

*The Hong Kong Polytechnic University
Department of Logistics and Maritime Studies
Online Research Seminar*

Optimal Use-it-or-lose-it Rules for Airport Slot Management

by

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Online Session in Blackboard*: Research Seminar by Dr Achim I. CZERNY

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(Conducted in English)

Abstract:

This paper considers a single airport and two time periods in which an incumbent airline competes with a new entrant airline in the second period. Slot allocation is based on grandfathering and features priority for new entrants. Grandfathering is conditional on a minimum use of capacity in the first period (use-it-or-lose-it). The analysis shows that the incumbent's preferred use-it-or-lose-it requirements are lower than the welfare-maximizing requirements, which indicates the need for government involvement for passenger protection. Numerical simulations further indicate that the discrepancy between the incumbent's and the welfare viewpoints are decreasing when airport capacity is expanded and increasing when passenger demand and airline rivalry is growing. The policy lesson is that use-it-or-lose-it requirements should be made on a case-by-case basis in the sense that they are more relaxed when airport capacity increases and tighter when passenger demands and airline rivalries grow.

Link to this Paper: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3243395

Bio:

Dr. Achim I. Czerny is Associate Professor at the Department of Logistics and Maritime Studies (LMS), Hong Kong Polytechnic University, Director of a new academic program in Aviation Management and Logistics, member of a Steering Committee for the establishment of a MSc Programme in Aviation Management and Finance in Hong Kong, and Editorial Board Member with Transport Policy. Previously he was employed as researcher at the VU University of Amsterdam, Department of Spatial Economics, and Assistant Professor of Regulatory Economics at the WHU – Otto Beisheim School of Management. He studied Economics at the TU Berlin and holds a doctoral degree in Economics from the TU Berlin. He was the head of the local organizing committee of the International Transportation Economics Association (ITEA) school and conference hosted by LMS in 2018, is a member of the Scientific Advisory Board of the European Aviation Conference, and board member of the German Aviation Research Society (GARS). He has published numerous research papers in *transportation journals* and *economics journals*. He was awarded with the Best Overall Paper Prize of the ITEA Conference on Transportation Economics 2014 (with Anming Zhang) and the Certificate of Excellence in Reviewing from Transportation Research Part B in 2013.

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Please email to anne-ly.wong@polyu.edu.hk for enquiries regarding the seminar.

All are welcome!