



# Implementing EU-US Open Skies at Heathrow

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Director of Coordination

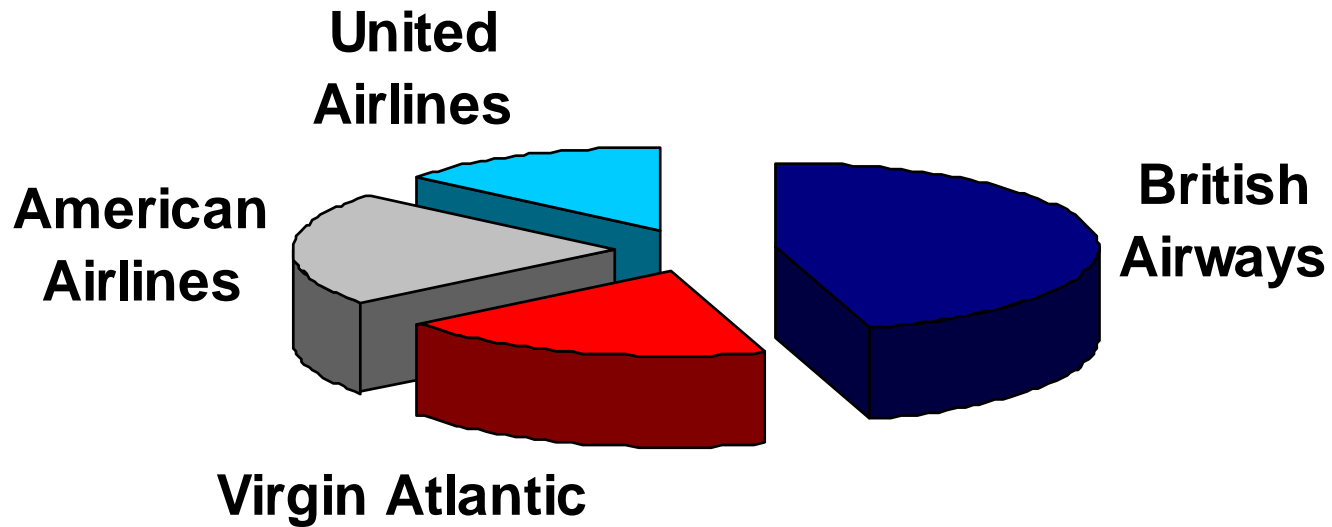
Airport Coordination Ltd

# Who is ACL?

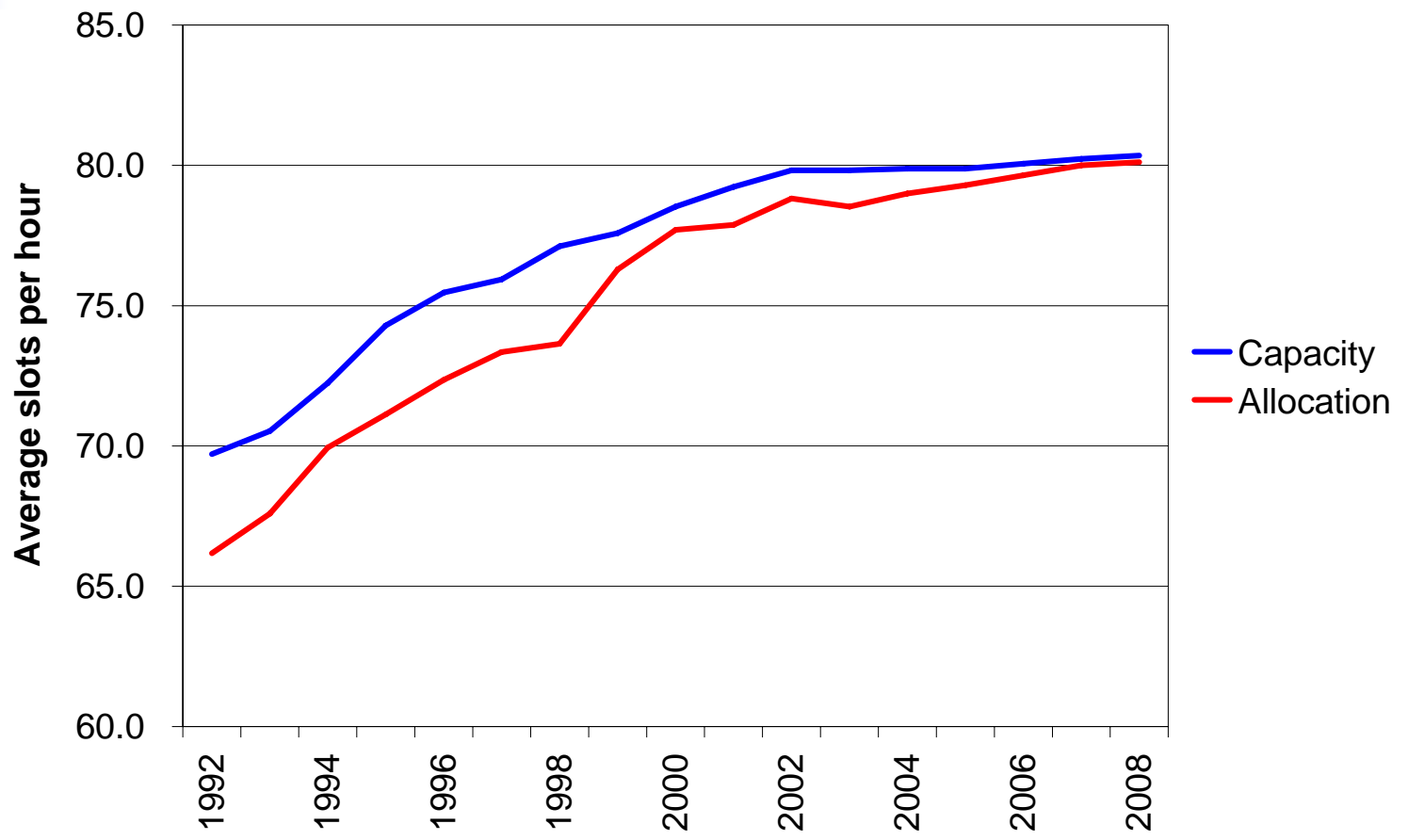


- Non-profit independent Company
- Formed in 1992 - 1<sup>st</sup> independent coordination company in the EU
- Serve 21 airports handling about 2.5 million flights and 250 million passengers per annum
- Owned by 10 UK airlines
- Airline board responsible for corporate governance, not slot allocation decisions
- Diverse airport/airline funding ensures independence
- 29 staff (18 coordination, 6 IT, 5 admin) 3 offices

# The Heathrow Four



# Heathrow's scarce capacity



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# My objective

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- To implement EU-US Open Skies at Heathrow without having to speak to an American lawyer!

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# Managing expectations

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- 97% of capacity allocated on grandfather rights
- Use-it-or-lose-it rule, but less than 0.5% failure rate
- No new morning arrival slots created since 1998
- Government cap on annual air transport movements
- No prospect of additional capacity before 2010-2012
- Gatwick US carriers qualify for new entrant priority, but of no practical value without pool slot availability
- Therefore, only prospect of entry is via the secondary slot market

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# How slot trading works

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# Ground rules of slot trading

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- Willing buyers / willing sellers
- Only air carriers can hold and trade slots
- The Coordinator must confirm feasibility
- Slots are permissions to use a bundle of airport infrastructure
- Slots are subject to use-it-or-lose-it rules
- Only grandfathered slots can be traded  
(new entrant slots only after 2 years)
- Transactions are transparent but price disclosure is not required



