

## Project Outline:

### Risk Sharing between Airports and Airlines: An Empirical Analysis of Change in Charges Structure of German Airports

- (1) **Responsible:** Jürgen Müller, Marius Barbu, David Ben Heinz
- (2) **Objective:** Illustrate how the structure of aeronautical charges for the 11 biggest German airports has changed over the last 10 years and analyze the possible implications for the risk sharing between airports and airlines.
- (3) **Design/Methodology/Approach:** Due to the highly individual structure of every airport and an increasingly deregulated market, a comparative analysis of charges is difficult. To allow a comparison three samples of airports were built. Inside the samples, airports are similar in size (i.e. with regard to length of runways, number of gates, terminal size, passenger's number, aircraft movements and aircrafts types). We then analyzed the structure and level of charges, distinguishing between regulated and non-regulated elements.
- (4) **Findings:** We found a change in the structure of aeronautical charges of (mainly due to deregulation induced by the European Union). First, the share of variable charges, namely passenger related component of airside charges, is increasing. Second, the analysis shows a decrease in the level of regulated charges, while those of central infrastructure remained approximately at the same level. We therefore argue that airports are increasingly exposed to more risk (from a possible exogenous demand shock, like 9/11 in the US) and analyze the implications for the future. Primarily the risk will be manifested on short-term. On medium and long-term, airlines may restore the SLF and decrease the number of movements, bringing the airports to the same cost-revenue base.
- (5) **Limitations/Implications:** The analysis concentrates on aeronautical charges only. The level of risk to which airports are exposed still has to be quantified before it can be credibly used in decision-making process.
- (6) **Originality/Value:** The development of charges structure can give us important clues about the risk sharing, welfare effects and allocative efficiency in the aviation industry.
- (7) **Status and further research:** After highlighting that the share of the passenger component charge has increased, we are presently analyzing the risk dimensions and whether it is just a theoretical one or if it will ever transfer into practice. We are also trying to find an appropriate way to quantify the risk.

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