

SMALL AIRPORTS VS BIG AIRPORTS

THE ITALIAN EXPERIENCE

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SMALL VS BIG AIRPORTS

focus on

Airport Charges



- Decree Law no. 1 of 24 January 2012 (Arts. 71-82), converted into Law no. 27 of 24 March 2012 implementing the Directive 2009/12/CE;
- Resolution no. 64 of 17 September 2014 of the Italian Transport Regulation Authority/TRA;
- Contratti di Programma (Programme Contracts).

Ground Handlers



Limitation of operators' access in big airports

Crisis of small airports



The Forlì, Rimini, Reggio Calabria and Crotone experiences

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Directive 2009/12/EC on airport charges. Implementation in Italy: the Transport Regulatory Authority and programme contracts

- Directive 2009/12/EC of the European Parliament and of the Council of 11 March 2009 established the common principles of the airport charges.
- The directive has been implemented in Italy by the Decree Law no. 1 of 24 January 2012 (Arts. 71-82), converted into Law no. 27 of 24 March 2012.
- The Transport Regulatory Authority/TRA (established by Decree Law no. 201 of 6 December 2011, converted into Law no. 214 of 22 December 2011) entrusts the duties of the Supervisory Authority according to the Directive 2009/12/EC.
- By Resolution no. 64/2014 of 17 September 2014, TRA approved the models for the regulation of airport charges. In October 2016 consultations started for the revision of models.
- The tariff models do not apply to the Airports of Milan, Rome and Venice, where the rates are determined by the programme contracts (“Contratti di programma”) negotiated between the relevant airports and the Italian Civil Aviation Authority (Ente Nazionale per l’Aviazione Civile – ENAC) and implemented by decrees of the President of the Council of Ministers (DPCM).

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REGULATION MODELS AND THE “CONTRATTI DI PROGRAMMA”

45 airports operate in the Italian market serving commercial air traffic, including scheduled services, charter and air taxi operations*.

Contratti di programma
airports with more than 8
millions passengers per
year



- Roma Fiumicino – Roma Ciampino airport (DPCM 21 December 2012);
- Milano Malpensa – Milano Linate (DPCM 30 April 2012);
- Venezia airport (DPCM 28 December 2012).

TRA resolution no.
64/2014

Model 1

more than 5 millions passengers per year
(4 airports)

Model 2

between 5 and 3 millions passengers per
years (5 airports)

Model 3

less than 3 millions passengers per year
(31 airports)

* Source: Traffic Data ENAC 2015 .

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Ground handling services: between liberalization and market fragmentation

- Directive 96/67/EC introduced the principle of free access to the market for ground handling services at airports.
- The Directive has been implemented in Italy by Decree Law of 13 January 1999 no. 18 introducing specific provisions for the liberalization of the sector.
- The liberalization of ground handling services has caused, as a side effect, an excessive fragmentation of handling services with a number of ground handling companies that proved to be less competitive on the quality of services.

