



Worldwide Airport Slots

Fact Sheet

Pre-assigned take-off and landing slots are required to avoid chaos at airports where the infrastructure cannot match demand; allocating that capacity to airlines in a fair, neutral and transparent manner should be the role of an independent slot coordinator. This ensures the aviation industry can continue to grow and provide consumers the destinations and connectivity they demand.

The Worldwide Slot Guidelines (WSG) has been developed by airlines and slot coordinators to provide a practical solution that can be applied to any airport globally to allocate slots each season and manage a shortage of capacity.

The number of capacity constrained airports continues to grow throughout the world, requiring a slot process to manage allocation. In summer, 2018 there were 204 slot coordinated airports worldwide. Annually 1.5bn passengers depart from a slot coordinated airport; that's 43% of global departing passengers.

IATA's View

- **Slots are not the problem – lack of infrastructure is.** Airports need to do more to increase the operating capacity of existing infrastructure and governments need to encourage and facilitate timely and cost-effective expansion of congested airports and airspace. The WSG cannot deliver more capacity, only make best use of what's declared to be allocated.
- **Therefore, effective analysis of capacity and demand is essential,** to allow all available capacity to be declared for slot allocation and use. Today this process is lacking at many coordinated airports, and in the short term could expose vital additional capacity.
- **We are a global industry – we need a global approach to slots** i.e. the WSG. Aviation is the most global of industries, so where capacity constraints exist, there is a need for a single, harmonized, global set of guidelines. The basic principles of slot management are transparency, certainty, flexibility and sustainability. Flights operate between two airports; it's vital that the rules at both ends work consistently and in harmony.
- **The WSG performs well at congested airports.** It may not be perfect but challenges to the WSG are disproportionately focused on London Heathrow and a very small number of other airports (Amsterdam, Hong Kong) that are essentially in a separate category that could be called 'super congested'. Major low-cost carriers use a significant number of slots at congested airports and are firm supporters of the WSG, which has enabled them to enter congested markets and grow and compete with certainty.
- **Consumers benefit from the WSG** because it allows airlines to deliver a network of routes, offering choice at the prices they demand, building connectivity globally.
- **IATA launched a 'Strategic Review' to identify the areas where the WSG could be modernized** in the short to medium term. IATA is working with slot coordinators and airports in the review. The first changes from the work were published in the new 9th Edition of the WSG. The Review should be completed in 2019, but as always IATA will thereafter continue to work with stakeholders to ensure the WSG remains relevant.
- **As a long-term approach, we are always open to evaluating alternatives,** so we have been looking (and are still looking) to see if there is a better long-term approach to allocating and managing scarce capacity. Through research and analysis, it has been found that there is no better solution out there today; auctions, peak pricing, computational allocation only causes cost and complexity which will harm global connectivity for consumers.
- **The WSG delivers competition, growth and access to ever-congested airports** in a simple and practical process that is fair, neutral and sustainable. Low cost carriers have entered congested airports with the WSG in place, and have grown and competed with incumbents, thus driving benefits for consumers and economies alike. But importantly this is

balanced with the need to promote stability and certainty in schedules to support growth in routes and networks which brings connectivity. Slot mobility (swapping or transferring slots to other airlines in a secondary process) allows airlines to best use slots to meet consumer demand with speed and agility.

- **Although it is not perfect, the WSG remains the best long-term solution to managing scarce capacity.** Without such a harmonized global standard, the inevitable result would be governments and airports around the world using a confusing patchwork of (often conflicting) systems for allocating and managing slots that would cripple airlines' efforts to provide their customers with the services they want, to the places they want to fly, when they want to fly and at a price they want to pay. The economic and social value created by global connectivity would be negatively impacted.
- **Modernizing the WSG requires teamwork between industry stakeholders** including airports (and ACI) and slot coordinators. We are fully committed to ensuring the WSG continues to support the aviation industry and working with all interested parties to deliver this.

Why Not Auction Slots to the Highest Bidder?

- Auctioning adds costs and uncertainty to the slots process with potentially disastrous outcomes for consumers.
- It will lead to distortions between carriers and reduce choice and connectivity for consumers. It may create perverse incentives to reduce the creation of new capacity to keep the values high for those receiving the revenue.
- It would not actually solve the issue of allocating capacity – detailed and precise coordination is needed to match the capacity available to the planned operation at these incredibly constrained airports. Auctioning would result in far less efficient allocation of scarce airport capacity.

Why About Secondary Trading – Isn't that a Form of Auction?

- Secondary trading is a better solution than primary auctions; secondary trading facilitates slot mobility (i.e. the movement of slots between airlines) and access to congested airports even when no slots are available through the general pool.
- It provides for some flexibility in the system and allows slots to be traded which may allow new entrants or new routes to more in-demand destinations.
- But it remains a niche solution in particular circumstances, rather than a general principle. It is only used at airports where there is little to no capacity remaining.

New Entrants – Are They Really Blocked from Accessing Congested Airports?

