

Fuel Concession Fees

The airline industry is opposed to any airport fuel fee that is unjustified and not cost-related.

Situation

Airports have a dominant position over their customers and in their quest to boost revenues, could impose supplementary fees that are not related to the provision of services.

In the area of fuel, relevant infrastructure merits levying a reasonable fee, but some airports also levy additional concession fees.

Concession fees are not a cost-related charge and result in additional unnecessary cost on airlines without any corresponding service being provided in return.

The direct consequence of this is an increase in the airlines' operating cost which is likely to be passed on to customers and which in turn, has the potential to impede aviation and economic growth.

ICAO Policy Doc 9082/9 Section II Article 10 also recognizes the importance of not levying concession fees that will unnecessarily increase the cost of air transport.

IATA position

IATA advocates the removal of fuel concessions fees. Levies that unfairly target the air transport industry and extract revenue from the value chain to the detriment of end-customers should be eliminated. While the airline sector does not object to paying fees based on efficient services, airports should refrain from charging fuel concession fees that are not cost related.

IATA's position aligns with the European Council Directive 96/67/EC on access to the ground-handling market at Community airports. In its judgment of 16 October 2003, the European Court of Justice clarified the EC Directive and precluded the charging of market access fees for the opening of commercial opportunities at airports for ground-handling services including fuel handling. This sets an exemplary model for other jurisdictions to follow.

At airports where fuel concession fee is levied, airlines, fuel suppliers/service providers and the airport, as appropriate, should discuss and agree the prompt withdrawal of such fee. While this is in process, in accordance with the ICAO policy contained in Doc 9082/9 Section II article 11, the fuel concessionaires should not automatically pass the fee through to the airlines.

Key reasons why airports should not levy concession fees on airlines

- ◆ Concession fees are effectively an additional tax on air travel.
- ◆ Airports provide no additional fuel infrastructure to suppliers and airlines in return for the fuel concession fee.
- ◆ Airlines and their passengers already invest significantly to fund infrastructure costs at airports.
- ◆ ICAO Policy discourages fuel concession fees and the European Union has been exemplary in prohibiting the imposition of such fees.
- ◆ Concession fees increase airlines operational costs, and this can raise airline ticket costs and freight rates with a subsequent impact on tourism and trade.