

AIRPORTS COMPETITION: IMPLICATIONS FOR REGULATION AND WELFARE

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- Separation of BAA airports in the UK (separation is not the "magic bullet" but should be positive)

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- How would be airport competition either under congestion-pricing or under an efficient slot system?

Comments (2): competition requires spare capacity

- With asymmetric airlines, optimal congestion tolls are differentiated across carriers. Uniformity on airport charges (when slots are sold or tolls are uniform) distorts carrier flight choices. However, quantity-based regimes where the airport authority allocates a fixed number of slots via free distribution or an auction lead carriers to treat total flight volume (and thus congestion) as fixed and this generates an efficient outcome as long as the number of slots is efficiently chosen (Brueckner, 2009, JPubEcs)"

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- UK: gains from increasing the weight of the per-flight component in the price schedule // US (FAA): two-part landing fee structure (operation charge + weight-based charge)

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- Brueckner et al. (2012, unpublished paper) provide a methodology for deciding which airports warrant grouping in multi-airport metropolitan areas: the methodology is based on the comparability of incremental competition effects from nearby airports on average fares at a metropolitan area's primary airport

Comments (4): airport specialization, airport mergers, and airport privatization

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- What about the specialization in cargo (e.g., MEM)? Does this have a competition-reduction effect?

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- **Privatization**

- Can airport separation work without privatization?

Comments (5): LCCs and secondary airports

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- **Are secondary airports practicing predatory pricing when competing with major airports?**

- They offer lower prices when their costs are not genuinely lower

Very interesting analysis!