

AIR CHARGES ON THE RISE - ABBC

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The privatisation of ANA causes concern over changes to aviation regulation.

After more than 10 years of speculation, Portuguese airport operator Aeroportos de Portugal – ANA was finally privatised at the end of last year. The French infrastructure giant Vinci landed a 95 percent holding in the asset with a bid of more than €3bn, handing it the right to service airports in Lisbon, Porto, the Algarve, Alentejo, Madeira and the Azores.

The deal was a boost to Government's finances, but it has created certain issues when it comes to the regulatory model adopted, says António Moura Portugal, a Partner at ABBC & Associados. "The sale creates something of a paradox, as the old legal model, which was set in stone and fully public, has been replaced by an annex of a private concession agreement."

Additionally, the previous "single till" financing model has been replaced with a "dual till" system, he explains. Under the former, both the airside revenue (such as landing fees and other aviation services) and commercial revenue (such as shops sales and long-term parking) would be liable to

fund the infrastructure. Under the new system, it is only the airside revenue that can be used and "this model will eventually lead to a rise in airport charges", Moura Portugal claims.

"This change needs robust regulation from The National Institute of Civil Aviation of Portugal, and assessment of the fulfilment of quality level requirements for the monopolistic operator."

The main concern already announced publicly is that airlines may stop using Portuguese airports if the prices become too expensive. As ANA holds the main assets, there is little choice, for example, for airlines to select an alternative to Lisbon airport run by a competitor unlike in London.

"The Government can't take airlines for granted," Moura Portugal warns. "There need to be transparent and objective rules and an independent and accountable regulator."