

To: Chairman,  
Airport Economic  
Regulatory Authority,  
AREA building, administrative complex,  
Safdarjung Airport, New Delhi - 110003  
INDIA

February 29, 2012

Dear Sir,

On behalf of Air France/KLM I herewith express our support with respect to the submission made by IATA in objecting to the airport charges proposal for Delhi Airport.

We agree with AERA that the traffic forecast of Delhi Airport seems too pessimistic. The market for growth in aviation is clearly present. However growth figures could be strongly mitigated if costs of operations to/from India become too high. The proposed 515% increase in charges will not be sustainable for the airlines. It would make Delhi the most expensive airport in Asia, and if the cost of living index would be taken into consideration the situation will become insurmountable.

The regulation of the airport as a hybrid till is in our opinion a wrong concept. Delhi Airport should be a service provider, supporting economic growth, and not a financial vehicle with the objective of creating optimal profits by maximizing the return on equity. A single till concept would be the most appropriate approach in this respect, with financing terms linked to the costs of long term government bonds.

As to the structure of the charges we consider this not in line with ICAO principles, and we urge you not to approve the discriminatory tariff setting between domestic and international operations. Also the different rates on landing charges depending on distance are not in line with these principles. The rate should be the same, independent of the distance flown.

Taking into consideration the existing high cost of operating, the proposed increase would oblige us to seriously reconsider our Delhi operations.

Yours Sincerely,



Marnix Fruitema,  
Senior Vice President  
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Air France KLM

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