

EXPLANATORY MEMORANDUM

Introduction

This Order is part of the traffic distribution rules. It elaborates on the rules laid down in the Schiphol and Lelystad Airports (Traffic Distribution) Decree. The Order outlines a threshold value for the designation of designates transfer flights and point-to-point flights.

Transfer flights

Flights are designated as transfer flights on the basis of their destination. All flights to destinations listed in schedule 1 to the Order are designated as transfer flights.

Pursuant to this Order, destinations are listed in schedule 1 only if they satisfy the following two criteria:

- a. an average transfer percentage of all flights departing from Schiphol Airport of at least 10%, measured over the five calendar years preceding publication of the designation;
- b. more than 10 flights per year in the three years preceding publication of the designation.

Re a.

The transfer percentage is a distinguishing criterion because transfer flights contribute to Schiphol Airport's hub function. Transfer flights are particularly important to Schiphol Airport on account of the limited domestic market. The existence of transfer flights enables, for instance, the profitable operation of long-haul intercontinental flights.

The transfer percentage is known because air carriers that use Schiphol Airport are obliged to provide the airport with their passenger loading figures for every flight. A distinction is made between transfer passengers and non-transfer passengers. The operator charges a different fee for each group (transfer or non-transfer) independently of the traffic distribution rules.

Re b.

Finally, a minimum frequency is specified. A total frequency of less than 10 flights per year for a particular destination is so low that it often concerns diverted flights.

If a destination does not fulfil the abovementioned criteria, it will not be included in the attachment and this destination, in principle, will not be designated as a transfer destination. The Order, however, contains an exception to this. A destination is assumed to be a transfer destination during a season when an air carrier can substantiate that the destination (during the season) will be served with flights with an average transfer percentage of at least 10%. Air carriers are provided with the flexibility to select the manner in which they prefer to substantiate this. When an air carrier can substantiate that a destination fulfils criteria a. and b. at another airport in the EU, that destination will be assumed to be a transfer destination at Schiphol as well. By providing air carriers this flexibility they have the opportunity to develop new transfer destinations at Schiphol.

In order to be transparent about the classification of destinations (transfer or point-to-point), a destination that is assumed to be a transfer destination based on the ground mentioned above will be published in the Government Gazette.

Point-to-point flights

Point-to-point flights are also designated on the basis of their destination. Point-to-point flights are the mirror image, as it were, of transfer flights. All flights to destinations listed in schedule 2 to the Order are designated as point-to-point flights.

Destinations are listed in schedule 2 to the Order if they satisfy the following two criteria:

- a. an average transfer percentage of all flights departing from Schiphol Airport of less than 10%, measured over the five calendar years preceding publication of the designation;
- b. more than ten flights per year in the three years preceding publication of the designation.

Threshold value for transfer percentage

A threshold value is used to distinguish between transfer flights and point-to-point flights.

The chosen threshold value for the transfer percentage determines which slots at Schiphol will be designated as slots to a point-to-point destination. An air carrier gets priority at the allocation of slots at Lelystad Airport if it has transferred historical slots to a point-to-point destination at Schiphol to another air carrier or the slot coordinator or henceforth will use these historical slots at Schiphol for a flight to a transfer destination.

The level of the transfer percentage affects the effectiveness and reach of the traffic distribution rules. Effectiveness in this respect is defined as the extent to which the traffic distribution rules stimulate the movement of traffic to Lelystad Airport and the degree in which the slots released at Schiphol are used for transfer destinations. The reach of the traffic distribution rules is determined by the number of air carriers that, due to their network of destinations, are influenced by the rules. For the sake of completeness it is emphasized that the traffic distribution rules do not force air carriers to relocate their flights from Schiphol to Lelystad Airport.

The transfer percentage needs to be of a sufficiently high level to be selective and effective and at the same time it must not have discriminatory consequences.

A low transfer percentage, however, results in less opportunity for the movement of flights from Schiphol to Lelystad Airport, as less destinations will then qualify for such a movement and/or the share of the air carriers' destination network that qualifies is too small to make a relocation to Lelystad Airport attractive. With a low transfer percentage the effectiveness and reach of the traffic distribution rules will therefore be less than is the case with a high transfer percentage.

An analysis was conducted to identify the effects of the traffic distribution rules at different levels of the transfer percentage in order to select a threshold value for the transfer percentage.

At a threshold value of 10% both the number of destinations and the number of aircraft movements of air carriers that operate on both transfer and point-to-point destinations fall sufficiently under the reach of the traffic distribution rules. At this percentage most airlines can transform a point-to-point

destination to a transfer destination and there are sufficient air carriers that can use the slots released at Schiphol. A transfer percentage of 10% thus forms a threshold value that supports the selective development of Schiphol's hub function.

The deployment of a lower threshold value will result in less flights at Schiphol that qualify for voluntary relocation to Lelystad Airport. The traffic distribution rules will then lose their distinctiveness and thus will have a less selective impact. Air carriers that operate on both transfer and point-to-point destinations will only be able to serve a smaller share of their flights and destinations from Lelystad Airport at a lower threshold value. This will decrease the attractiveness of Lelystad Airport as the overflow airport of Schiphol.

Provision of data with regard to transfer percentage

Data from Schiphol Group is used to determine the transfer percentage. Air carriers pay Schiphol Group a separate rate for transfer passengers and point-to-point passengers. One ticket (or travel contract) is used, which helps to easily identify a passenger as a transfer passenger. This makes it clear what part of the passengers qualifies as transfer passenger.

It is possible that a passenger buys two separate tickets and uses Schiphol as a transfer airport. These passengers are, in principle, not classified as transfer passengers (such a passenger is also not regarded as a transfer passenger in the airport charges system of Schiphol Group). The Order gives air carriers the opportunity to provide the Ministry with data that show that passengers use Schiphol as a transfer airport with more than one ticket. This data will then be used for the determination of the transfer percentages. It is of importance that such data is verifiable, since the designation of a destination as a transfer or point-to-point destination needs to be substantiated objectively.

Designation and publication

Under the Schiphol and Lelystad Airports (Traffic Distribution) Decree, destinations are designated every two years. The destinations must be announced at least one year before publication. Furthermore, air carriers will be consulted before publication.

Air carriers will thus know which destinations they can serve for a period of two years and will also know at least one year in advance what changes will be made for the following two-year period.

Entry into force

This Order is part of the traffic distribution rules and is inseparable from the Schiphol and Lelystad Airports (Traffic Distribution) Decree. Its entry into force is accordingly linked to the Decree's entry into force.

THE MINISTER OF INFRASTRUCTURE AND WATER MANAGEMENT