



Government Concession Fees and Airport Rent

Removing rent and concession fees airports are paying to governments will benefit all stakeholders—governments, airports, airlines and most importantly, the paying passenger.

SITUATION

The decision to offer airport concessions should be motivated either by a lack of financial resources necessary to develop airports or the objective of improving the efficiency of airport authorities. Notwithstanding these motivations, some governments have been collecting concession fees and rent from airports since the first airports were divested to autonomous authorities or private concessionaires.

In practice, concession fees applied to the airports are passed on to airlines and their passengers through artificially higher charges, making [airlines and passengers pay even more than their fair share of airport facilities and service costs](#). Nonetheless, governments do not provide any additional services in return for these concession fees. ICAO reports that at certain airports, non-aeronautical rates and fees have increased several-fold after a change in management resulting from the leasing of the airport¹. The additional costs will eventually lead to higher ticket prices and reduced demand, seriously damaging the aviation industry and reducing tourism and other wider economic benefits to the countries concerned.

IATA POSITION

IATA supports the removal of government concession fees and airport rent. As per ICAO's policies, airport charges should be related to the cost of providing airport facilities and services and airlines should not bear more than their fair share of the costs². Consequently, airlines and their passengers should not be requested to cover rent and concession fee costs for which they receive no service in return.

A decrease in the level of aviation charges and ticket prices will have a substantial positive impact on a country's aviation and tourism industry. [The growth in air traffic, tourism and economic activity related to lower aviation costs alone will significantly benefit a country's economy and off-set any reduction in direct revenue from rent or concession fees](#). Furthermore, growth in air transport and tourism industry guarantees additional jobs and revenue for the government.

Governments can best achieve their economic objectives by reducing airport costs/charges to stimulate growth, not by penalizing the aviation industry which acts as a major catalyst for this growth.

KEY REASONS WHY AIRLINES AND AIRPORTS SHOULD NOT PAY RENT AND HIGH CONCESSION FEES TO GOVERNMENTS

- ◆ Airlines and their [passengers already invest significantly to support infrastructure costs](#) at airports.
- ◆ Rent and concession fees are effectively an additional tax on air travel.
- ◆ Rent and concession fees will eventually [result in higher ticket prices](#).
- ◆ [Governments provide no services](#) to airports, airlines or their passengers in return for rent or concession fees.
- ◆ Rent and concession fees [restrict economic growth and tourism](#).

¹ ICAO Doc 9980 (first edition) paragraph 3.8.6 refers.

² ICAO Doc 9082 (ninth edition) paragraphs 2 iii) and 2 vi) of Section II refer.