

Stronger regulation of powerful airports needed to protect consumers

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Nearly 60% of passengers in Europe pass through just 25 airports. Many airports are able to charge prices that would otherwise not be achieved in a competitive market. The Commission's evaluation confirms that further provisions are required to establish a common framework to regulate airport charges at EU airports. The report concludes that the existing Directive has had a positive impact on the airport charges setting process, but that there is a clear case for further strengthening it to fully achieve its objectives.

"The Airport Charges Directive benefits consumers. And the Commission have rightly concluded that there is scope for the Directive to be even more effective, if consumer interests are protected by strong economic regulation of airports with significant market power," said Rafael Schwartzman, IATA's Regional Vice President for Europe.

Three key lessons can be drawn from the Commission's evaluation:

- Consumers need to be at the heart of the issue. The evaluation confirms that airlines operate in a highly competitive market and that reductions in airport charges are passed through to consumers. Effective economic regulation of airports with significant market power is a vital element in ensuring the economic and social benefits of air transport.

- The effectiveness of the ACD depends on stronger powers for regulators. The evaluation is clear that Independent Supervisory Authorities (ISAs) should have independence and a strong mandate to protect consumers with effective economic regulation.

- The risk of airports abusing their significant market power remains, as demonstrated in cases where market power assessments have been conducted, for example in Ireland, the Netherlands and the UK.

"The next step is to see an impact assessment of the ACD by the European Commission to analyze the best approach to fully achieve the objectives that current EU legislation has not been able to accomplish. A strengthened ACD and targeted economic regulation will play a major role in protecting consumers and building a more efficient air transport system, providing greater connectivity across Europe, with all the benefits that brings," said Schwartzman.

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