



KLM Royal Dutch Airlines

Docket Operations, U.S. Department of Transportation
West Building, Ground Floor, Room W12-140,
Routing Symbol M-30
New Jersey Avenue 1200
DC 20590 Washington

classification
your ref
your date

telephone +31 20 3042508
our ref SPL.OZ.08.04
our date 02 April 2008
telex +31 20 3042509

subject

US Department of Transport Notice of Proposed Amendment to Policy Statement on Airport Rates and Charges (FAA-2008-0036)

Dear Sir or Madam:

I write to you to share our views regarding the US Department of Transport's proposed amendments to the 'Policy Statement on Airport Rates and Charges'. KLM Royal Dutch Airlines strongly feels the proposed amendments will not only fail to solve the problem at hand (congested airways and airports) but will lead to the overcharging and discrimination of airlines. Our specific concerns with the three amendments are outlined below.

Two Part Landing Fees

Whilst we support the elimination of the weight element in Air Traffic Control charges (since there is little relation between aircraft weight and costs) we are very disappointed that the proposed amendments seek to allow airports to pursue congestion-pricing schemes. Please note that ICAO does not support the imposition of congestion pricing via airport charges. Rather, ICAO Doc. 9161 Manual on Air Navigation Services Economics (2007) permits limited use of congestion pricing only as it relates to air navigation services.

A per-operation fee during congested periods would reduce the number of small aircraft operations. This will either lead to passenger inconvenience (longer waiting times), crowded airports and disruption of schedules or, if operators would (as they probably will) decide to continue to fly regional jets during congested periods to support their international networked system, the proposal would only increase the costs to passengers without addressing the underlying congestion.

Finally, any amendment to DoT policy should state that any peak hours charges must correspond with equivalent decreases in non-peak hour charges.

Cost of Facilities Under Construction

ICAO regulations clearly state that airports are limited to charges that recover the cost of operating and maintaining the airfield. As such, airports can only charge airlines for facilities "used and useful" to those airlines (please note that there is no guarantee that the same airlines that pre-finance the construction of airport facilities today will use those facilities in the future)



Royal Dutch Airlines

We have noted that the DoT itself acknowledges that the proposals are in direct conflict with this principle – the Department choosing to describe this as a 'modest departure' from the principle. There is no such thing as a 'modest departure'. It is against internationally agreed principles and should be withdrawn with immediate effect.

Cross Subsidization

This proposal also constitutes a significant departure from existing and accepted international policy. It serves to undermine the ICAO principle that charges be cost-related. Also, it is anticompetitive as one group of airline users will invariably subsidize other groups under such a scheme. This could lead to a distortion of competition and an imbalance of the level playing field and lead to airlines and their passengers paying for facilities and services that they do not use and will not benefit from.

Looking specifically at the DoT Order, subsidization of secondary airports via primary airport fees will likely result in competition distortions between full service carriers (that normally serve the primary hub airports) and low cost carriers (that normally serve underutilized secondary airports). It would also tend to distort competition between U.S. carriers (that have the right to fly to secondary airports) and international carriers (whose ability to use secondary airports is often more limited).

In short, the proposals do not address the issue at hand – which is reducing congestion - and will lead to overcharging and discrimination of airlines. We suggest that alternative methods are applied, such as investments in enhanced technology, infrastructure and procedures at congested airports and airspace and secondly by full implementation of the IATA Worldwide Scheduling Guidelines, which is a proven and worldwide accepted method of congestion management.

Yours sincerely,
FLIGHT OPERATIONS

Kees van Dooren
Vice President Air Traffic Management