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# Economics of slot trading

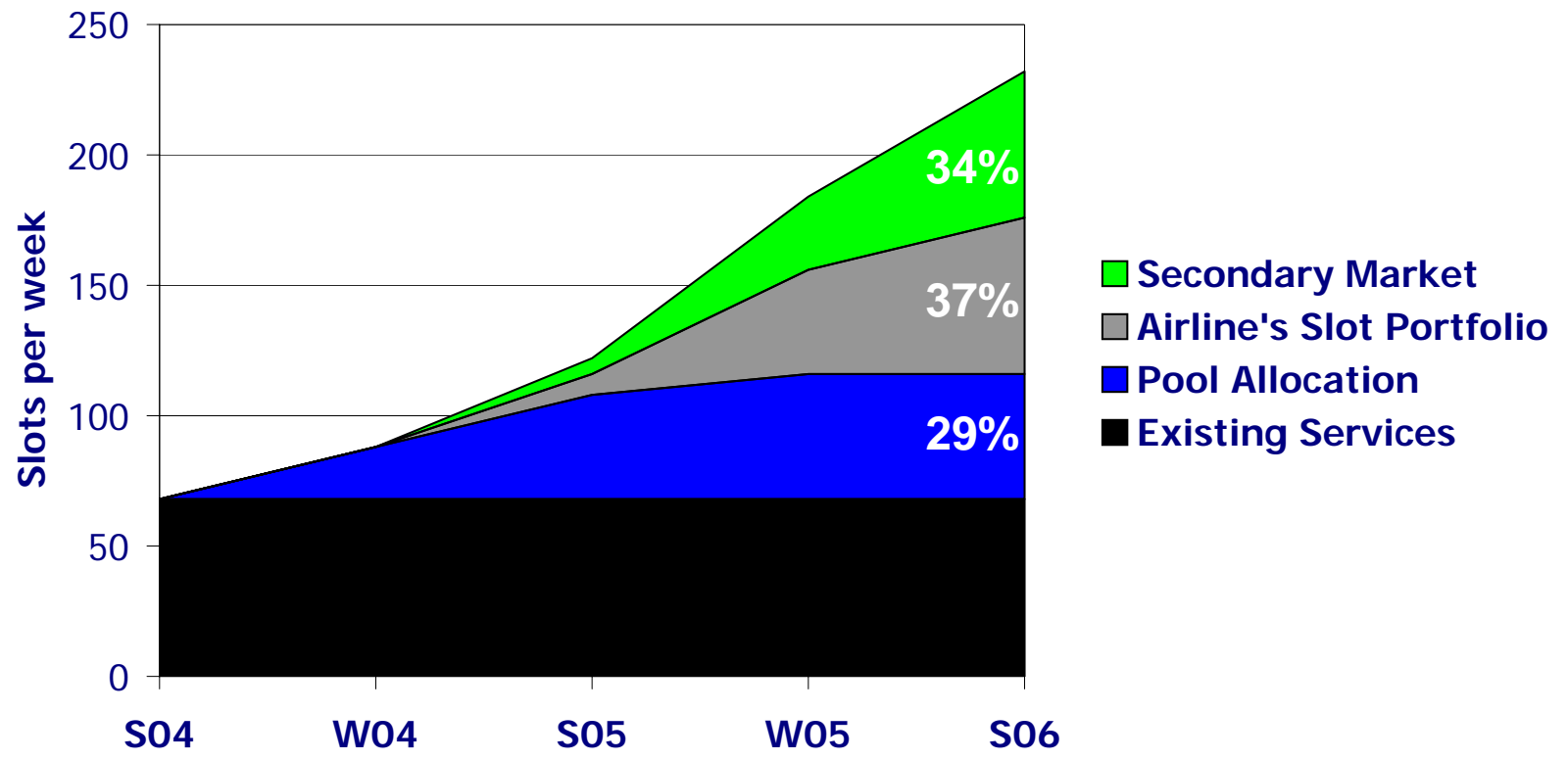
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	<b>Before</b>	<b>After</b>	<b>Difference</b>
<b>Ave Seats</b>	135	255	+ 90%
<b>Ave Sector</b>	575 km	6800 km	x 12
<b>ASK / slot</b>	77,625	1,734,000	x 22

