Bonn/Berlin, 20 September 2016

Press release

Monopolies Commission sees need to change airport regulation

- Monopolies Commission recommends the creation of an independent central regulatory agency
- Monopolies Commission advocates the use of market-based instruments regarding the allocation of airport slots
- The market for ground handling services should be liberalised further

The Monopolies Commission analyses the regulation of passenger airports in its twenty-first Biennial Report ('*Hauptgutachten*'). It criticises the dual role of the *Länder*, which are frequently both the owners and the supervisors of the airports. "We recommend that the supervision over fees be handed over to an independent central agency. This is the only way to avoid conflicts of interest effectively", said the chair of the Monopolies Commission, Prof. Achim Wambach.

According to the Monopolies Commission, the system for the allocation of slots for take-off and landing at the airports (airport slots) must be revised. In the existing system, airline companies are entitled to be re-allocated the slots which they have used in the preceding period up to at least to 80 percent ("grandfathering rights"). This impedes an efficient allocation of slots as well as the market entry of new airlines. Consequently, the allocation of slots at airports with high demand should make more use of market-based instruments such as auctions, and the trading of slots between airline carriers should be allowed explicitly.

In addition, the liberalisation of the market for ground handling services should be continued with determination. Up to now, the airport operators and their affiliates render these services themselves in most instances. Frequently, only one independent service provider exists, whose market share regularly is below 25 percent (see figure below). At large airports with sufficient capacity, in particular, additional independent service providers should be licensed to provide services. Furthermore, the operation of the airport and the ground handling services should be separated legally in order to prevent distortions of competition regarding the award of licenses and during day-to-day operations.

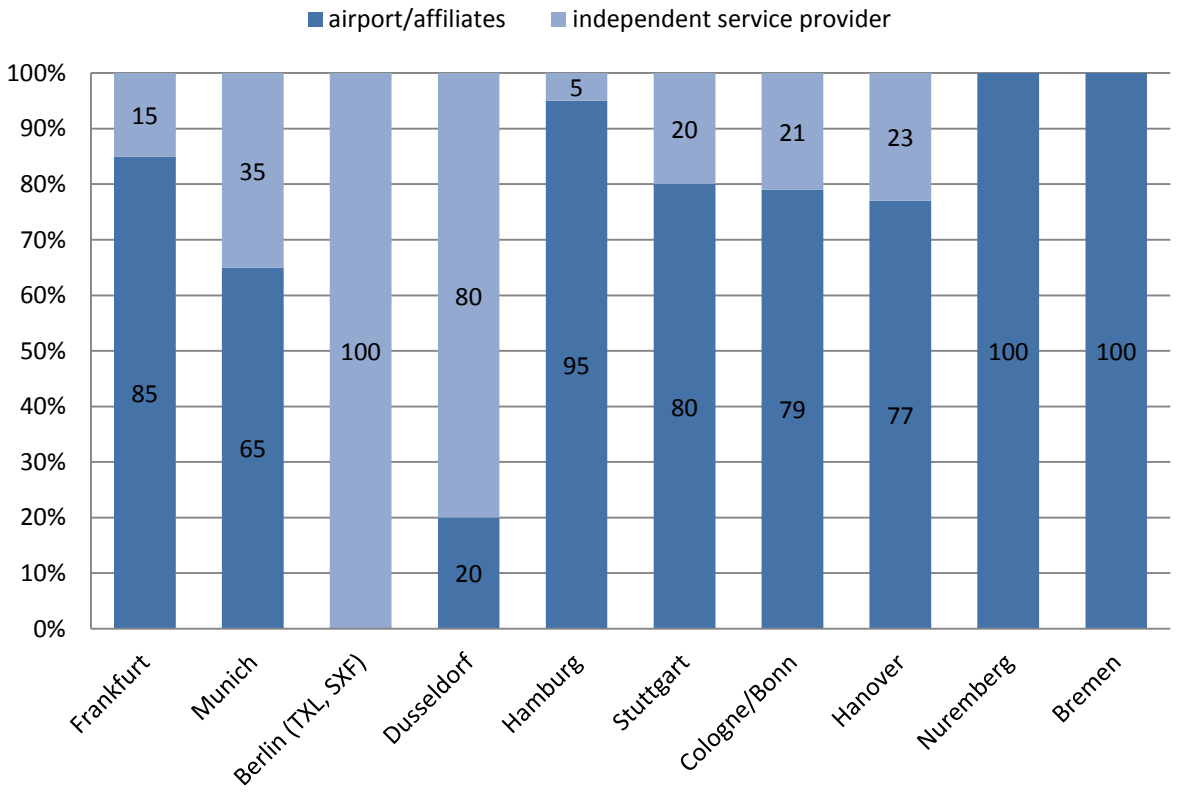
The Report is accessible at the Monopolies Commission's home page as of now.

Monopolkommission

Heilsbachstraße 16 · 53123 Bonn · Tel +49 . 228 . 338882 -30 · vorsitzender@monopolkommission.bund.de

www.monopolkommission.de

Market shares of various ground handling service providers at selected German passenger airports – current as of May 2016



Source: ADV/BDF

The Monopolies Commission is a permanent, independent expert committee, which advises the German government and legislature in the areas of competition policy making, competition law and regulation. Its legal responsibilities encompass, among others, the preparation of a Main Report analysing the development of competition on a bi-annual basis. The Monopolies Commission has five Members appointed by the Federal President based on a proposal of the German government. Prof. Achim Wambach, Ph.D., is the chairman of the Monopolies Commission.