

# Airport Slot Capacity: you only get what you give

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Good afternoon everyone,

I'm Lara Maughan – head of worldwide airports slots for IATA.

Over the next 10 mins I would like to explain why we are focusing on the role of airport capacity in the slot process,

We believe there's a problem, in how it's declared - that's impacting how airlines can use capacity, grow and ultimately meet demand.

- Declaring airport capacity is the primary step in the seasonal slot process, but it's being ignored.
- Today we'll explain what we think could be done better

# Creating room to grow at congested airports

A capacity crises is looming



Building airport capacity is a long-term project, but we also need to **manage effectively the capacity that currently exists.**

- All forecasts predict we're entering a capacity crises – infrastructure can not meet demand globally
- Regulators are looking for solutions, but we are concerned they're focusing on the wrong area.
- The European Commission has repeatedly spoken about creating additional capacity in Europe to manage delays by reforming the slot process - radically changing the slot process is not the solution.
- The slot process does not create capacity – it manages a lack of it!
- Although IATA's role in many areas is to urge change, our message on slots is - be extremely careful.
- The current slot process enables airlines to consistently plan schedules and aircraft investment, which allows airlines to meet consumer demand, despite the

growing challenge of airport and airspace capacity constraints.

- The process is facilitating growth, not disabling it.
- The real issue lies in the lack of time spent analyzing the capacity we have and how it's being used.

## Maximizing the potential of current airport infrastructure

- Insufficient capacity
- Inability to meet demand
- Is there more that could be done?
- Inadequate analysis and declaration

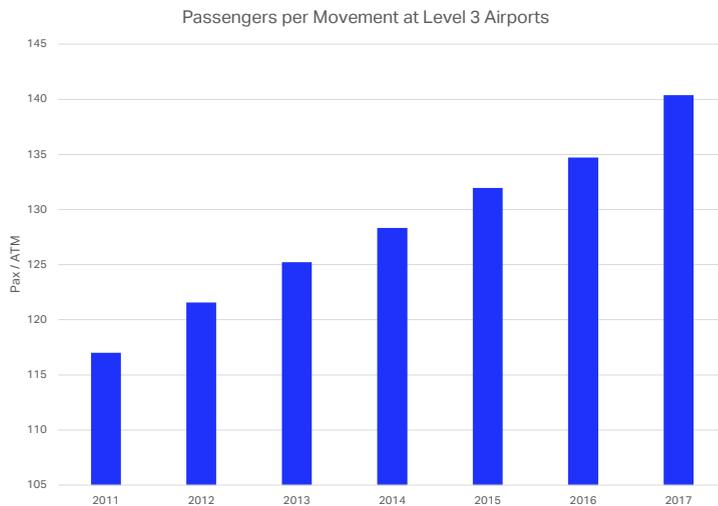
Lets make the most of what we have



- Maximizing the potential of current airport infrastructure is a necessity, if we want to try and meet demand.
- There is insufficient capacity preventing growth, airlines are being restricted – to grow at their current airports and expand in to new markets.
- But we think that more could be done.
- The key is ensuring there's reliable, transparent and regular analysis of what the capacity is, and how demand is changing.
- This is the foundation to declaring realistic, optimized and best in class capacity at the worlds most congested airports = the worlds most heavily demanded airports.
- This is why we are calling on governments, airports, ANSPs and airlines to collaborate. We can and should do more to ensure the capacity that currently exists is managed well and declared using best practice. This will allow the most

to be gained, from the infrastructure that already exists.

