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# Airport Slots

Paul Steele, Senior Vice President  
Member and External Relations



## We are in capacity crisis

- Passenger demand forecast to double by 2037
- Today, 1.5 billion passengers depart from more than 200 slot coordinated airports
- Predicted to be 100 more coordinated airports in the next 10 years

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- The number of passengers using air transport is set to nearly double by 2037. In many key places, infrastructure capacity is not being built fast enough to meet growing demand, as seen by the more than 200 airports worldwide that are capacity-constrained.
- Annually 1.5 billion passengers depart from those slot coordinated airports
- We have looked at future growth of congested airports; realistically there could be another 100 airports declared full in 10 years.
- This is a significant problem for the consumers and the industry – reducing flexibility, disabling ability to meet passenger demand without serious constraints and non-optimal flight schedules to fit in with available capacity. Unfortunately it also means actual passenger demand will be incredibly hard to serve when there is less than optimal access to the market.
- For airports already facing a capacity crunch, slots allocation serves to manage the scarce airport capacity and prevent chaos.

## Slots are not the problem – lack of infrastructure is

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

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.
- 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.
- 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.

## Slot auctions are not a solution

- Add cost and uncertainty
- Less consumer choice
- Reduced connectivity



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- Some economists and regulators believe that slots should be auctioned to reflect the scarcity of the slots and need for market intervention thinking it could somehow be fairer but to date, there has been no hard evidence in support.
- In fact, all of the evidence currently available suggests the opposite e.g. auctions in China failed to deliver entry or access.
- Slots auctions do not benefit the consumers as they eliminate the certainty airlines need to make investment decisions and expand into new markets, with consumers ending up with reduced choice and connectivity.
- Ultimately, slot allocation cannot be a perfect solution because the process cannot generate new capacity. Thus, it can only serve as first aid to the capacity problem and infrastructure growth remains the only long-term cure.

## Why harmonization is important?

- We are the most global of industries
- We need a global approach – the WSG:
  - Uniformity
  - Consistency
  - Centrality
  - Continuity
  - Flexibility



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- 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.
- **This ensures seamless schedules and passenger connectivity on a global basis. Consumers, for the most part are getting what they want and/or need.**
- We are a global industry – so we need a global approach to slots i.e. the Worldwide Slot Guidelines.
- There are five key aspects to ensure the success of the slot allocation:
  - **Uniformity** - Without one single global system, airlines will not know what slots they have at what airports and will not be able to make business planning and investment decisions.
  - **Consistency** - Airline growth & expansion relies on a stable and consistent system to get access to congested airports.
  - **Certainty** - Aircraft orders and entry to new markets rely on certainty of access and ability to grow despite airport constraints.
  - **Continuity** - Airlines cannot meet the demands of their customers without continuity of a reliable system being in place – airlines have no future if they do not have slots.
  - **Flexibility** – Airlines need to be able to respond to changing consumer demands and regulatory impacts, expand into new markets and build connectivity with partners.

## Ever changing market demand

- Slot process fit for the future
- Continuous review and evolution
- Strategic review of the slot guidelines
- Fundamental change of the governance

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- The market is constantly changing, demand and competition drive the need for the slot process to evolve to respond to the consumer demand.
- The slot process must be fit for purpose and remain relevant to enable the industry to provide consumers with what they want, when they want it at the price they are willing to pay.
- Since the slot guidelines were introduced they have constantly evolved and changed. The WSG has been completely revised over the years, with a complete strategic review that recently saw the publication of a new edition of the slot guidelines with major enhancements to the slot process.
- We are fundamentally changing the way the slot guidelines are revised and changed in the future with the implementation of a new governance structure with airport, airlines and facilitators and slot coordinators working together to improve the slot guidelines.

# Consumer benefits

- Convenient schedules
- Consumer choice and competition
- Global connectivity

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- The slot guidelines ensure that the consumers globally are provided with convenient schedules that meet demand, are consistent from one season to the next, and reliable in terms of their operability.
- 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.
- 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.

Thank you!