

PRESS RELEASE

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The French Transport Regulatory Authority (ART) issues concrete recommendations to improve the efficiency of the regulatory framework of France's largest airports

The ART publishes a report in which it issues concrete recommendations for improving the airport regulatory framework, which can be implemented, for the most part, within an unchanged legislative framework. This report is based on the consultation of over thirty players from the sector and on the accumulated experience since it became empowered on 1st October 2019. It therefore proposes that the principle should be to regulate airport charges over several years, within the framework of economic regulation contracts (CRE), and that annual approval should be the exception. Finally, it recommends enhanced consultation and transparency between airport operators and airlines.

MAKE MULTI-YEAR REGULATION THE PRINCIPLE AND ANNUAL APPROVAL THE EXCEPTION

In response to the limits of the current system of annual approval of airport charge tariffs, the ART recommends promoting the use of the economic regulation contract (CRE), a tool already available, whilst correcting its weaknesses and improving it.

The annual approval process - which is the only way of regulating airport charge rates that has been implemented since the Authority became responsible for them - raises difficulties for all stakeholders, mainly because it is cumbersome and gives little visibility to the players, particularly when it comes to financing investments.

By contrast, while the CRE seems likely to provide solutions to most of the issues identified, especially by offering a multi-year regulatory framework with incentives, it has proved to be rarely used. To encourage greater use of this tool, the ART is proposing a number of practical changes:

- Simplify the procedure for drawing up CREs, in particular by introducing a model contract;
- Involve stakeholders, primarily airlines, to a greater extent in the early stages of negotiations;
- Enable the ART to intervene further upstream of the opinion it is required to give, in order to secure the outcome of these contracts.

LINKING THE EVOLUTION TOWARDS AN ADAPTED TILL SYSTEM TO THE CONCLUSION OF AN ECONOMIC REGULATION CONTRACT (CRE) SETTING THE RATE OF REPAYMENT OF THE ECONOMIC BENEFITS GENERATED BY COMMERCIAL ACTIVITIES

While a single till or a dual till is much preferable from the point of view of sectoral economic regulation, recent economic research shows that an appropriate configuration of an adapted till system would bring it closer to an optimal situation for the general public.

The ART considers that the till system should, above all, be the result of a fair balance in the sharing of value between airport operators and airlines. As the situation of each airport is specific and evolving, the ART recommends that any change in the till system towards an adjusted till should be linked to the conclusion of a CRE, which would set out, for the duration of the contract, the terms and conditions for sharing the economic benefits of commercial activities. These arrangements should be based:

- on the one hand, a transfer of profits from commercial activities to aeronautical activities calibrated on the basis of the economic profits made by the former;
- on the other hand, on a rate of repayment higher than 50%, and equal to 100% in the absence of a CRE (i.e. a situation close to a single till model).

STRENGTHEN CONSULTATION AND TRANSPARENCY BETWEEN AIRPORT OPERATORS AND AIRLINES

The ART is convinced that a reorganisation of consultation procedures and better access to relevant information will improve dialogue and transparency between airport operators and airlines. To this end, the ART proposes the following concrete changes:

- Amend the composition of the economic advisory committees to increase airline representation and the consideration given to their votes;
- Increase the frequency of meetings between airlines and operators, with formal meetings dedicated to specific subjects (investment, quality of service);
- Improve the quality of information provided to airlines, so that they can truly understand the factors used to set fares;
- Implement a systematic audit of the costs of major investment projects.

INITIATE DISCUSSIONS ON DIFFERENTIATED REGULATION BY AIRPORT

In addition, the ART proposes to consider the introduction of differentiated regulation for each airport, as allowed by European legislation.

In France, the law currently provides for the systematic annual approval of airport charge tariffs for each of the airports falling within the ART's scope of competence. However, the European directive on airport charges (2009/12/EC) provides for other methods of regulation, in particular regulation at the request of the parties in case of disagreement. While it does not seem appropriate to provide for this type of regulation for all airports, differentiated regulation, combining both systematic regulation and regulation at the request of the parties, based on the specific situation of each airport, would have many advantages.

For further details (in French)

- [The report « Les préconisations en vue de l'évolution du cadre de régulation des aéroports »](#)
- [The press release](#)

About the French Transport Regulatory Authority (ART)

Since 2010, the French railway sector has had an independent authority to accompany its gradual opening to competition: the Autorité de régulation des activités ferroviaires (Araf). Law 2015-990 of 6 August 2015 on growth, activity and equal economic opportunity extended the regulator's powers to road activities - coach transport and motorways. On 15 October 2015, Araf became the Autorité de régulation des activités ferroviaires et routières (Arafer), with the mission to contribute to the proper functioning of public service and competitive activities for the benefit of rail and road transport customers.

With competence for the regulation of airport charges since 1 October 2019, Arafer became the Transport Regulatory Authority (ART) on that date. Lastly, Law No. 2019-1428 of 24 December 2019 -mobility act- extended the Authority's powers and missions to the opening up of mobility and ticketing data, as well as to the regulation of infrastructure manager activities and security activities carried out by RATP in Île-de-France. Its opinions and decisions are adopted by a college of five independent members chosen for their economic, legal or technical skills in the field of digital services or transport, or for their expertise in competition matters. It is chaired since 4th August 2022 by Philippe Richert, Vice-President and Acting President.