## Airlines are using scarce capacity well

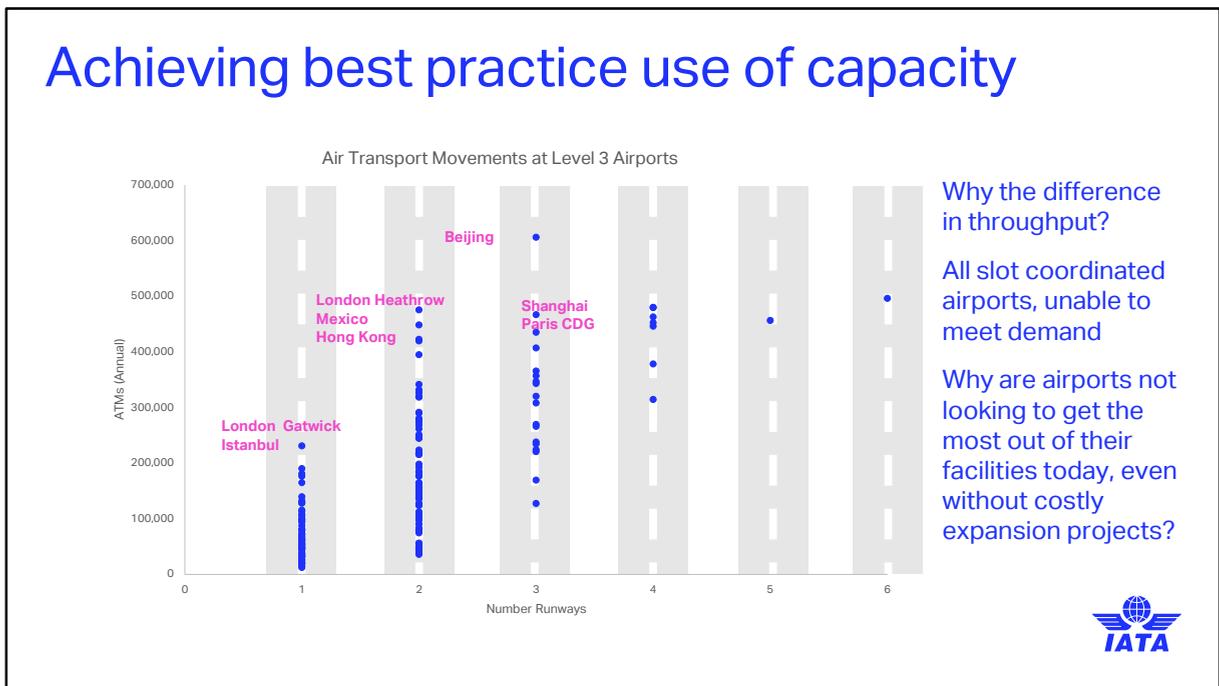


Despite limited available capacity, at slot coordinated airports, airlines have been using slots efficiently.



- Airlines are regularly reviewing the markets they serve, the destinations they put larger aircraft on, to make the best use of scarce capacity
- They tweak the timing of their services to maximize connectivity through their banks of traffic globally.
- Unfortunately they're also having to decide which routes to operate and which get dropped – because there are not enough slots to satisfy demand.
- The industry is extremely dynamic in this respect, constantly reviewing what passengers want and what they're offering.

# Achieving best practice use of capacity

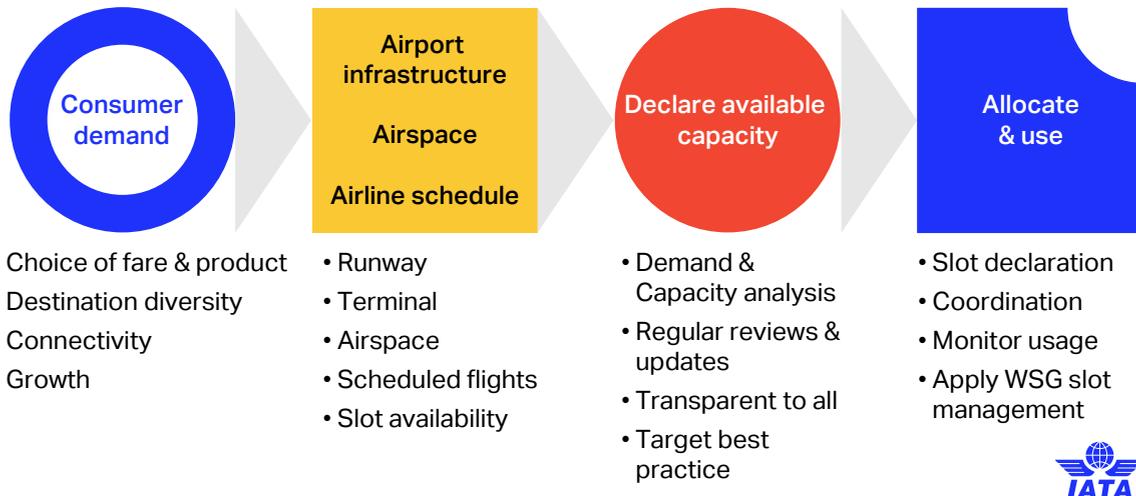


- Unfortunately it has become obvious the same dynamic approach is not being made towards airport capacity and airspace.
- There are airports today that are slot coordinated but they have not reviewed their slot parameters in years.
- We shouldn't see flat capacity declarations every day and month – the industry is dynamic, and the use of capacity changes.
- This image shows some best practice examples of runway use – but it also shows huge differences in throughput (noting these are all fully coordinated airports). AMS for example is the 6 runway airport – with the same throughput as LHR airport, with 2 runways. Both have government imposed limits to their annual movements, but clearly one has much more potential to grow with today's existing infrastructure.
- There are clear examples of best-practice use of the infrastructure, so why are some airports not looking to get the most out of their facilities today, even without costly expansion projects?
  - We don't have the answer, it doesn't seem logical that the operator of an airport

doesn't want to make the best of what they have.

