



# Why early granting of slot relief enables airlines to prioritise an environmentally sustainable flying schedule

**The airline industry is asking the EU Commission to swiftly approve slot relief for the northern winter season which starts on 31 October 2021. A 30% slot use threshold will enable airlines to prioritize an environmentally sustainable schedule.**

In setting out the amendments to the slot regulation for the Northern Summer 2021 (NS21) season, EU Commissioner for Transport Adina Vălean said the amendment allows the slot rule to “better adjust to consumer demand for air travel, fosters competition, and sets a path for a gradual return to normal rules...this initiative will incentivize airlines to make efficient use of airport capacity and ultimately benefit EU consumers.”

This paper will argue that in order for the EU Commission's objectives to be continued to be met, the slot relief package proposed for Northern Winter 2021/22 (NW21) must have a slot use threshold no higher than 30%. Setting a threshold higher than this will create an outcome that would endanger the EU objectives outlined by Commission Vălean, as well as generate environmentally unnecessary flights, in direct opposition to the aims of EU climate policy and the 'Green Deal'.

For the NW21 season the EU Commission can implement slot relief through one mechanism defined in the recently updated Slot Regulation<sup>1</sup>: by reducing the normal slot use requirement to between 30-70%.

## **The present air traffic situation and projections for NW21**

The extent of the COVID-19 crisis continues to depress air traffic demand to levels lower than predicted. In April 2021 IATA further lowered its assumptions of global air traffic demand recovery for 2021 compared to its prediction in November 2020. The European aviation region, which incorporates the whole of the EU plus Turkey, Russia and other states, is expected to be the slowest recovering region of any.

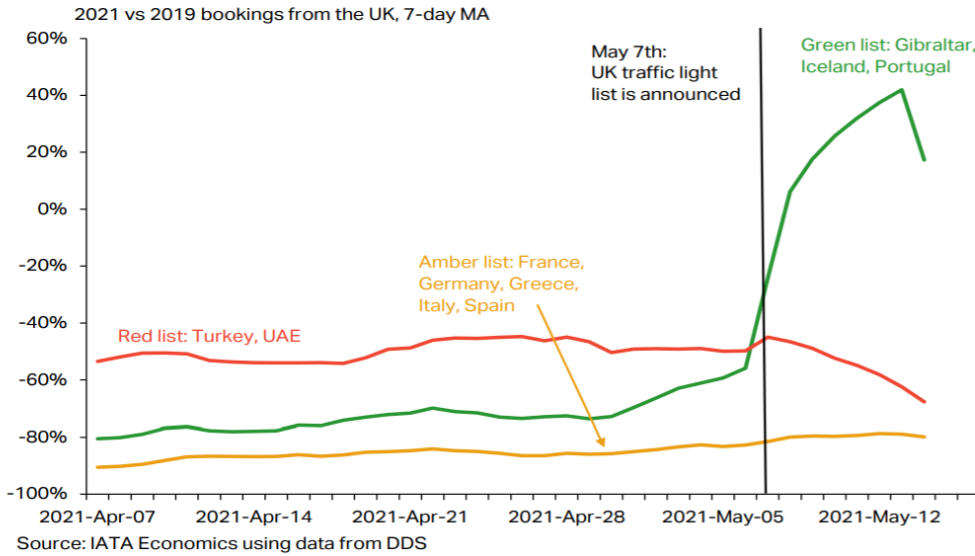
The lack of predictability in the global aviation network due to changes in restrictions, border closures and re-openings has resulted in airlines having to react quickly to short and unpredictable demand spikes. For this to happen, they need flexibility to be able to navigate a volatile business environment, and shift operations to meet demand.

The chart below shows the surge in bookings to specific markets that were put on the UK 'green list' on May 7<sup>th</sup>. There was also a notable decline in bookings to Turkey which was put on the 'red list'. Similar volatility to and from EU markets is also expected as concern about COVID variants causes governments to close borders.

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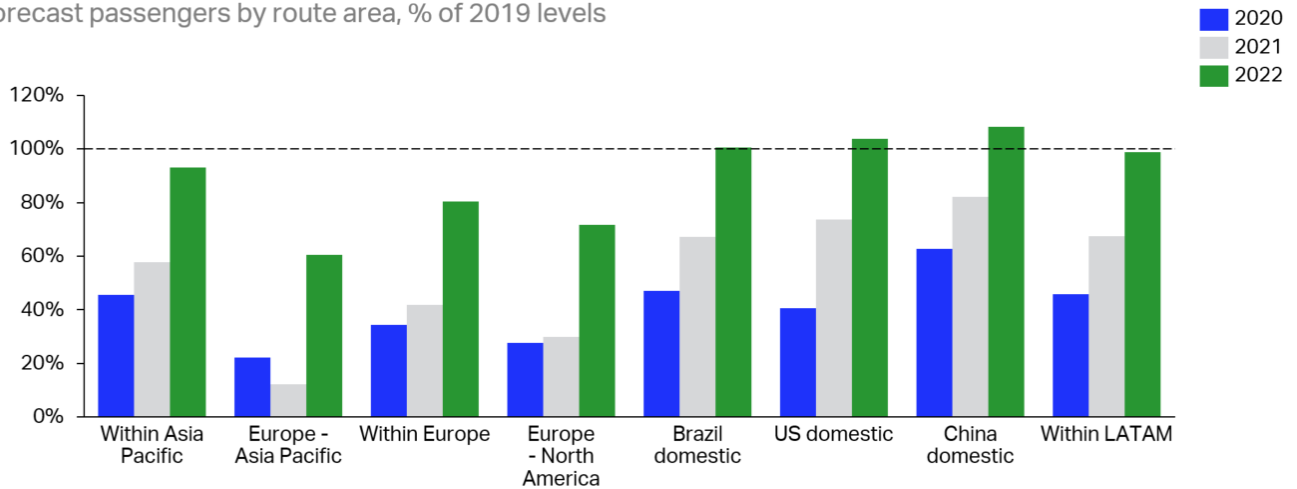
<sup>1</sup> EEC Slot Regulation 95/93 as amended by 2021/250, February 2021.

