

No. 02/ZDP/VE/2018

Date: 24 January 2018

Pursuant to Article 14.1, 14.2, 15.1 (f), 21.2 and 81 of Law no. 03/L-051 on Civil Aviation ("Official Gazette of the Republic of Kosovo" no. 28, June 4, 2008), and Article 13.1 of the CAA Regulation no. 3/2015 on airport charges, dated June 8, 2015,

Having decided upon the proposal of the PIA Adem Jashari operator LKIA J.S.C. ("the airport operator"), of November 20, 2017, for approval of the Incentive Program 2018-2020,

Director General of Civil Aviation Authority of the Republic of Kosovo issues:

DECISION

1. Incentive Program 2018-2020 for PIA Adem Jashari is approved according to the proposal of the airport operator, of November 20, 2017, in accordance with this decision and for the period March 25, 2018 to March 28, 2020.
2. Approval of Items 5.5 *The Off-peak time support incentive* and 5.7 *Limited groundhandling service incentive* included in the Incentive Program from 1st paragraph of this decision is outside the scope of the CAA.
3. Any changes to the Incentive Program must be made in accordance with Regulation no. 3/2015 on airport charges.
4. The airport operator is obliged to offer the Incentive Program to all airlines operating at PIA Adem Jashari in a non-discriminatory manner and to publish this program appropriately, as well as to inform the CAA on the implementation of this program and any changes thereof.
5. This Decision shall enter into force on the day of its signing.

REASONING

The airport operator has submitted the Incentive Program 2018-2020 for approval from the Civil Aviation Authority of Kosovo ("CAA") on November 20, 2017.

The Incentive Program states that it aims to increase traffic at this airport through incentives for development of new routes, incentives for development of new frequencies, incentive for airlines with high traffic volume, incentives for airlines that base at least one aircraft in Prishtina, incentives for operations during off-peak period, marketing activity incentives for airlines that start new routes or new frequencies at PIA Adem Jashari and incentives for airlines that use limited groundhandling.

In order to obtain the approval of the CAA for its incentive program, the airport operator has submitted these documents for review:

- Incentive Program 2018-2020 of PIA Adem Jashari of November 20, 2017;
- Electronic correspondence of December 8, 2017 sent by the airport operator to airline headquarters that operate or may operate at PIA Adem Jashari, through which they ask for comments in the proposed program by December 21, 2017;
- Response via email from the airline WizzAir of December 21, 2017 as the only one that responded to the public consultation;
- Electronic correspondence of December 26, 2017 which confirms that the operator has not changed the program following the comments made by companies participating in the public consultation.

Based on the duties and responsibilities of the CAA under Article 15 (f) of Law no. 03/L-051 on Civil Aviation as well as Article 13.1 of the Regulation no. 3/2015 on airport charges, the CAA has reviewed these documents and has

CONCLUDED THAT:

- The proposed Incentive Program is the same with the program covering 2016-2020 period approved through CAA Decision no. 02/ZDP/VE/2016 of February 15, 2016, supplemented through electronic correspondence of October 14, 2016 to include the groundhandling incentive which the CAA has not approved because it does not deal with CAA regulated charges.
- The proposed Incentive Program is a transparent initiative and good encouragement for airlines to start new routes/frequencies or increase the volume of traffic at PIA Adem Jashari. Implementation of these incentives will be useful to the public by offering greater choice of travel to and from PIA Adem Jashari.
- Conditions for granting each of the five incentives offered in the Incentive Program proposed by the airport operator are relevant, objective and transparent. The Incentive Program is offered to all airlines which carry passengers without exception; which operate or plan to operate from PIA Adem Jashari; and which satisfy all the conditions provided in the Incentive Program.
- The Incentive Program is limited in time and is effective from March 25, 2018 to March 28, 2020.
- The airport operator has conducted the compulsory consultation process with airlines.

Given that the Incentive Program of the airport operator PIA Adem Jashari aims to promote the opening of new routes and increasing the number of flights, it is limited in time (valid for two years) and is proportionate to achieving the targeted objective, it can be concluded that,

as such, this program is in the general public interest and is consistent with the requirements of Article 13.1 of the Regulation no. 3/2015 on airport charges.

By exclusion, approval of Items 5.5 and 5.7 of the Incentive Program is not the responsibility of the CAA under Regulation no. 3/2015. This incentive touches upon groundhandling charges that are not regulated aeronautical charges listed in Article 4 of the Regulation no. 3/2015 of the CAA. It is at the discretion of the airport operator to provide an incentive for groundhandling services, in accordance with Regulation no. 4/2011 on access to the groundhandling market. However, the incentive to airlines under paragraph 5.5 and 5.7 of the Incentive Program referred to above, should be provided in a non-discriminatory manner to all companies that meet the requirements set by the airport operator.

Through electronic correspondence regarding the request of CAA to get consent from the Public Partner of PIA PPP Agreement regarding the Incentive Program proposed by the airport operator, the Central Department for Public Private Partnership of the Ministry of Finance advised the CAA on January 16, 2018 to continue the exercise of CAA responsibilities within the powers envisaged by the Law on Civil Aviation and relevant regulations and the PPP contract on PIA.

Therefore, based on these facts, it can be concluded that the Incentive Program of the airport operator is in compliance with the requirements of Article 13.1 of the Regulation no. 3/2015 on airport charges.

Relying on this legal basis, the Director General has decided as in the enactment clauses of this decision.

Prishtina, 24 January 2018

Dritan Gjonbalaj
Director General

Instruction on legal remedy:

Administrative review of the Appeals Commission of the CAA may be requested against this decision, within 30 days of receiving the decision.

To be sent to:

PIA Adem Jashari Operator
Central PPP Department, Ministry of Finance
Ministry of Infrastructure