

Benchmark of airport charges and taxes (executive summary)



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European benchmark covering the years 2013, 2018, 2019 and 2020

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Executive summary

This study compares the price level of Schiphol to those of twelve competing airports in Europe and the Middle East. In 2020 the price levels of most airports increased. At Schiphol, the price level increased by 8.7 percent due to a relatively strong increase in its passenger and security charges as well as ATC charges. Schiphol nonetheless remains one of the cheaper airports in the benchmark. Only Dubai, Istanbul, Madrid and Copenhagen had a lower price level than Schiphol in 2020.

A competitive price level contributes to the attractiveness of an airport and hence to the preservation and strengthening of its network. Since 2008 SEO Amsterdam Economics benchmarks the price level of Schiphol to those of its main competitors. This update includes the following competitors: Brussels, Paris Charles de Gaulle, Copenhagen, Dusseldorf, Dubai, Frankfurt, Istanbul, London Gatwick, London Heathrow, Madrid, Munich and Zurich. The comparison is carried out for the years 2013, 2018, 2019 and 2020.

Methodology

The price levels of the various airports in each year are determined by calculating their total yearly aeronautical revenues using a benchmark model. The aeronautical revenues consist of several components: airport charges (including landing charges, parking charges, passenger charges and other charges), emission charges, security charges and taxes, noise charges and taxes, ATC charges and passenger taxes.

To ensure a fair comparison between airports and over years, the calculation for all airports and years are based on the same traffic mix. The traffic mix used represents 97.9 percent of aircraft movements and 98.3 percent of passengers at Schiphol in 2019. Due to the impact of the COVID-19 pandemic on traffic, the traffic mix for 2019 is not representative for 2020. Furthermore, airports and governments offered discounts on published tariffs and extended payment terms to support the airlines financially. Therefore the calculated price levels do not reflect the actual aeronautical revenues for 2020. However, as the same traffic mix is assumed for all airports and years, the analysis still provides useful insights into the price differences that exist between airports and the development of price levels over time.

Results

Total price level

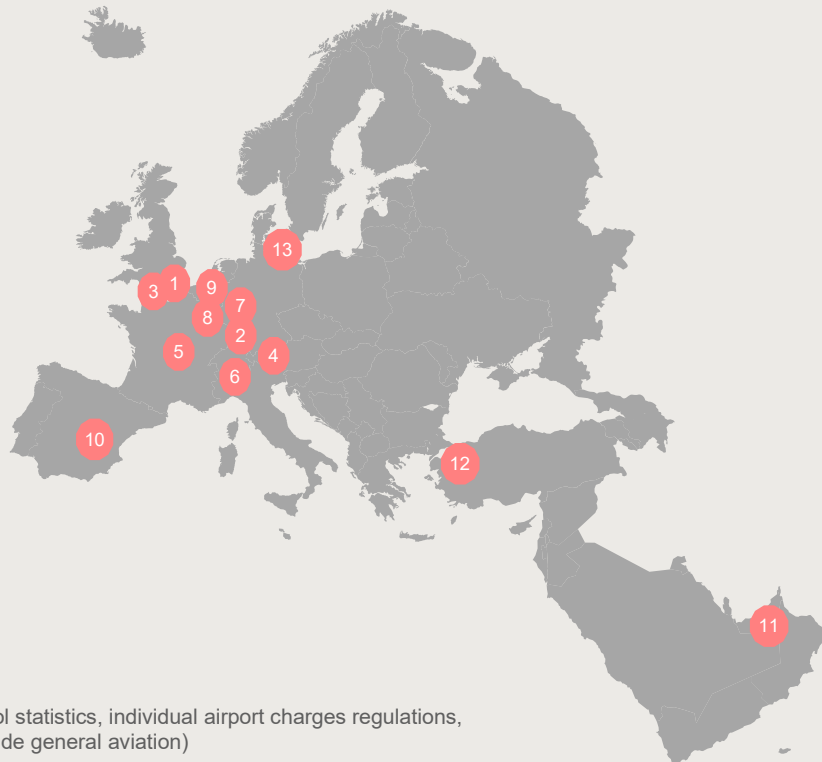
In 2020 Schiphol ranked fifth lowest in terms of the total price level out of the thirteen airports in the benchmark. Most airports showed an increase in the total price level compared to 2019. Schiphol's price level increased by 8.7 percent in 2020. Only Dusseldorf (+13.8 percent) and Frankfurt (+9.9 percent) showed larger increases. Madrid was the only airport in the benchmark where the price level declined.

Schiphol remains one of the cheaper primary airports



Rank '20 (1=most expensive)
 Change in rank '19-'20
 Flights '19 (x 1,000)
 Passengers '19 (mln)
 Price level wrt. Schiphol '20
 Change in price level '19-'20
 Price level transfer vs. O/D

Rank in 2020 (1 = most expensive airport)



Source: Analysis SEO based on Schiphol statistics, individual airport charges regulations, IATA ACIC and ACI (flights include general aviation)

The relatively strong increase at Schiphol was due to an increase in passenger and security charges as well as ATC charges. Consequently, Schiphol has become more expensive than Dubai, Istanbul and Madrid. However, the price differences with these airports remain small.

London Heathrow, Frankfurt, London Gatwick, Munich and Paris Charles de Gaulle remain the most expensive airports in the benchmark. This is mainly due to the high passenger taxes levied in the United Kingdom, Germany and France. Copenhagen remains the cheapest airport in the benchmark.

Tariff differentiations

Tariff differentiations determine how attractive airports are to various types of airlines. Schiphol differentiates its passenger charges relatively strong between O/D- and transfer passengers compared to the other airports. The way it differentiates its security charges between passenger segments is in line with the other airports. Contrary to some of its competitors, Schiphol does not differentiate its charges with respect to destination or distance. Although Schiphol differentiates its passenger charges relatively strong between O/D- and transfer passengers, the difference in the total price levels for O/D- and transfer passengers is relatively small. Airports where large passenger taxes are levied, such as those in the United Kingdom and Germany, show larger differences in the total price levels for O/D- and transfer passengers. This is because passenger taxes are only levied on O/D-passengers.

Price levels per *turnaround*

Finally, the price levels were estimated per aircraft *turnaround*: the price of a single landing and subsequent take-off for a small, medium and large aircraft type. For small and medium aircraft types Schiphol ranks fifth lowest. For the large aircraft type only two airports are cheaper than Schiphol.

The German and British airports appear relatively expensive for the large aircraft type. This is mainly due to the German and British passenger taxes which increase with flight distance. As large aircraft tend to operate over longer distances, the passenger taxes contribute relatively much to their price level. Since passenger taxes are only levied on O/D-passengers, airports where such taxes apply become relatively more expensive when the share of O/D-passengers increases.

Airports to a limited extent differentiate their charges by type of handling (connected at the gate or disconnected at the platform). Therefore, the type of handling has only a small impact on the price level per *turnaround*.

The full report including all the underlying analyses is available in Dutch at our website. For more information about the study please contact Rogier Lieshout (r.lieshout@seo.nl, +31 20 525 1672).



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