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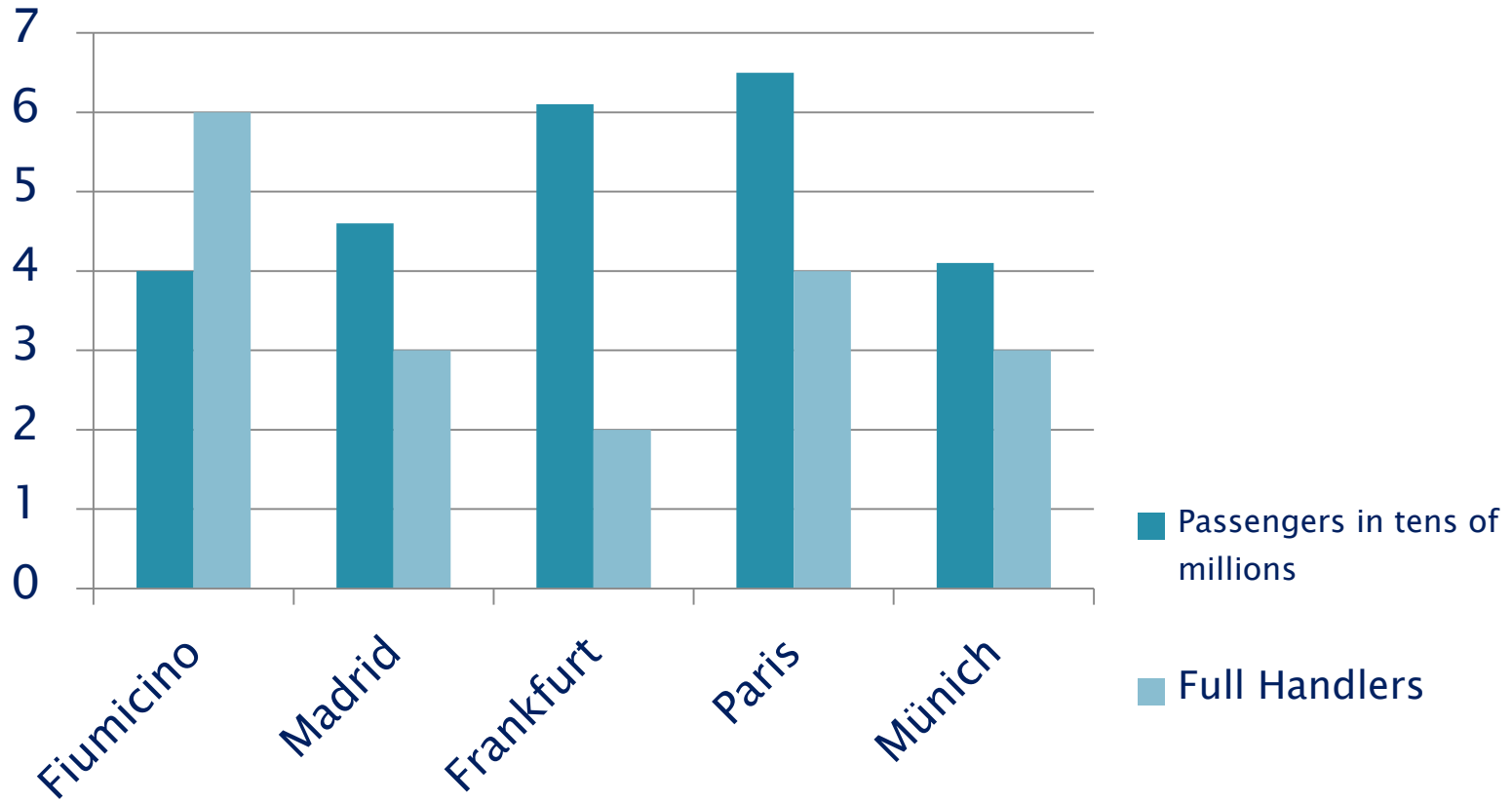
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- Operators difficulties to achieve a turnover allowing the performance of the business in a profitable way;
- Reluctancy to make investments;
- Less quality of services;
- The level of safety can be affected.



- More controls;
- Competitive selection procedures;
- Handlers selected on the base of objective criteria, related to safety and quality of services provided.

The negative impact of liberalisation: the Fiumicino case*



*The above data refers to the time of ENAC resolution on limitation i.e. December 2015.

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The challenge of ENAC resolution on handlers limitation

- The decision of ENAC has been challenged by several operators and by the Italian Airlines Association.
- The Rome Administrative Court has rejected the challenges and confirmed the limitation.
- As a consequence, now 3 third parties handlers operate in Rome Fiumicino (vs. a maximum up to 9 pre-limitation).

