

# Policy Brief

Airport ownership, economic regulation  
and financial performance

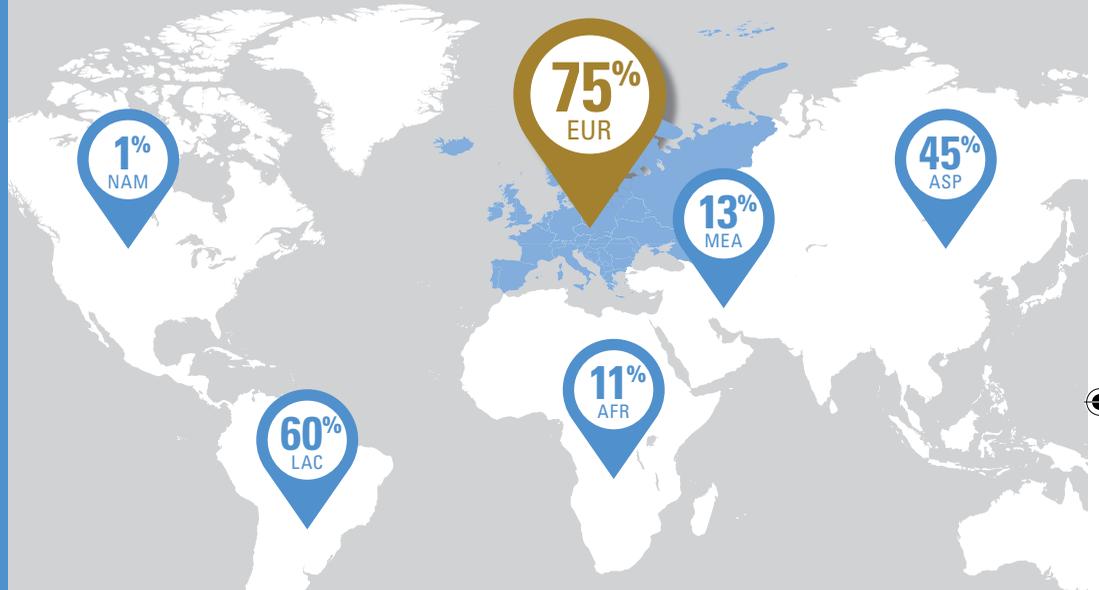
**41%** PAX TRAFFIC  
AT PRIVATE  
AIRPORTS

**59%** PAX TRAFFIC  
AT PUBLIC  
AIRPORTS



GLOBAL PAX TRAFFIC

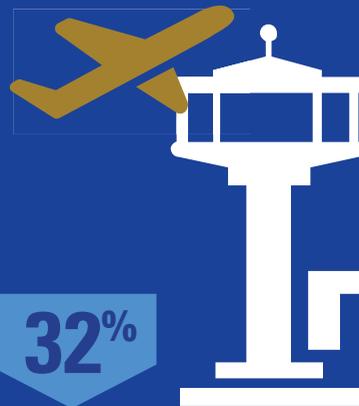
Proportion of pax traffic handled by  
airports with private sector participation  
by region



Of the world's  
100 busiest airports  
for pax,

**46**

have some form  
of private sector  
participation.



**68%** PAX TRAFFIC HANDLED  
UNDER **DUAL/HYBRID TILL**  
(FOR MAJOR PRIVATIZED  
AIRPORTS)

**32%**

SINGLE TILL

DUAL TILL

HYBRID TILL

DUAL AND HYBRID TILL REGIMES INCENTIVIZE  
PRIVATE INVESTMENT AT AIRPORTS.

2016 | 01



# ACI POLICY RECOMMENDATIONS:

## NO "ONE SIZE FITS ALL" APPROACH TO AIRPORT OWNERSHIP

ACI does not prescribe any specific type of ownership model. In short, airports should be permitted to operate under a range of ownership models. Types of ownership and participation of private capital vary from airport to airport depending on local circumstances. Each ownership model should guarantee flexibility to airport operators in developing both the aeronautical and non-aeronautical sides of the business to achieve a reasonable return on investment.

## CREATE ECONOMIC INCENTIVES AND GUARANTEE CONSISTENCY IN REGULATORY FRAMEWORKS

With ACI's global medium-term forecast showing 33% growth in passenger volumes from 2015 to 2020, many national governments may face a predicament where a surge in air transport demand is outstripping airport infrastructure. Private investment is needed to address this challenge over the long run. Along with consistency in regulatory frameworks, a move towards well-crafted economic incentives enables private equity to flow to the airport industry and helps contain the level of risk of such a capital intensive investment.

The single till accounting method is born of a long-standing convention to support aircraft operators at the expense of infrastructure providers. Many economists, airport operators and a growing number of regulators agree that this method introduces price distortions and creates an artificial constraint that results in market inefficiencies both for airport operators and their airline customers. A movement away from single till regimes to dual and hybrid tills induces cost efficiencies and innovations on the commercial side of the airport business.

## EVIDENCE-BASED POLICYMAKING

The role of a regulator and its oversight function is to monitor and ensure there is no significant abuse of market power. The application of competition laws, robust measures of competition and market-power tests on the pricing of airport services must be data-driven. Strict forms of price regulation result in allocative inefficiencies which affect economic incentives adversely. This may result in inefficient and/or insufficient infrastructure development.

## FOSTERING ENTREPRENEURSHIP AND VALUE CREATION

The potential for value creation and market innovations is omnipresent for aviation stakeholders in circumstances where airport operators are as free to grow as any other enterprise. There is ample evidence that private stakeholders re-invest portions of airport revenues generated from aeronautical and commercial activities in order to improve the quality of airport services and infrastructure. Moreover, during times of economic distress, non-aeronautical revenues serve as a cushion between airports and their airline customers with respect to charges. This has become a common practice at the worldwide level and should be further incentivized.

Please visit [aci.aero](http://aci.aero) to read the full ACI Policy Brief

2016 | 01