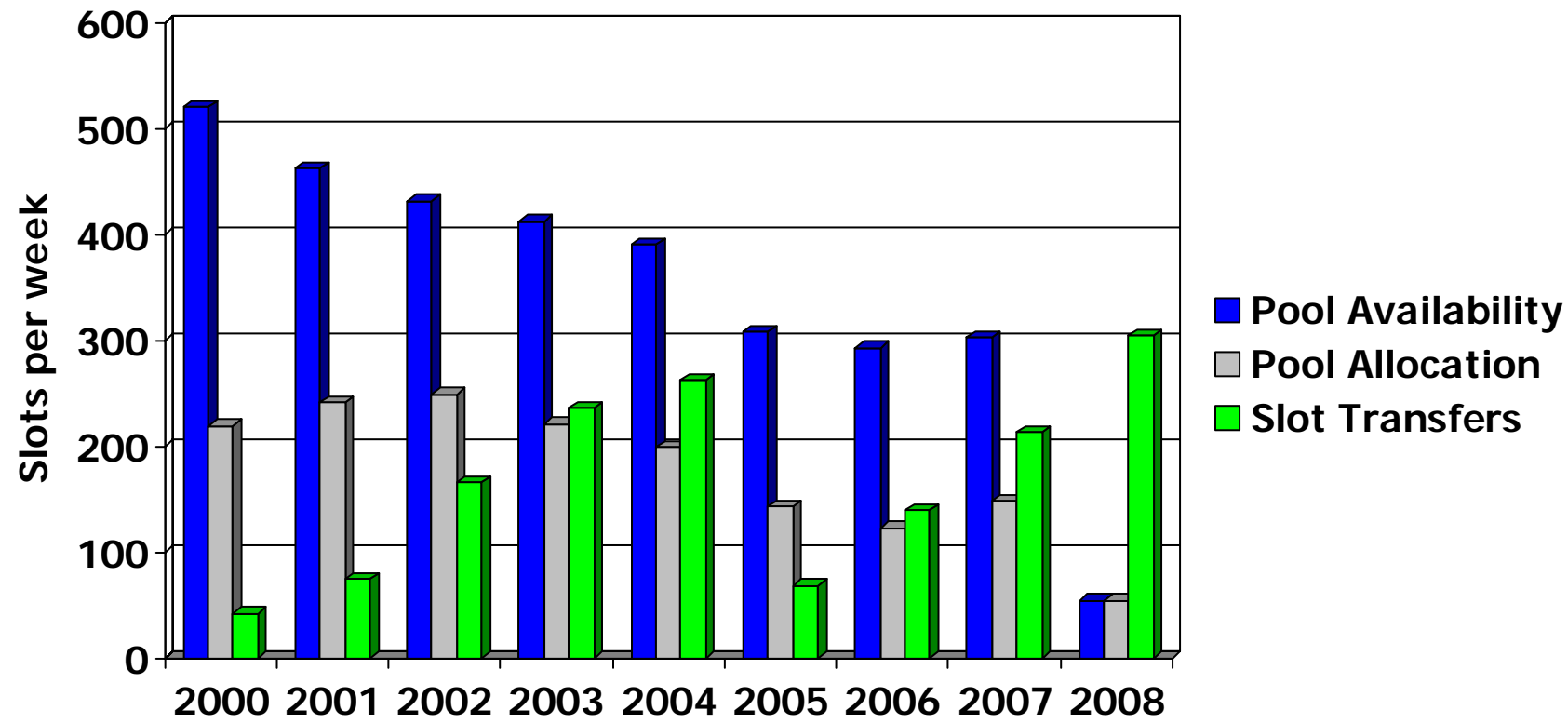
\* Based on a sample of Heathrow slot trades

# UK-India Liberalisation

## Heathrow services to points in India



# Heathrow slot trading



\* 