## Europe summer travel awaits the green light



This volatility is not expected to diminish in the coming months. Data from IATA Economics predicts that travel demand will not be able to support full schedules during NW21.

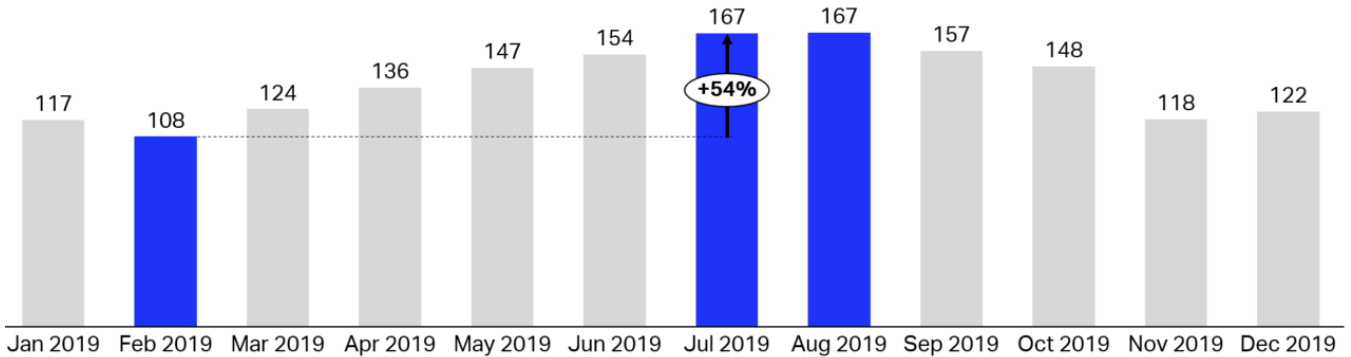
Forecast passengers by route area, % of 2019 levels



*IATA Economics/Tourism Economics forecasts*

Furthermore, traffic between Europe and the rest of the world is forecast to be lower in the winter season with less holiday travel. Intra-EU travel is also forecast to be lower. This is because traffic mix is less reliant on leisure, but more on business and long-haul flights.

Number of flights between EU and non-EU countries, 2019 (thousands)

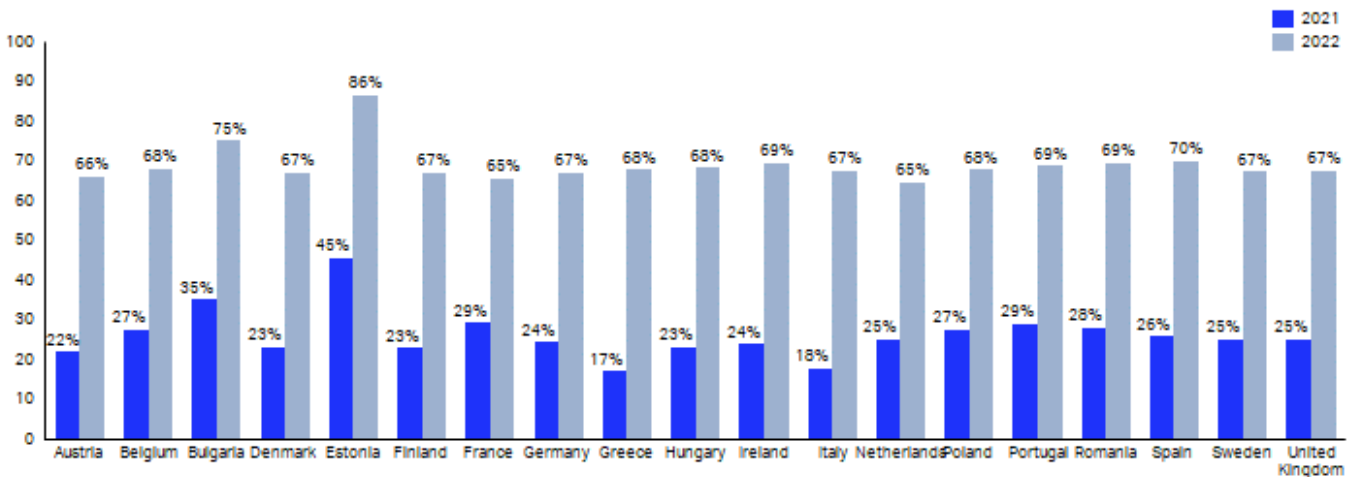


IATA Economics using data from SRS Analyser

Likewise, [EUROCONTROL's updated forecast recently downgraded their near-term outlook for end 2021/start 2022](#). The outlook is volatile, bookings are unpredictable and low traffic is expected due to a considerable list of uncertainties.