- Is it because privatized airports are happy to allow the airlines to maximize the use of their slots, and enjoy the revenue this provides without having to spend costly sums on new capacity? We've seen airlines are already motivated to increase pax / slot.
- Is it the regulatory restrictions like movement caps and night bans that prevent any increases?
- Is it a lack of will to invest time and effort to analyze capacity when the slot process manages the constraint perfectly?
- Most likely it's a mix of all of the above.

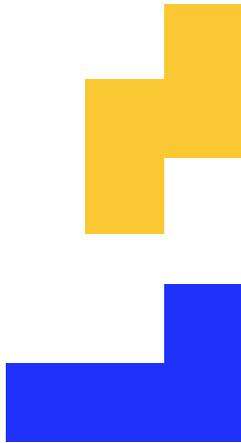
## Supporting growth of air transport



- We can do better to understand the capacity that is available,
- We can do more to meet the need for additional capacity right now.
- The answer is to conduct a regular, impartial and transparent review of airport capacity, with the aim of making more slots available to meet demand, whilst balancing resilience and deliverability.
- The process being focused on is the wrong one – the slot process is the final step in managing the lack of capacity. Before this comes many steps to understand the inputs, ensure everything is working efficiently and maintain what should be a well-oiled machine.
- Then the capacity should be declared for allocating.
- How do we know this process works? Because there are a handful of airports doing it well. Even with movement caps they're tweaking the slot declaration to match demand each season – i.e. making capacity available when passengers are want to travel.
- In the UK the London airport system is finding small increases, despite the limits of the infrastructure, by working with the airlines, ATC, airports and coordinators,

bringing some 11,000 additional slots in the system next summer. (ACL Analysis – equating to 26 daily rotations added at LCY, STN for Summer 2019).

## The Coordinator can only allocate what's declared

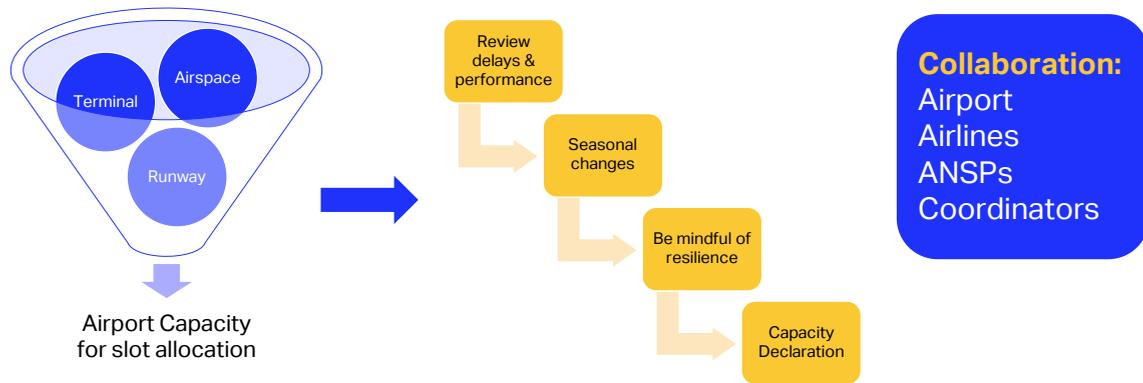


- Slot capacity: first step in the process
- Defines new slots
- Defines the deliverability of the operation
- Requires regular review, analysis and stakeholder input



- The Coordinators role in the slot process is to take the capacity that's declared for use, and allocate it to airlines.
- The coordinator can only allocate what is made available
- Unfortunately that means if the capacity is not reviewed and just stays the same, the slot pool doesn't change either.
- If demand changes, why is the airport not reviewing the use of the terminal and runways and finding additional slots for the coordinator to allocate?
- Given 43% of global passengers now depart from a slot coordinated airport it's vital the process uses all capacity available.

## Ensuring a proficient process



As I said, the European Commission has spoken about changing the slot rules to get more capacity – instead we are asking for strengthened obligations for coordinated airports to look at the capacity they already have.

