



# Charges Discounts and Incentives

A general reduction in the level of charges for all carriers should be favored over discounts and incentives that distort competition.

## SITUATION

Many airports offer discounts as an incentive to grow their network and attract new airlines. Nonetheless, there are some situations in which incentives can discriminate between airlines — when incentive schemes are not open to all carriers, benefit only a limited number of users and are funded by those airlines that do not benefit from them. In such a situation, incentives and discounts distort competition between airlines and are detrimental to users who do not benefit from them.

## IATA POSITION

IATA favors a general reduction in the level of charges for all carriers, rather than granting incentives to a limited number of users. No group of users should be given special treatment with regard to charges. Rebates and discounts can only be supported if they do not distort competition and are non-discriminatory and equitably applied. Incentives and discounts must comply with ICAO's principles for safeguarding users against potential negative effects of rebates<sup>1</sup>: they should be available to all operators without discrimination, openly published together with the purpose and the criteria according to which they are offered and available for a limited time only. Furthermore, there should be no cross-subsidization through other charges: costs associated with rebates should not be allocated to those airline users who do not benefit from them.

IATA strongly objects to discounts and incentives that distort competition. A certain number of incentive schemes have an inherent discriminatory effect that contravenes the spirit of Article 15 of the Chicago Convention that states there should be no discrimination between users of aeronautical facilities.

## KEY CONSIDERATIONS WHEN PROPOSING NEW CHARGES DISCOUNTS OR INCENTIVES

- ◆ Engage all airlines in a full consultation to review the proposed discounts or incentives and agree on clear and measurable objectives related to these rebates.
- ◆ Ensure that ICAO's policies on charges are applied: incentives should be non-discriminatory, fairly distributed amongst all users and limited in time, scope and amount.
- ◆ Analyse the operational impact and network effect on aviation stakeholders.
- ◆ Publish full details related to incentive schemes for transparency purposes.
- ◆ Conduct regular reviews and discontinue incentives before their term if they do not meet stated objectives.

<sup>1</sup> ICAO Doc 9082 (ninth edition), paragraphs 3 iv) and 3 v) o Section II refer.