

Slot allocation today and tomorrow: alternatives, benefits and risks

- Slot allocation today follows the German and European regulatory framework, especially EU regulation 95/93, as amended by regulation 793/2004.
- This framework is in line with international procedures, e.g. by IATA and has proven successful in effectively allocating slots worldwide.
- Therefore risks and benefits of altering this well-functioning system have to be considered carefully. With Aviation as a growing sector, disadvantages for the industry in the countries involved are to be avoided.

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- Bearing this in mind, both the German Airport Coordinator as well as the Federal Ministry of Transport, Building and Urban Affairs lay stress on playing an active role in the process of discussing alterations in the regulatory system.
- Therefore, simply taking notice of certain developments appears to be not enough: If there is a practical need for changes, then all parties involved should participate in finding efficient solutions.
- One of these developments obviously is exchanging slots for financial compensation. This is not what Regulation 95/93 had in mind, but apparently what airlines find helpful.

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- Given this practical need, then which solutions may tomorrow's slot allocation have to offer?
- The possible solution on the agenda today is introducing voluntary Secondary Trading, thereby legalizing the practical status quo:
- One aspect could be allowing airlines to exchange slots in return for a financial benefit.
- Another could be allowing airlines to buy or sell slots from each other.

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- Both options have the following aspects and benefits in common:
- They are addressed solely at airlines, i.e. any involvement of third parties outside the aviation industry is beyond any consideration.
- They do not rise the difficult question of ownership.
- They help removing the negative effects of a grey market if airlines' transactions are disclosed and, in order to enforce the general provisions of Regulation 95/93, being monitored by the national Airport Coordinators.

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- As long as airlines are not forced to sell, the respective prices should reflect the actual benefit a company has from acquiring it.
- Grandfather rights remain unaffected.
- The situation of new entrants is not adversely affected.
- The 80/20-rule as well as the other internationally agreed rules and regulations stay in force unchanged; this is a crucial requirement to avoid retaliation.
- Primary trading would result in such and therefore is beyond any consideration for Germany.

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- The situation of new entrants is a good example to show the efficiency of the existing regime:

At three congested airports in Germany, the Coordinator was in the position to allocate available slots for new flights, 20 % in Munich, 9 % in Düsseldorf and also 9 % at one of the most congested airports in Europe, Frankfurt.

- This rather comfortable situation proves to me that new entrants have sufficient access to the market.
- Legally allowing to purchase slots may enhance the access, but this rather minor benefit does not justify major changes to the system.

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- Summary:
- The present airport coordination and slot allocation procedures are efficient. Changes have to be considered very carefully in order to avoid retaliation.
- It has to be acknowledged, though, that there is an exchange of slots for money, a grey market, which has to be removed.
- There are only two options that can be supported by Germany; allowing airlines to exchange slots in return for a financial benefit or to buy or sell slots from each other.

Thanks for your attention.