Use best practice to identify terminal capacity, airspace and runway constraints.

Review performance each season and agree with the stakeholders what is acceptable the next season in terms of delay

Then Keep it updated.

To get the most out of what we have, this process has to improve – globally.

– it won't deliver all the capacity we need, but it will ensure we're making the most of the capacity already available.

There is no one-size-fits-all solution. But, there are some basic principles that should be followed globally:

- Regular review of the demand and capacity situation at each coordinated airport
- Transparent and open discussion about performance, resilience and balancing growth and delays. Understand the demand and tweak / flex the capacity to match it – this drives the optimal consumer outcomes.
- Ensure multi stakeholder involvement when agreeing the declared capacity for the purpose of slot coordination
- Publish the capacity declaration transparently, so all carriers can use it for their planning – enabling fair access and increased competition, as well as better ability to meet the needs of the travelling public.

## Allocation rules achieve efficient use of the capacity declared: an EU example

Airlines operating  
at EU L3 airports  
added 155m pax  
(+43%)  
2010 - 2017

LCCs and FSCs  
competing on intra-  
Europe city pairs:  
Share seat capacity  
1997 - 12% 2017 - 55%

City pairs between  
Europe-RoW nearly  
doubled 2010-2017

EU routes  
operated by two  
or more airlines  
25% 2010  
30% 2018



Despite this lack of new airport capacity, airline passengers are still enjoying an unprecedented level of choice and competition.

IATA analysis has shown that 30% of European routes are now operated by two or more carriers, an increase of 5% since 2010.

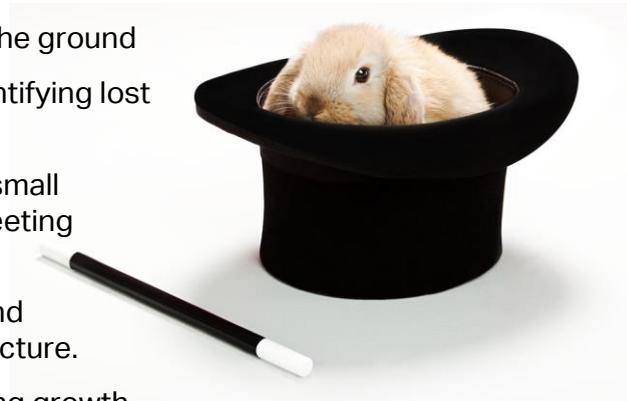
Research commissioned by the Airports Council International (ACI) shows LCC in Europe compete on intra-European routes with a 55% share of seat capacity, compared to only 12% 10 years earlier. And that city pairs between Europe and the rest of the world have nearly doubled in 10 years, despite Europe being home to the most slot coordinated airports.

- this analysis shows clearly the evidence - the process for managing scarce capacity, the WSG, is effective.
- It's continually reviewed and updated, through a Strategic Review with airports, coordinators, and airlines are working to achieve the best outcomes.
- But we must be mindful of change in one direction only: pushing on the slot process too far will have unintended outcomes elsewhere.

- Today the process has facilitated the phenomenal growth of new entrants globally like easyJet, Ryanair, Air Asia, Hong Kong Express and others.
- **So, if there is a problem with all carriers getting their ideal choice of schedules, the fault lies in a lack of capacity. If there is a problem with access to congested airports, the fault lies in a lack of capacity to meet demand.**
- What we're asking is the most is made of the capacity that already exists

## You only get what you give

- The slot process cannot create more capacity
- Capacity is missing in the air and on the ground
- Focus on delivering capacity and identifying lost opportunities
- Best practice airports are delivering small improvements season on season, meeting demand.
- But there's a balance: deliverability and operability need certainty of infrastructure.
- There is no magic solution to achieving growth as we enter a capacity crises.



- Of course this long term objective is to see timely and cost effective expansion of congested airports and airspace.
- The slot process can not create more capacity, only make use of what's made available to be allocated.
- The operating capacity of airports is the foundation of the slot process, we need consistent, regular analysis, that transparently determines the slot capacity each season. This is an area for immediate improvement.
- Only through the use of best practice to identify all the possible capacity, can it be made available for more slots to be allocated. This is what will create opportunity for growth even at todays congested airports. But we say this with a very real need to also understand the deliverability of the capacity – without harming performance.
- Collaboration is needed to ensure the system can deliver reliable, consistent services and room for growth – airlines, airports, ANSPs and government all need to work with the coordinator to identify room for improvement, however small.

Thank you

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[www.iata.org/slots](http://www.iata.org/slots)