2008 includes Delta/Air France and Northwest/KLM joint operations

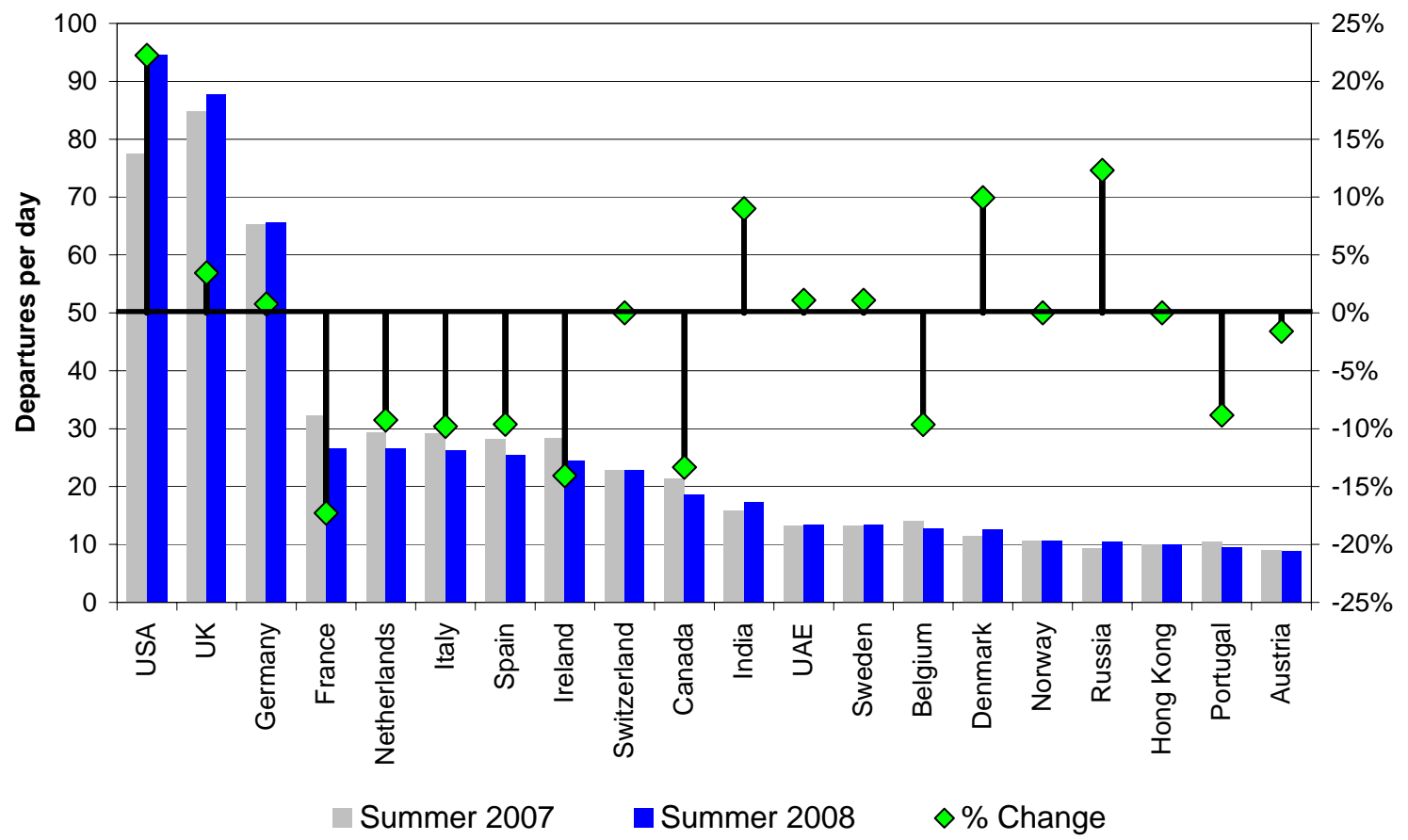
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# Sources of Open Skies slots

