Airport Charges at Queen Alia International Airport: letter from the Director General of IATA to the Prime Minister and Minister of Defense of the Hashemite Kingdom of Jordan, H.E. Mr Nader A. Dahabi

Geneva, 21 October 2009

Your Excellency,

For many years, Jordan has been regarded as a leader in aviation, with the support of its enlightened leadership and Your Excellency’s personal commitment towards aviation industry.

I am writing to seek your urgent support and to draw your attention to our deepest concern regarding some serious shortcomings with the Rehabilitation, Expansion & Operation Agreement (REOA) for Queen Alia International Airport (QAIA) between the Government and the Airline International Group (AIG).

Our understanding is that this agreement allows for retroactive application of inflation-linked charges increases, does not require consultation with the airlines on changes to charges levels and allows an excessive 54% concession fee on turnover to the Government. In our view this is counter-productive to the economic and social development of Jordan and the benefits that civil aviation can provide.

As we have said to AIG, at this time of global economic crisis, we do not believe that inflation-linked charges increases are appropriate. Airport charges should be closely related to the actual facilities and services provided and subject to meaningful consultation with airlines in line with ICAO principles. Retroactive charges are similarly inappropriate in that they are paid by future passengers and airlines rather than those who have used the facilities.

In our experience, the 54% concession fee is unacceptably excessive. Given that the Government has largely withdrawn from ownership and investment in QAIA, the concession fee can be regarded as an additional cost to the airlines and passengers. This results in higher ticket prices that affect demand, possible damage to the aviation industry and an adverse impact on economic growth and tourism. Growth in air traffic, tourism and economic aviation is related to lower aviation costs which guarantee additional jobs and revenue for Government, that more than offsets direct revenue from the concession fee. These benefits can better be realised through the elimination or reduction of the concession fee.
On 12 October a joint IATA/AACO letter was sent to the Minister of Transport, outlining the charges and taxes issues in Jordan in general and highlighting the REOA problems in particular. This letter called for a meeting to address these issues. I would be most grateful for your support in arranging this meeting to produce positive results that show Jordan’s interest in implementing ICAO principles of real consultations between AIG, as a monopoly supplier, and the airlines.

IATA highly regards your Excellency as a keen supporter of our industry which is currently passing through a very difficult time.

Sincerely,

Giovanni Bisignani
Director General and CEO
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