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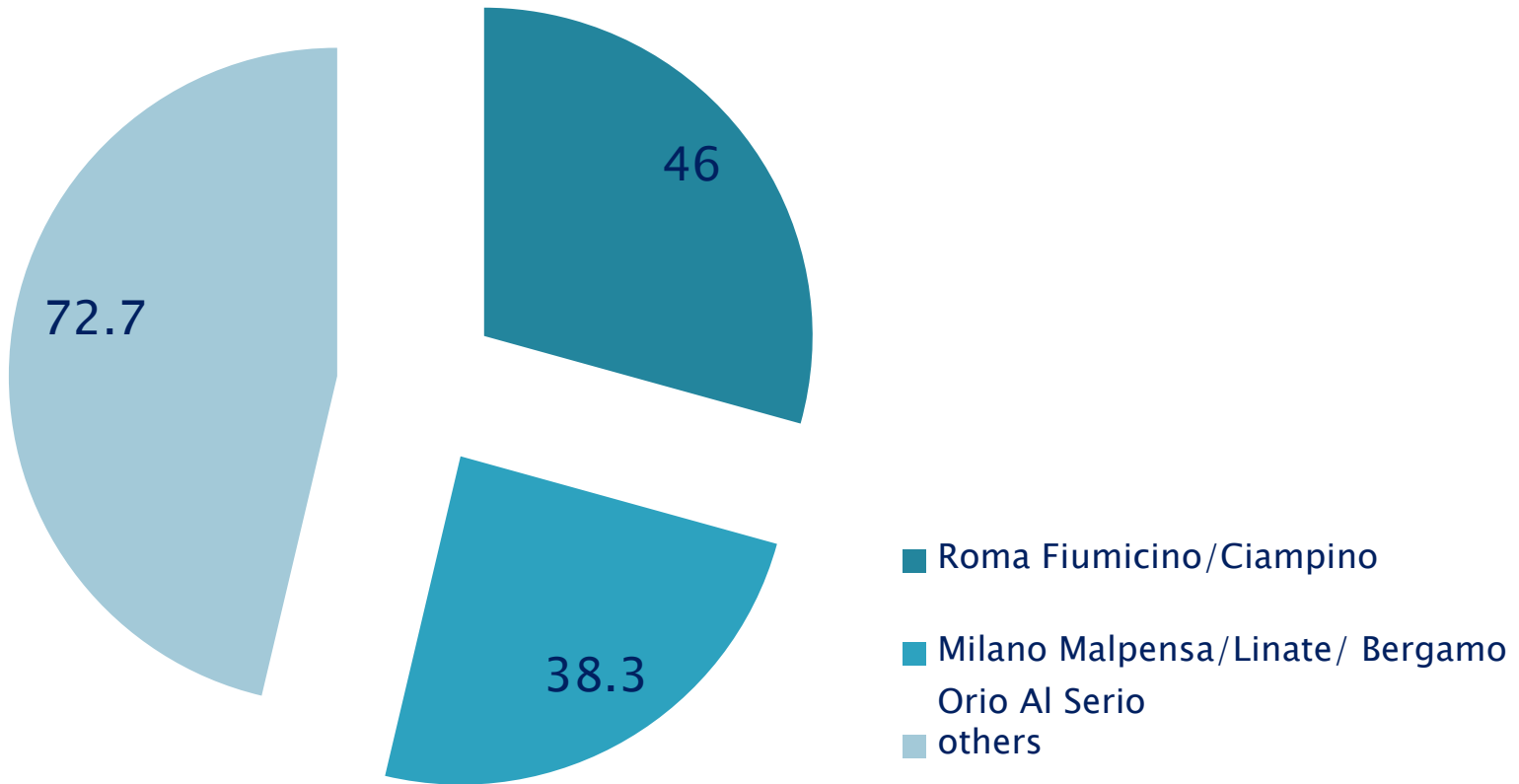


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Small airports in Italy

passengers in 2015 → 157 millions divided as below



*Source: Traffic data ENAC 2015

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Small airports crisis

- Strong dependence on incentives/aids from local authorities which are often shareholders of the management companies;
- Subsidies to low cost airlines to cover routes from/to small airports;




- Few transited passengers and continuous capital increases of public shareholders;
- Risk of interruption of services by low cost airlines;



- Airport management companies bankruptcy (recently Rimini, Forlì, Reggio Calabria and Crotona airports);
- Small airports (traffic less than 1 million of passengers) have had the highest passengers decreases.

ITALIAN GOVERNMENT ACTIONS

 Guidelines issued by the Ministry of Infrastructure and Transport on 2 October 2014 (recently updated on 11 August 2016).

 National Airport Plan – Decree of President of Republic No. 201 of 17 September 2015, entered into force on 2 January 2016.

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THANK YOU!

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