- The WSG already provides for 50% of available capacity to be allocated to new entrants.
- The rules of the WSG have developed to provide a balance between offering capacity to new entrants while providing for stability and reliability generated by carriers who have consistently operated slots over time.
- The WSG does not just benefit 'legacy airlines'. Major low-cost carriers use a significant number of slots at congested airports and are firm supporters of the WSG. These airlines have grown and flourished, despite a severe lack of airport capacity and compete directly with established carriers at congested airports.
- The inability to gain access to super-congested airports is not a reflection of the access opportunities provided by the WSG at the majority of airports globally, but a fundamental problem from a lack of airport capacity.

The use-it-or-lose-it rule (80/20 rule) is not about a carrier's entire slot allocation but about each series of slots.

- The 80/20 rule promotes positive utilization of scarce airport capacity.

- The 80/20 rule offers airlines the certainty to publish tickets almost 1 year in advance of operation which allows consumers to plan and buy travel in advance.
- Technical problems, bad weather, strikes, and other issues can prevent a flight taking off. Flexibility is vital to keep the system running.
- Poor performing services are identified in isolation and judged for improvement, without negatively impacting well performing services.
- Losing a whole series of slots for the next season because of a few flights not operated will make planning and investment much less predictable. Both carriers and their passengers need this predictability.
- Efficiency at slot restricted airports is already now at more than 90%. This is because a slot not utilized as part of a series can still be allocated and used by another carrier.
- Today the 80/20 rule allows flexibility and therefore doesn't drive carriers to unnecessarily operate empty flights to keep their slots.

Punctuality and Slot Performance

- Airlines try to operate all flights on-time, it is not in their interest to operate with delays – there are costly knock-on impacts to other flights, crew hours, fleet planning, passenger connections and passenger rights.
- Delays are not all controllable, quite the contrary – there are many factors that influence on-time departure or arrival that mean airlines are often not directly accountable for the delay. Due to the nature of delays there is no evidence that linking punctuality to slots will improve punctuality at an airport. Uncontrollable delays will always exist, and therefore the biggest likely outcome will be disruption to established schedules.
- IATA's view is slot performance monitoring by the independent coordinator is far more effective to change behaviors and see improvements in the operation.
- Independent slot performance monitoring by independent coordinators is fair, non-discriminatory and appropriate to the particular disruption being caused.

Airport Capacity Declaration for Slot Coordination

- The slot process cannot create capacity that is missing in the air and on the ground. There should be more focus on implementing best practice standards for analyzing and declaring available capacity.
- Airport capacity is the foundation of slot coordination: if the declaration is not regularly reviewed considering infrastructure developments, traffic and aircraft mix, resilience of the system and demand, there are inefficiencies in the process. There needs to be constant reflection on performance, balanced with the need for additional capacity and slots.
- IATA promotes meaningful review of slot capacity declarations to ensure all available and deliverable capacity is realized, even without large scale expansion taking place. Airlines serve the demands of the travelling public; the slot time requested is driven by the consumers' desire to be in a certain place at certain time on a certain day. Airlines review consumer demand on a constant basis, however airports do not appear to have the same consistent approach to reviewing their capacity.
- Unfortunately, there are multiple examples of airports where there is either no capacity declaration, the capacity is declared but there has been no assessment on deliverability, or there is a lack of transparency.

Strategic Review of the WSG:

- Understanding that the WSG is not perfect, IATA launched a 'Strategic Review' in 2016 to identify the areas where the WSG could be modernized in the short to medium term:
- Recognizing that it is not just airlines affected by the WSG, IATA and its members invited both the slot coordinators (the independent bodies that manage slots at congested airports) and the airports to participate in the review.

- Between them the three groups (airlines, coordinators, airports) agreed to focus on 4 specific areas (each area has a task force dedicated to it that includes representatives of the 3 groups):
 1. Performance & Punctuality: how best to ensure that airlines use their slots as allocated, without penalizing airlines for unforeseen 'on the day' operational factors (e.g. air traffic control congestion, tech aircraft, strikes or bad weather). Determining best practice guidance for monitoring slot performance at all coordinated airports.
 2. Fair and equal access to congested airports: looking at enhancing the process for allocating slots to airlines wishing to get access to congested airports, while maintaining transparent and clear rules for all.
 3. Best use of capacity: reviewing the current processes involved in retaining slots and how to ensure best use of scarce capacity to promote connectivity and choice to the customer.
 4. Proportional rules for less-congested (Level 2) airports: how to ensure that airports that are currently not congested (or at least not congested all the time) can continue to grow and provide the connectivity and services that consumers want without having to impose the complex allocation processes that have to be used for fully congested (Level 3) airports
- The first changes were published in the 9th edition of the WSG, which was effective 1 January 2019. The groups are continuing their work with changes to the new entrant rule, a new WSG section on performance management and improvements of the airport capacity declaration process to be, published in the 10th edition of the WSG, effective 1 August 2019.