# AIRPORT CHARGES SURVEY 2017

## ACI EUROPE FACT SHEET

**In 2017 headline airport charges levels decreased by -0.8% in real terms. This is the fourth year in a row of decreases in airport charges levels.**

Charges remained stable at nearly half the airports in Europe (46%) and decreased at 18% of airports. A variety of factors have kept headline airport charges flat or decreasing in recent years. First, airport operators continue to strive for efficiency through cost-control and by benefiting from favourable financial conditions. Secondly, competitive pressures mean that airports must ensure that their service offering retains current airlines and passengers, as well as attracts new users. Thirdly, large new capital expenditure programmes, which may impact the level of airport charges, have not yet commenced.

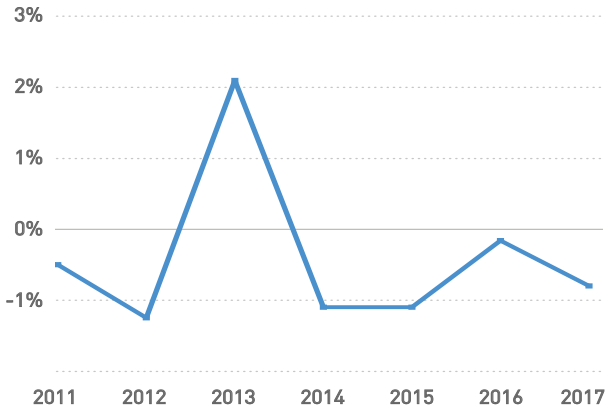
Airport charges are set at a level to allow an airport to recover the cost of providing services to airlines for aircraft and services to passengers, and the relative proportion of charges will vary by airport and over time.

- Airline-related charges are paid by the airline for the use of the runway (landing charges), the parking of aircraft (parking charges) and other aircraft-related infrastructure at the airport. These charges have been typically based on the weight of the aircraft and are not related to the number of passengers on board, but can be modulated based on an aircraft's noise and environmental performance.

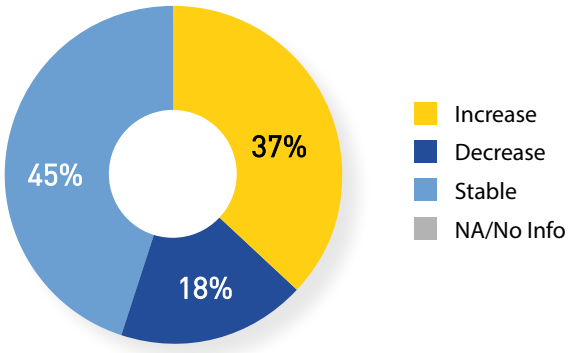
- Passenger-related charges are usually paid by the passenger to the airport, mainly for the use of the terminal. In order to simplify passenger processing at the airport, these charges are included in the ticket price and levied by the airline on behalf of the airport – as recommended by ICAO in its Policy Guidance document 9082.

In 2017, as in previous years, passenger-related fees' accounted for nearly 2/3 of airports' total aeronautical revenues, with airline-related charges covering the remaining 32%, as airports continue to share highly in traffic risk with airlines.

### Change in weighted average level of headline airport charges




### Change in aircraft/passenger-related charges (% of airports)

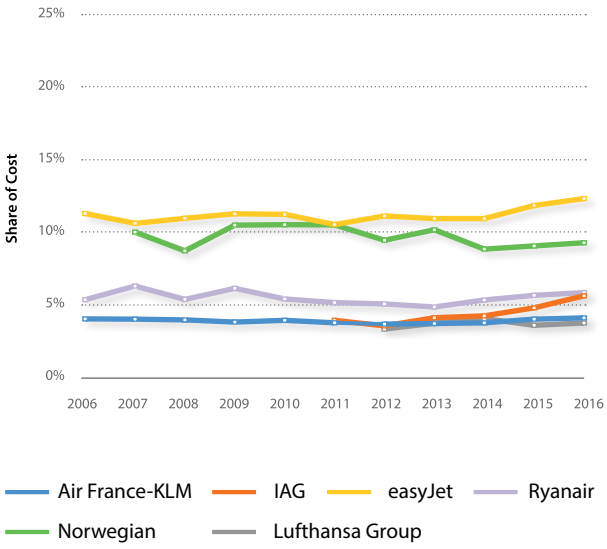



The stable level of airport charges is also demonstrated in airlines' annual financial reports. An analysis by ICF of airlines' reported costs over time does not reveal a significant shift in the share of costs represented by airport charges.[1] In fact, as the charts below demonstrate, both the share and the level of airport charges have remained relatively flat over the past decade.

1. *"Identifying the Drivers of Air Fares"* ICF, commissioned by ACI EUROPE. May 2018. https://www.icf.com/resources/reports-and-research/2018/identifying-the-drivers-of-air-fares

The data lines in the figure below include regulated airport charges as well as security costs, common use infrastructure charges, and charges for provision of assistance to passenger with reduced mobility, showing the total of airlines' payments to airports.