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- Air France
  - Reduced Paris from 12 to 7 per day
  - 3 x Delta, 1 x Continental, 1 x AF's LAX service
- KLM
  - Dropped 2 x Eindhoven and reduced 1 x Rotterdam
  - Funded Northwest's Detroit, Minneapolis, Seattle services
- Alitalia
  - Dropped 3 x Malpensa (part of strategic retrenchment)
  - 1 x Continental, 1 x US Airways, 1 x British Airways
- GB Airways
  - Sold Heathrow slots; sold rest of the airline to easyJet
  - 2 x Continental, 1 x British Airways, 1 x Qatar Airways
- Iberia
  - Dropped 1 x Bilbao
  - Funded 2<sup>nd</sup> AA Dallas move to Heathrow (closing Gatwick station)

# Changes for Summer 2008





# Air France – CDG programme

2007

2008

ARRIVAL		DEPARTURE	
CDG	0650	0540	CDG
CDG	0725	0745	CDG
CDG	0825	0815	CDG
CDG	0915	0915	CDG
CDG	1115	1015	CDG
CDG	1210	1205	CDG
CDG	1410	1300	CDG
CDG	1510	1500	CDG
CDG	1610	1600	CDG
CDG	1715	1700	CDG
CDG	1820	1815	CDG
CDG	1920	1915	CDG

ARRIVAL		DEPARTURE	
CDG	0650	0540	CDG
to CO	0725	0640	CDG
to DL	0825	0730	to DL
CDG	0915	0915	CDG
to DL	1100	1015	to CO
CDG	1245	1150	CDG
LAX	1340	1250	to DL
CDG	1525	1500	CDG
to KL	1610	1600	LAX
CDG	1715	1605	to DL
CDG	1820	1700	CDG
CDG	1925	1915	CDG

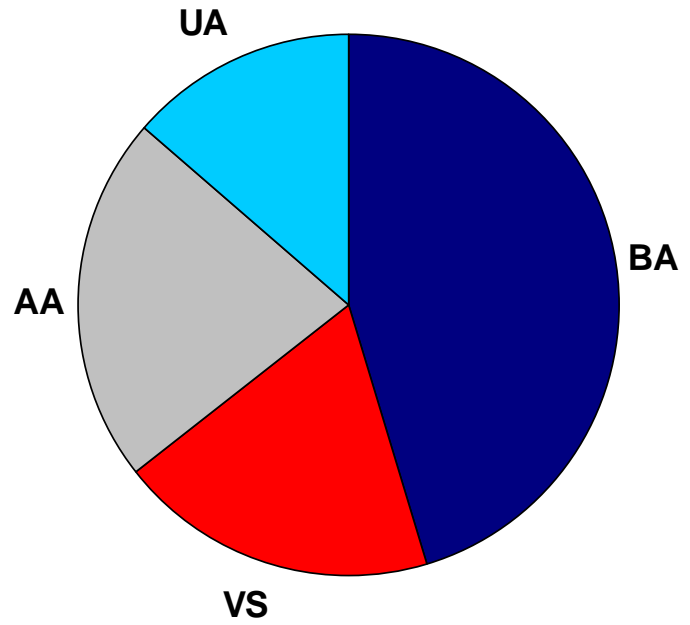
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# Market changes

