

# Airport Economic Regulations

This new part of the Jordanian Civil Aviation Regulations is hereby adopted under the authority and provisions of the Civil Aviation Law No. (41) 2007, and its amendments.

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Contents	
Article No	Subject
207.1	<u>Applicability</u>
207.3	<u>Definitions</u>
207.5	<u>General Principles</u>
207.7	<u>Price Monitoring</u>
207.9	<u>Price Control</u>
207.11	<u>Review</u>
207.13	<u>Fees &amp; Charges</u>
	<u>Appendix -A</u> <u>Components of the Price Monitoring Scheme.</u>
	<u>Appendix -B</u> <u>Comparison Airports.</u>

## 207.1 Applicability

- a. These regulations outline the price monitoring regulatory environment that will be established for the Jordan Airports Company following the separation of the management of the airport sector in Jordan from the **CARC**.
- b. These regulations also apply where a partial or complete privatization of a licensed airport or of its aeronautical revenue generating assets takes place, but only at those airports where annual passenger movements exceed 250,000, measured as the sum of arriving and departing passengers.
- c. The price monitoring approach will be replaced by a price control regime in the event that price monitoring fails to address concerns regarding monopolistic behavior by the airport operator.

- d. The legal basis for the imposition of these regulations is the Civil Aviation Law No. (41) of 2007, and its amendments.

### 207.3 Definitions

**“Aeronautical Charges”** means those charges that are directly related to the operation of an aircraft at the Airport. These include, *inter alia*, landing and parking charges , Air Navigation fees, passenger, ramp and cargo handling charges, into-plane fueling charges, security and passenger charges;

**“Airport”** or **“Airports”** means Jordanian licensed airports;

**“Board of Airline Representatives”** or **“BAR”** means a body comprising representatives of the airlines that operate at the Airports;

**“Competent Authority”**. means any authorized department, agency, institution or other body of the Jordanian Government, including the **CARC** or any successor.

**“Jordan Airports Company”** or **“JAC”** means the corporatised body, either Government owned or with full or partial private sector financial involvement, granted an Airports License by the **CARC** to operate the Airports;

**“Off-Peak”** refers to any charges that are listed by the relevant airport as not incurring any surcharge to standard charges;

**“Price monitoring”** means the regular comparison of a basket of prices, as identified in Appendix A, against a similar basket of prices at a range of regional airports identified in Appendix B;

### 207.5 General Principles

- a. The **CARC** seeks to minimise the extent of any economic regulation of the airport sector, subject to the following principles:
1. Furthering the reasonable interests of users at the Airports
  2. Promoting the efficient, economic and profitable activities of the Airports
  3. Encouraging timely and appropriate investment in facilities at the Airports so as to satisfy anticipated demand
  4. The requirements imposed upon the Government of Jordan through its international obligations, specifically Article 15 of the Chicago Convention
- b. The **CARC** is also in charge with ensuring the reasonableness, transparency and consistency of any regulation.

### 207.7 Price Monitoring

- a. The **CARC** will conduct an annual review of Aeronautical Charges at the Airports as outlined in Appendix A and Appendix B to these regulations.
- b. This review is to take place in April of each year, commencing in, once section 207.1.b is applicable.

- c. The review is to gauge the relative price competitiveness of the Airports against regional comparisons. The price comparison for the Airport will measure the costs associated with the Aeronautical Charges for each aircraft against the numerical average of the other airports listed in Appendix B.
- d. Price monitoring will be maintained if:
  - 1. The aeronautical charges measured at the Airport are less than 120 % of the numerical average of the comparison airports for at least two aircraft based on Maximum take off weight as per appendix A measured under the same criteria; and
  - 2. The Airport does not have the highest Aeronautical Charges for any single aircraft type evaluated under the same criteria; and
  - 3. Quality of services criteria are established under Service Level Agreements and are maintained at levels acceptable to the BAR.

### **207.9 Price Controls**

- a. In the event that price monitoring is deemed to be inadequate as a effective means of economic regulation as evidenced by section 207.7, **CARC** may introduce price controls to limit upward changes in Aeronautical Charges levied by the Airports operators.
- b. The methodology to be adopted for price regulation will be assessed through a consultation process with the Airport operator and relevant stakeholders.
- c. The options available to the regulator will include:
  - 1. A price cap, limiting the absolute value of charges on a per passenger basis, indexed to a consumer price index;
  - 2. A price control mechanism, using the Consumer Price Index as a reference point, designed to improve efficiency and adjust prices relative to inflation;
  - 3. Charges referenced to a basket of competitor airports in the region as per Appendix B.

### **207.11 Review**

- a. The Price Monitoring process will remain in force until either:
  - 1. One year after the transfer of operation of the Airports to a corporatised body; or
  - 2. The 1st of April 2009; whichever is the later.
- b. Any price control mechanism will be established for a five years period.

### **207.13 Fees & Charge**

- a. The **CARC** may impose fees and charges under any price control mechanism.
- b. Such fees and charges will be available on the **CARC** website. These charges will be levied in accordance with applicable Civil Aviation Fees & Charges Regulations as amended.

## **Appendix –A**

### **Components of the Price Monitoring Scheme**

The following aeronautical charge elements are to be calculated and summed for the purposes of price comparisons with the airports listed in Appendix B.

Three aircraft with different types and weights will be selected by **CARC**, to be calculated and compared separately in accordance to the Maximum take off weight of each aircraft.

#### Charges elements:

1. Landing Fees, based upon an off-peak, day-time arrival;
2. Parking Fees, based upon a two-hour period on a stand adjacent to the passenger or cargo terminal;
3. ATC fees for a landing at each airport;
4. Ramp handling charges based upon a standard turnaround and a transfer of passenger bags or containers for arriving and departing passengers, with the supply of ground power for one hour, including push-back, toilet and water servicing;
5. Passenger handling based upon a 75% seat factor;
6. Cargo handling based upon an unloading and reloading of a 75 tonne payload.

## **Appendix-B**

### **Comparison Airports**

The following airports are to be used for the price comparisons:

1. Beirut;
2. Bahrain;
3. Cairo;
4. Larnaca ;
5. Tel Aviv;
6. Tripoli.
7. Damascus
8. Al Riyadh