



Proposed slot regulation for temporary relief from the slot utilization rules in the EU

The situation in the EU today - Regulation 95/93 as amended by Regulation 2021/250

Regulation 95/93 has enabled the growth of airline competition, consumer choice and connectivity across the Union. The high utilization of airport capacity is testimony to the Regulation with airports reaching 95%+ of available capacity and 99% at the busiest airports. Despite capacity challenges, the regulation has enabled the EU aviation industry to flourish and new business models to grow and access such congested airports and compete with existing carriers.

The downturn in traffic caused by COVID-19 has threatened long-established connectivity, competition and high airport utilization due to restrictions on passengers to fly. Some airports have not been able to deliver on their capacity declarations, causing disruption to airlines and passengers. Regulation amendment 2021/250 provided essential relief to facilitate a strong recovery by allowing airlines to cancel slots with the knowledge they retained rights to restart former services again at a future date, and they could match their services closer to demand. It also recognized COVID-19 restrictions that prevent flights from operating was a justified reason for not using slots (referred to as 'JNUS') with no negative consequence to the airline.

Proposed Regulation for temporary relief from the slot utilization rules in the EU

The proposed interim regulation applies to Winter 2022, Summer 2023 and Winter 2023. While the proposal is limited in time, the proposal includes significant structural changes that if adopted will have long term consequences on slots. Key elements of the proposal include:

Key element	Airline comments
80% Slot series utilization is reinstated	<p>80% assumes the industry has reverted to 100% of 2019 levels of operation. The reality is the industry is not back to normal:</p> <ul style="list-style-type: none"> IATA forecasts Europe to reach 82% of 2019 levels in 2022, while global international RPKs currently stand at 65% of 2019 levels. Resources and service providers essential to support a full recovery of flights are not fully recovered themselves which is seen in a lack of resilience or stability in aviation still. Setting the utilization rate too high risks discrimination because airlines from worse impacted regions are expected to fly as though they are no longer impacted, and more exposed network / long haul carriers need full recovery of non-EU markets. <p>The proposal is in contrast to the industry's environmental objectives and EU targets by pushing productivity at normal levels before the sector or demand is ready.</p>
Unexpected circumstances that prevent airlines from operating no longer count towards the utilization rate if they relate to COVID-19 and epidemiological situations, natural disaster or political unrest, but are included as	<ul style="list-style-type: none"> Airlines impacted by unexpected circumstances need safeguards and these need to count towards their utilization of the slot to ensure sustainably driven outcomes. Airlines impacted for an extended period could lose slots despite it being recognized as out of their control. The proposal creates uncertainty in airline planning and forces airlines to add a buffer (more flights) because unexpected



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justified reasons for non-utilization of slots (JNUS).

circumstances cannot be planned for: an airline must plan to operate more flights just to cover the uncertainty and to meet the required slot utilization rate.

- Practically, slot coordinator systems are not designed to manage varying JNUS approaches.

A delegated act provides the EC with the ability to reduce the utilization rate if demand dips below 80% of 2019 levels for four consecutive weeks once the season starts.

- Waiting four weeks for an assessment invites unnecessary flying, resulting in airlines having to continue operating as normal which is counter to the industry's environmental objectives.
- Only changing the slot use rate once the season starts means airlines continue to plan and resource for a full, normal schedule. The same is true of the aviation partners and suppliers that have to plan to accommodate the same full schedule.
- Planning with certainty of the rules in advance stabilizes the schedule for consumers.

New enforcement of slot returns. If more than three slots are returned within three weeks of operation, the airline is not eligible for a lower slot utilization rate.

- Slot coordinators monitor an airlines use of slots to ensure an airline only holds slots they intend to operate and do not misuse the process.
- By removing the benefit of a lower slot utilization rate as a measure of enforcement, airlines are forced to fly unnecessarily in contrary to the need to cancel flights.

What is our position on the EC's proposed interim regulation?

Our member airlines firmly support the need for an interim regulation that helps mitigate the uncertainties that the air transport industry and its customers may well face over the coming seasons. The initial reaction of our member airlines was to reject this proposal outright as it does not appear to be implementable or to provide the support required of Regulation at this stage of the airline industry's recovery. However, our members would rather propose the following changes in the spirit of finding a workable solution:

- **Airlines cannot support the fundamental policy changes** (most notably the changes related to JNUS) in the current proposal because they believe they will result in:
 - A system that would be very complicated (if not impossible) to administer from a practical/technical perspective
 - Extreme schedule planning difficulties and associated resilience concerns
 - Flights needing to be operated for slot retention purposes when there is no demand (so bad from a sustainability perspective)
- **Airlines believe that the proposal should be amended** to include the same language that is present in the current COVID slot use Regulation (2021/250) from the Northern Summer season:
 - **64% slot use rate set prior to the coming season** and consistent for the whole season (to ensure effective schedule planning and flexibility)
 - **Maintain the same JNUS approach and policy** as global standards
 - **Maintain the same approach to the Delegated Act** for future seasons
 - Eliminate confusing changes to how coordinators manage slots