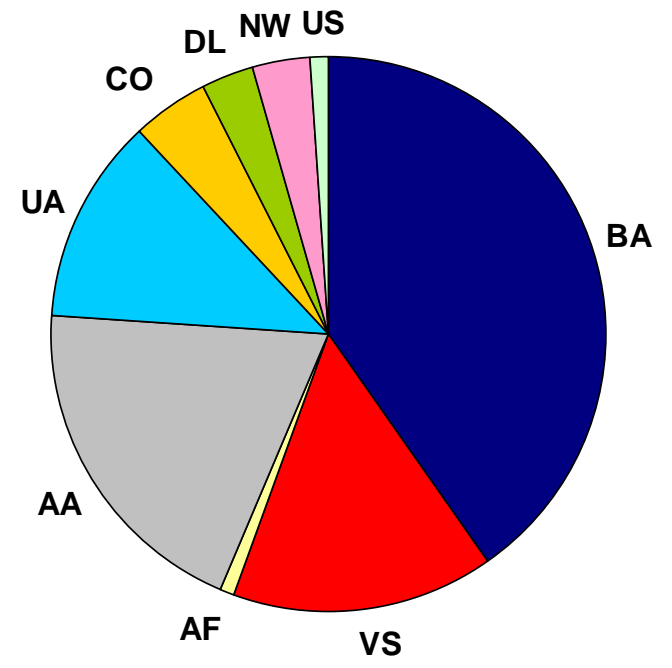
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# Heathrow-US shares

