



# Competition in the Jet Fuel Supply Chain

Creating the conditions for a competitive market in the supply of jet fuel will benefit all stakeholders — governments, airports, fuel suppliers, airlines and most importantly, air transport users.

## Situation

There is currently competition to various degrees in the supply of jet fuel at most large and mid-sized airports. However, this is not the case in some jurisdictions and at most smaller airports. Even at airports where more than one supplier is present, a supplier's ability to compete could be restricted due to several factors including constraints on the supply chain to the airport, excessive and unjustifiable fees for the use of on-airport and off-airport infrastructure, and the non-availability of an independent into-plane service provider. Experience has shown that open and fair competition contributes to maintaining a higher quality of service, compliance with industry standards, and competitive rates.

## IATA position

IATA supports open markets that result in free and fair competition in the supply of jet fuel to the airlines. This requires, open access to fuel infrastructure, cost justified and regulated charges for the recovery of fuel related on-airport and off-airport infrastructure costs, and free and fair competition in the jet fuel handling activities at the airport.

Regulators should promote open and competitive markets in activities where competition generates efficiencies such as fuel supply and into-plane services.

Suppliers of fuel should only need to pay a transparent and non-discriminatory set of fees to use common storage facilities, and where present, common hydrant systems. Furthermore, to avoid unfair competitive advantages, vertical integration of the fuel farm operator, into-plane service providers, and/or fuel suppliers must be avoided.

Open access to fuel facilities should be promoted throughout the supply chain. The benefits of open access of fuel infrastructure at the airport would not be fully realized if key off-airport fuel facilities including pipelines, road transport and marine port facilities are not open access. It is essential to involve regulatory authorities to ensure that owners of centralized infrastructure do not create barriers to market entry for fuel suppliers wishing to bring product into an airport.

## Key considerations on competition in the jet fuel supply chain

- ◆ Open and competitive markets in activities where competition generates efficiencies such as fuel supply and into-plane services should be promoted.
- ◆ Any jet fuel supplier or self-supplying airline that meets the required safety, quality and reliability criteria should be able to supply fuel at any given airport.
- ◆ Suppliers of jet fuel should be free to determine the source of the supply – local refinery or imported product.
- ◆ Jet fuel prices should follow the market and be formed on the basis of a transparent, internationally accepted formula (formula-based pricing).
- ◆ The jet fuel delivery systems to airports and at airports (airport storage to aircraft) as well as storage tanks should be common use facilities and made available to all users and potential users in an open and transparent process.
- ◆ When airport fuel infrastructure is provided on a common use basis, it must be considered as essential facility. Any associated charges must be cost justified and reasonable, subject to economic regulation where appropriate, and published to ensure that all users of the infrastructure pay the same rate.
- ◆ Vertical integration of participants in the fuel supply chain must be avoided.