

# Industry Partnership Agreements

**Airlines, airports and ANSPs should work in partnership to improve cost efficiency of the aviation industry through the implementation of agreements for longer-term planning and cooperation.**

There are currently very few contractual arrangements in place that cover charges between airline customers and an airport or an Air Navigation Service Provider (ANSP).

## SITUATION

The lack of formal agreements leads to repetitive charges negotiations and lengthy discussion on the applicable cost base for the services and facilities provided. The situation provides no incentive for longer-term cost efficiencies or even simple cost reduction. This is particularly important when there is insufficient protection due to the absence of strong, robust and independent economic regulation.

## IATA POSITION

IATA strives for long-term (3 to 5 years) pricing agreements with airports and ANSPs to ensure commitment to continuous improvement in cost efficiency and service quality. These agreements provide a positive business framework that avoids the need for annual negotiations and that allow providers to better manage their businesses to the satisfaction of their airline customers.

## KEY REASONS TO SUPPORT INDUSTRY PARTNERSHIP AGREEMENTS

- 1 To achieve best common strategic goals through a shared vision of trustful cooperation.
- 2 To ensure clarity for airline customers on what is being provided, at what price and to what level of service.
- 3 To ensure continuous improvement in operational performance to the benefit of the airport or ANSP and its customers.
- 4 To encourage longer-term (3-5 years) pricing arrangements.
- 5 To encourage the building of fit for purpose and cost effective infrastructure in a timely manner.
- 6 To encourage continuous improvement in financial performance, with the benefits shared with airlines and passengers through lower charges.
- 7 To build a partnership between airlines, airports and ANSPs and to give clarity and avoid time intensive and costly disputes.

## KEY ELEMENTS OF A MODEL AGREEMENT

- 1 Scope, term and definition of facilities and services.
- 2 Agreed levels of operational performance and quality through service level agreements.
- 3 Sufficient and timely capacity provided, supported by business cases and financial plans.
- 4 Cost reduction and cost efficiency targets.