### Long haul demand not expected to improve significantly in Europe in 2021

Forecast number of long-haul passengers (>3000km) as % of 2019 levels, by departure country



### Key NW21 concerns that could prevent airlines planning an environmentally sustainable recovery

The EU regulation already defines the level of slot relief that can be offered in the EU this coming Northern Winter season. For the first season in the COVID crisis airlines must utilise every series to a minimum threshold. If the threshold is too high airlines will be forced to operate more flights than they have demand to



satisfy, or lose their slots. Airlines planning their NW21 operation do not want to make decisions about their schedule purely because slot rules force them to operate, but instead allow a sustainable rebuilding of the network in line with the recovery of demand: both in and outside the EU.

Airport slot use is measured on each flight by each day of the week in a "Slot Series". All long haul, short haul and domestic flights are treated the same. This is crucial for the winter season because demand for intercontinental flying is not expected to exceed 30% of 2019 traffic. Therefore, insisting slot series between the EU and Asia, to the US, or to China operate to a threshold over 30% could lead to airline planning teams having to choose to save the slot or lose it. For many airlines, they will choose to operate the slot even if the flight does not have sufficient demand – a situation which is not sustainable financially or environmentally.

In normal circumstances EU carriers are operating many non-EU flights, all with precise slot times secured in foreign airports. These services are fed by flights within the EU from the regions to the hub airports, and often multiple times a day to ensure passengers have very efficient connection times. Without the international onward flights, the feeder services in the EU are also impacted. Airlines want to continue to offer destination choice but at much reduced frequency while the demand recovers. Equally, they need to temporarily 'flip' their usual network to focus on the countries which can accept passengers while other markets reopen gradually. The industry position allows airlines to return some of their normal flying schedule for full alleviation from use, but in winter that cannot be the case according to the EU Regulation. Instead, these multiple services should be protected, and hub airport structures preserved for when non-EU traffic can really get going again. Therefore, airlines are asking for a maximum 30% requirement for slot use in the EU, essential for fair and equal treatment on the other end of the route.

## **Global slot relief request for NW21**

The Worldwide Airport Slot Board (WASB) have requested an extension of the already adopted and successful Northern Summer 2021 (NS21) slot relief for the winter, but with minor adjustments.

The industry is not demanding a full slot use waiver. It is requesting that regulators fully implement the [WASB recommendation for winter 2021](#), and to do so as quickly as possible to support planning. If implemented in full, the WASB recommendation will enable an economic and environmentally sustainable recovery of flights.

## **Differences in the EU approach**

The EU slot regulation is a more limited version of the industry proposal for winter 2021. It only allows the adoption of a lower usage threshold without slot returns. Compared to last winter season, when the European Commission provided a conditional slot use waiver, this time it is only possible to decide on the use-it or lose-it percentage. As such, there is a stronger need for a lower threshold, at 30%, as airlines cannot count on other kinds of complementary flexibility.

Airlines will fly to match demand, but, the most environmentally responsible approach is to give airlines full flexibility to fly when there's demand and to match the pace of recovery. That is, not be forced to operate because the EC sets a threshold that is too ambitious. A lower usage threshold of 30% is the only viable and sustainable solution from an environmental and financial point of view. Deciding a higher threshold is harmful for the recovery of the aviation industry within and outside of the EU. There are too many unknowns still about vaccinations, booster jabs, fourth waves and variants to see enough stability for high utilisation this winter.

Outside of the EU, countries are expected to continue to offer the WASB slot relief package to airlines. The UK, for instance, has proposed a full slot relief package. This puts the EU airlines at risk of uneven reciprocal treatment thus harming their future competitiveness.



## **Industry key request to the EU Commission and Member States: maximum 30% threshold**

It is crucial that the EC decides on a 30% use-it or lose-it rule, the lowest margin possible, because there is no other flexibility provided for airlines this winter in the EU. Intercontinental flying is not assumed to be restored at higher levels until 2022, and even the intra-EU market will not stabilise until 2022, and this relies on a coordinated reopening. The European Commission should swiftly agree to provide the necessary slot relief package for the season with a lower threshold.

It is difficult for airlines to plan their operations and decide on route structures, fleet, crew, and schedule size without a proper understanding of the slot rules at each airport in the airline's network. With the appropriate slot relief package, airlines are given the tools to sustainably plan an operation that reflects the markets they operate in, while also granting the flexibility to react.