doesn't drive carriers to unnecessarily operate empty flights to keep their slots.

So called "Ghost Flights:" A big misconception

- Airlines have not flown totally empty planes for the purpose of slot retention during the COVID crisis. Ghost flights are a phantom problem.

- The issue of 'unnecessary flights' has come about because slot rules were being switched back on too soon during COVID, which meant airlines had to operate all series of slots when the very low loads could have been consolidated onto less flights with the right flexibility in the rules.

- Airlines prefer to be environmentally responsible and cancel any unnecessary flights, while rescheduling on to fewer flights to keep passengers flying.

- Load factors are not indicative of whether a flight is being operated sustainably. Many passenger flights are also operating with high freight loads, so it's incorrect to assume because there are few passengers it is not a sustainable operation

Punctuality and Slot Performance

- Airlines try to operate all flights on-time, it is not in their interest to operate with delays – there are costly knock-on impacts to other flights, crew hours, fleet planning, passenger connections and passenger rights.

- There are many factors that influence on-time departure or arrival outside of an airline's control. There is no evidence that linking punctuality to slots will improve punctuality at an airport. Delays will always exist while there is a misbalance between the capacity on the day in the air or on the ground and the system capabilities, compared to the capacity declared.

- IATA's view is slot performance monitoring by the independent coordinator is the most effective means to change behaviors and see improvements in the operation when combined with meaningful analysis of the capacity declaration on a regular basis.

- Slot performance monitoring by independent coordinators is fair, non-discriminatory and appropriate to the particular disruption being caused.

Airport Capacity Declaration for Slot Coordination

- Since the slot process cannot create capacity, there should be more focus on implementing best practice standards for analyzing and declaring available capacity.

- **Airport capacity is the foundation of slot coordination**: if the declaration is not regularly reviewed considering infrastructure developments, traffic and aircraft mix, resilience of the system and demand, there are inefficiencies in the process. There needs to be constant reflection on performance, balanced with the need for additional capacity and slots.

- **Unfortunately, in Northern Summer 2022 season there were many examples of airports not adequately reflecting on the capacity they had declared in comparison to what the airport could actually provide**. Resourcing challenges have impacted the sector in the ramp up from COVID so temporary reductions in declared capacity should have been managed better by airports and would have avoided disruption sooner. The WASB has promoted a best practice approach to such events: Temporary Reduced Airport Capacity and Slot Management.

- IATA promotes meaningful review of slot capacity declarations to ensure all available and deliverable capacity is realized, even without large scale expansion taking place. Airlines review consumer demand on a constant basis, however, airports do not appear to have the same consistent approach to reviewing their capacity.

- Unfortunately, there are multiple examples of airports where there is either no capacity declaration, the capacity is declared but there has been no assessment on deliverability, or there is a lack of transparency or accountability.

Environment and Slots – so called 'green slots'

- Environmental links to slot allocation decisions are complex and would not help the industry achieve its global sustainability objectives.

- The industry has identified the most appropriate and effective means to manage its environmental impact, which it has committed to at ICAO. The slot process aligns with the initiatives because its objective is to efficiently allocate and manage capacity reducing delays, reducing emissions on the ground and in the air, providing flexibility to match demand with the appropriate aircraft and respond to changes in markets.

- There would be unintended consequences if extreme approaches were taken at (only) the slot coordinated airports to require specific operating conditions related to the environment and slots considering the industry's objectives related to sustainability are global, for all airports and operations. The Worldwide Airport Slot Board has endorsed a position that outlines how the slot process already supports the industry's environmental objectives through its existing policies.