### Estimated Share of Airport Costs (Landing, Passenger, Security, Common Infrastructure, PRM) by Airline




*Notes: Estimates are based on a share of the cost item containing airport charges as reported in the annual report of the airline. For Air France-KLM this is Landing and Air Route; Landing and Navigation for IAG; Airports and Ground Handling for easyJet; Airport and Handling for Ryanair; Airport Charges and ATC for Norwegian; Airport & En Route for Flybe; Handling, Airport Charges and ATC for Lufthansa*
*Source: Annual reports, ICF analysis*

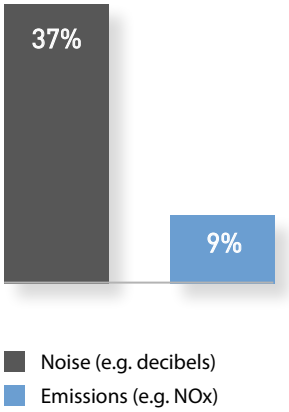
It remains to be seen how long charges can remain flat given the pressing need for investment to develop airport infrastructure to serve forecasted passenger demands. In 2016, Passenger traffic across the European airport network showed strong momentum, posting an average growth of +5.1%, breaking the 2 billion market. European airports welcomed 100 million passengers more than in 2015. Freight traffic grew across Europe's airports by +4.1% - registering the best performance since 2010 and confirming improving economic conditions for Europe. Aircraft movements grew by +3.2%, reflecting significant airline capacity expansion compared to previous years.

## NOISE & ENVIRONMENTAL CHARGES

According to responses to the survey, nearly 40% of airports apply a charge based on aircraft noise. The noise-based charge revenue can be hypothecated to support noise abatement projects, or can serve as an economic nudge to incentivise airlines to operate quieter aircraft.

When it comes to charges for emissions, only 1 in 10 airports apply a charge based on nitrogen oxide or hydrocarbon emissions. These charges require some complexity in development, and while they are supported by politicians and environmental groups, they are not always welcomed by airport users.

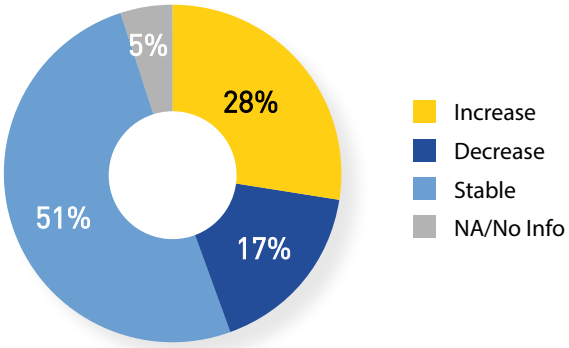
### Share of airports in sample that modulate charges for noise and emissions



## SECURITY CHARGES

In 2016, 51% of European airports did not change their security costs, despite the many security threats and national obligations on airports for more security equipment. 28% of airports increased security charges, to cover the increased costs. European and national aviation security rules can result in costly obligations to airport operators.

### Change in security charges (% of airports)

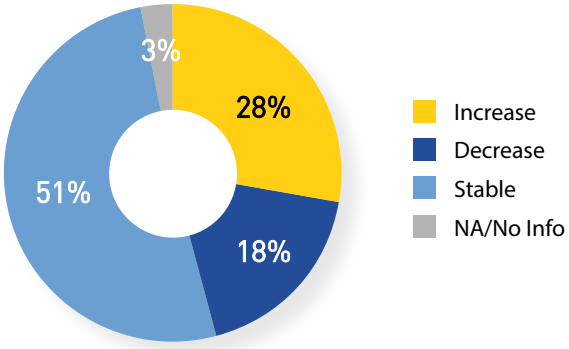



## PRM CHARGES

Passengers with reduced mobility (PRM) can ask for and receive assistance from the airport operator, this level of service is set out in European legislation and ensures that air transport is inclusive and available to all. The cost of providing PRM services can be recovered by the airport from passengers on a direct cost pass-through basis. With different airlines, different types of customers and different connections, an airport faces varying demand for PRM services, and must adapt its charges to the needs.

In 2016, nearly half of European airports had a stable PRM charge, while 28% had to increase the charge to cover costs, and 18% decreased the charge.

### Change in PRM charges (% of airports)




## METHODOLOGICAL NOTE

The ACI EUROPE Airport Charges Survey 2017 includes data from 81 European airport operators, representing 121 airports. The reference period for the survey is the level of airport charges as of 1 April 2017, compared to the previous reporting period. Changes to airport charges implemented later than 1 April 2017 are not taken into account in this survey, to reflect the Summer and Winter IATA seasons, and in order to ensure the comparability with previous versions of the survey. Annual inflation figures for individual countries are sourced from the World Bank and are weighted according to the number of passengers traveling through the sampled airports for each year.