

Cross Subsidisation

Airlines and their passengers should not have to pay for facilities and services used by other parties.

SITUATION

There are currently several scenarios where cross subsidisation of costs and charges exist within and across airports and Air Navigation Service Providers (ANSPs). This leads to airlines and passengers paying for facilities and services they do not need and do not use. It also means that those using the cross subsidised facilities and services are getting them at a reduced rate or even for free. Types of cross subsidisation that exist in both costs and charges include subsidies between:

- ANSP and Airports (under single ownership or where the services are provided by the same operator)
- Airport cross-ownership and alliances
- Airport networks (within the same country)
- Airport systems (serving the same city)
- Airlines (through differential charging between domestic and international traffic)
- Air Navigation services (between en route and terminal navigation or between terminal navigation at different airports within the same airport system)
- MET services paid for by airlines but also used by others

IATA POSITION

IATA does not support any cross subsidisation of charges. It leads to airline users subsidising other airlines.

KEY REASONS WHY THERE SHOULD NOT BE CROSS SUBSIDISATION

- 1** Charges will not be cost-related and therefore not meet ICAO Policies¹.
- 2** It is anti-competitive, as one group of airline users will subsidise another group.
- 3** This leads to a distortion of competition and an imbalance of the level playing field.
- 4** Airlines and their passengers are paying for facilities and services they do not use and do not benefit from.
- 5** The link between costs and the price paid is lost.
- 6** Charges should be site specific.
- 7** It does not encourage cost reduction and cost efficiency.

¹ ICAO Doc 9082/7 - paragraphs 22v) & 40