2007

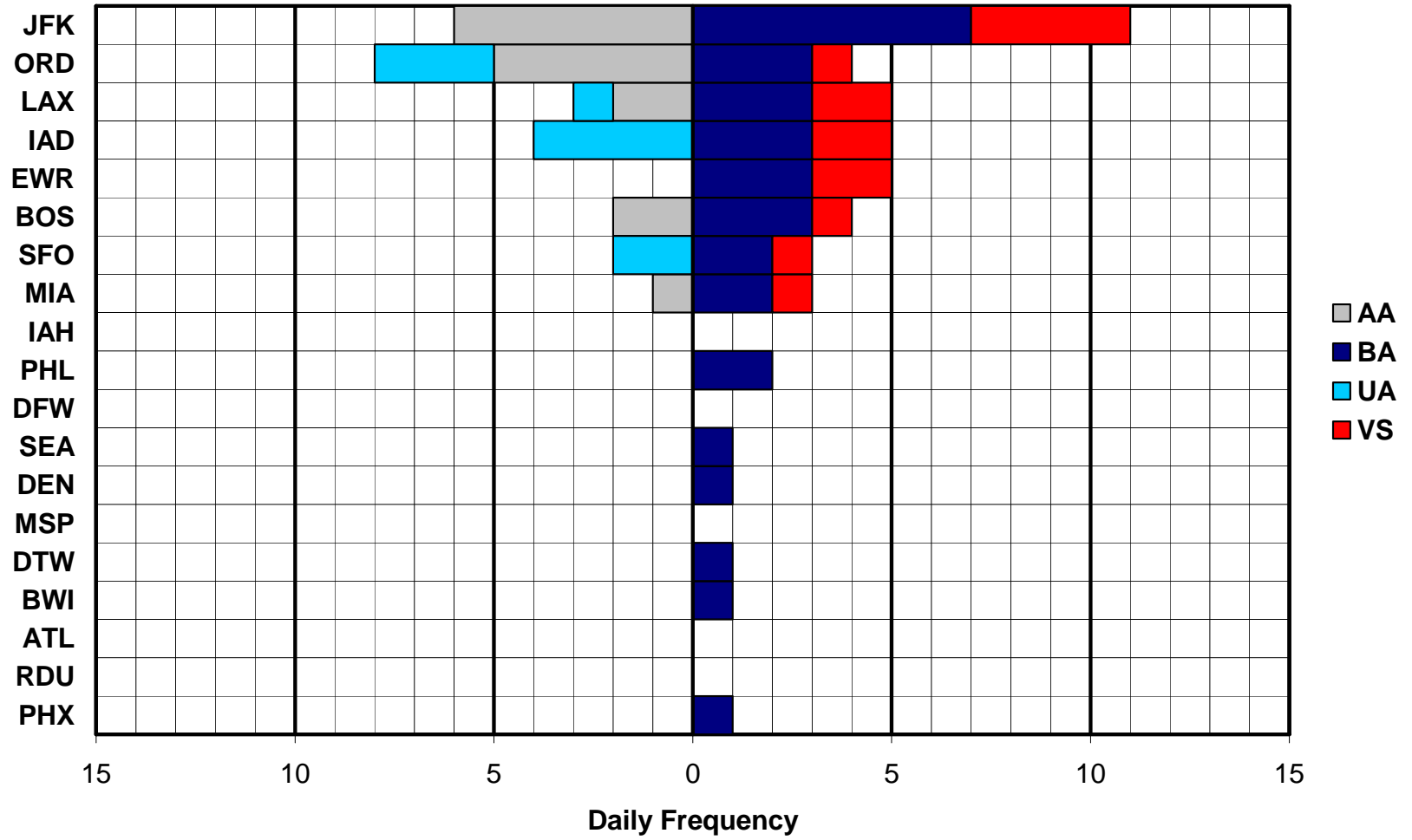


2008

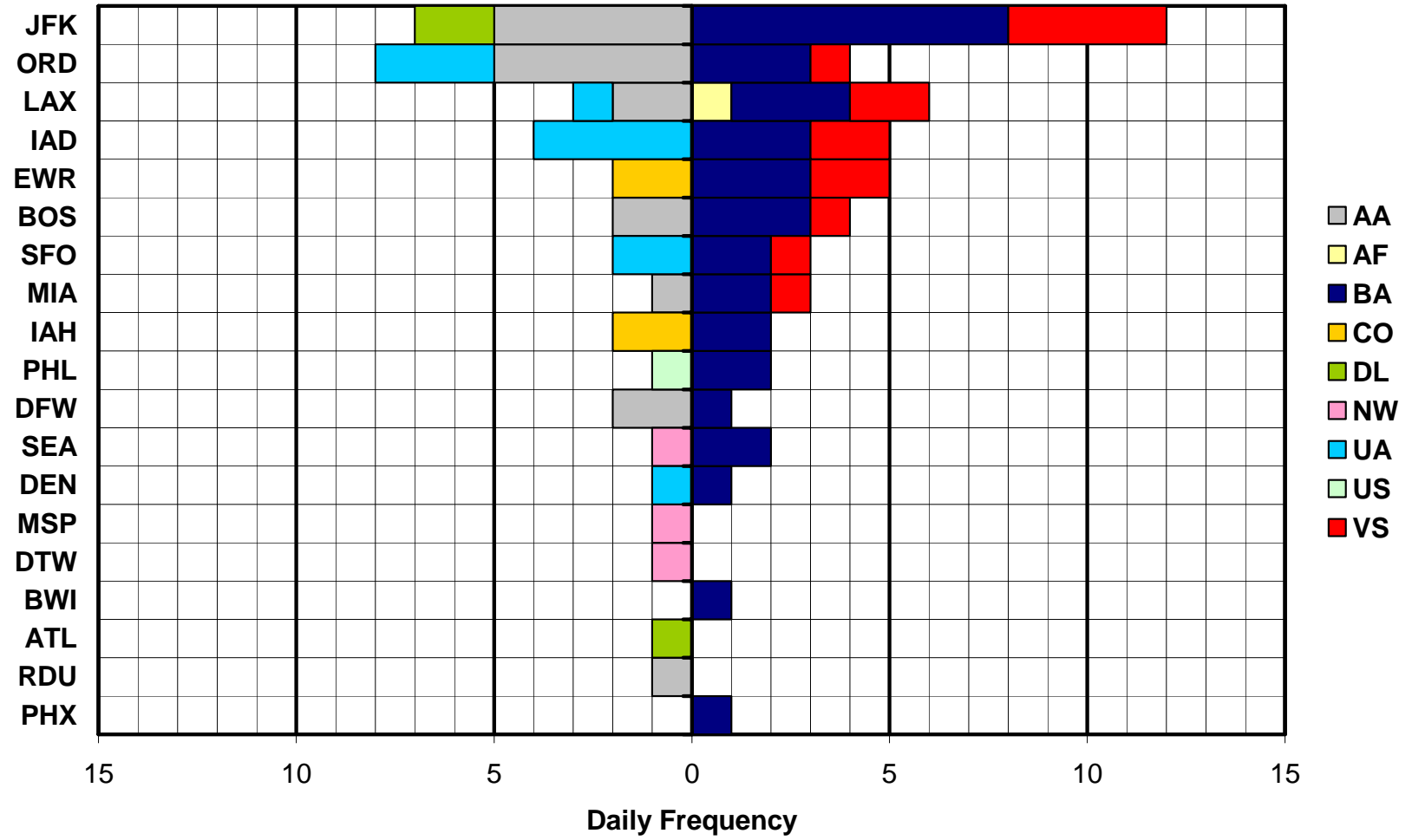




# Heathrow-US in 2007



# Heathrow-US in 2008

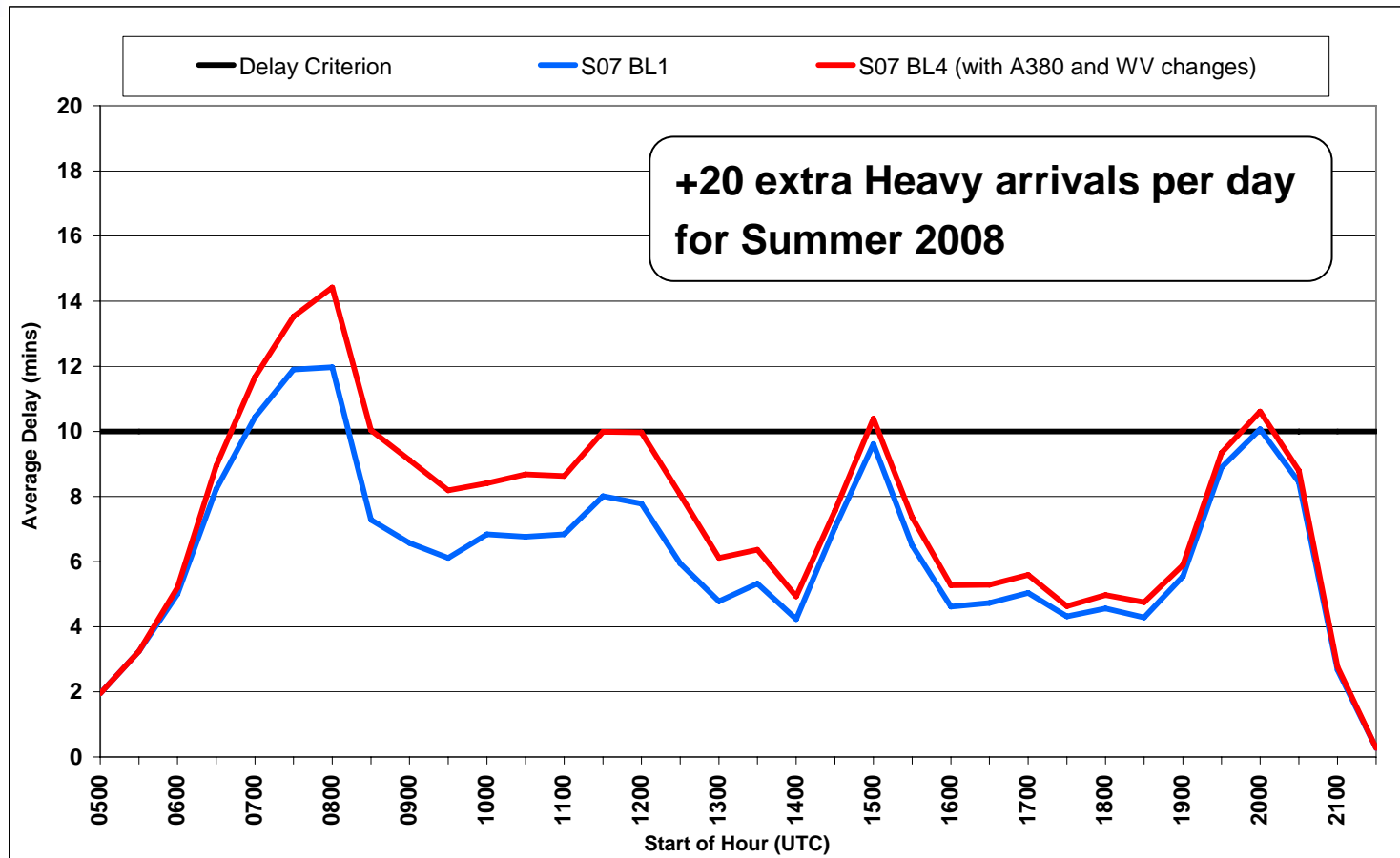


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Incidentally...

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# Impact on airborne holding



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Thank you

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