

COFECE responds to IATA's comments on corrective measures imposed on Mexico City's International Airport to promote competition

Mexico City, July 21, 2017.- In relation to the International Air Transport Association's (IATA) statement, the Federal Economic Competition Commission (COFECE or Commission) states that:

1. COFECE shares IATA's call for Mexican authorities to implement measures aimed at reaching the full potential of the country's airports infrastructure, especially at Mexico City's International Airport (AICM)
2. The auction mechanism, forfeiture of 10% of landing and take-off slots in saturated airports, and the 85/15 criteria used by airlines to keep their landing and take-off slots as per historic precedence, all presented in IATA's communication as well as the guidelines that do not comply with international practices, are the regulatory elements described in article 99 of the Regulations under Mexican Airport Law, in force since February 17, 2000 (*annex*).
3. The corrective measures ordered by COFECE are based on the current regulatory framework to ensure that Mexico City Airport Authorities do not infringe the law but rather fully comply with it.
4. These measures include matters related to the transparent use of landing and take-off slots, the description of (their) misuse, and adherence to the international scheduling calendar, among others. Additionally, COFECE delivered recommendations to the Executive Power and Congress of the Union for the efficient operation, transparency, certainty and competition, in accordance with international best practices.

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MORE COMPETITION FOR A STRONGER MEXICO

The Federal Economic Competition Commission is entrusted with safeguarding competition and free market access. Through these, it contributes to consumer welfare and the efficient functioning of the markets. Through its work, it seeks better conditions for consumers, greater output and better services and a "level playing field" for companies.

ANNEX[Regulations under the Mexican Airport Law \(in Spanish\)](#)

(...)

Article 99. Under the assumption that the Secretariat finds that the aerodrome operates under conditions of saturation on an airfield during specific schedules, the airport manager, from the time that said resolution takes effect, will allocate landing and take-off slots under the terms indicated in articles 95 and 96 and the following:

- I. During the first four years, the allocation of landing and take-off slots will occur as follows:*
 - a) The airport manager should revoke landing and take-off slots from carriers if slots are unused in a proportion equal to or greater than 85% or if carriers operate with delays equal to or over 15%, for reasons attributable to the carriers;*
 - b) New landing and take-off slots, those revoked in accordance with the previous point, those which carriers have returned and those, that have been revoked because of late dues as stipulated in article 96 of these Regulations, must be auctioned within the following 15 business days by the airport manager and will be allocated exclusively based on the economic proposal, which should be filled at least fifteen days before the commencement of the period of validity of the slot.*

Air carriers shall provide a performance bond issued to the AICM to guarantee the seriousness of the request, participation in the tender and payment of the bid, in the event of being awarded the slot. Air carriers not using the allocated slots within the first month of validity and for at least three subsequent months, shall be deprived of the relevant slot and shall lose the amount of its bid; as a contractual penalty

- c) Participation in auctions shall be limited to airline carriers that have fulfilled payment of the services indicated in article 96, second paragraph;*
- II. If after three years, the conditions of saturation are maintained, the airport administrator should:*
 - a) Revoke in the first month of each year, as of the fourth year, 10% of the landing and take-off slots allocated to each airline carrier during the hours when saturation occurs. The calculation shall be performed as follows: rounding up from 0.50 or greater to the next unit, decimals less than 0.50 shall be rounded down to the next unit;*
 - b) Air carriers operating slots during saturated hours shall be informed by the airport manager of the number of slots that will be removed, so that each air carrier may inform, in writing, within a maximum period of 30 calendar days, the slots it prefers to have removed in said saturated hours, in accordance with this section;*
 - c) In case the airline carriers fail to indicate the slots they prefer to have revoked, within the given timeframe, the airport administrator must decide on the matter and notify the airline carrier;*
 - d) Removal of landing and take-off slots, pursuant to this section, shall occur 365 days after notification to airline carriers of the number of slots to be removed, as stipulated in subsection b);*
 - e) The auction procedure indicated in this article will be used to allocate the previously removed slots. Auctions must be carried out between 120 and 180 days of the period described in the previous paragraph and will come into force on the following day established in paragraph d).*

- f) *Slots allocated via auction in terms of sections I and II of this article may be revoked during the following four years on the same grounds provided for in section I.*

