Selected Topics in Regulation and Competition

(ABSTRACT COLLECTION)

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**ABSTRACT COLLECTION**

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Abstract collection

Pre-funding opportunities for Italian airport infrastructures in light of a benchmarking analysis of international airport charges and fees

The sharp increase in demand for air transport expected in the next two decades and the growth opportunities associated with it call for regulatory and industrial policy measures aiming at rationalizing and strengthening the Italian airport system. The definition of consistent rules and the adoption of a more "systematic" vision of the sector by policy makers are crucial elements to foster new investments in order to enhance airport service supply. Given the current "single till" regime and excluding further public spending, pre-financing of airport capital expenditures is the most viable approach to gather financial resources for new investments. A benchmarking analysis of international airport charges and fees shows that Rome Fiumicino airport charges are well below those paid abroad. Hence, wide margins exist for an upward adjustment of the national airport charges, with the objective of generating, where needed, a substantial amount of resources to develop new infrastructures.

The role of the discount rate in cost-benefit analysis between theory and practice: a comparative survey

This study focuses on the role of the discount rate in cost-benefit analysis (CBA) of regulation, providing a systematic investigation into regulatory practice vis-à-vis the existing economic theories. In the first part, a quick survey of the main economic literature on the social discount rate (SDR) is presented. In the second part, the current institutional practice is investigated, firstly comparing the recommendations on discounting issued by institutional actors in the US and the EU, and secondly examining the SDRs adopted in two samples of CBAs selected among Regulatory Impact Analyses of US Environmental Protection Agency and Impact Assessments of EU DG Environment. A gap exists between economic theory and institutional practice in the selection of the SDR. Regulatory decisions which are based on CBA reflect the most workable economic literature on discounting rather than the most theoretically consistent one. Scholars who aim at improving the quality of rule-making and at fostering the application of CBA in regulatory decisions should improve the “operational validity” of their research, thus providing practitioners with methods that are both consistent and workable.
The harmonization of market entry regulation for the operation of air services in the European Union: a comparative survey of the implementation of Regulation (EC) no. 1008/2008 by member states’ authorities

Regulation (EC) no. 1008/2008 confirmed the operating license granting as a persistent form of entry regulation in the EU air transport market. The comparative survey included in this study is based on data and information collected via questionnaire among 13 aviation authorities of European member states during 2010. This survey suggests that the heterogeneous implementation of the 2008 regulation by national authorities results in imposing unequal obligations on undertakings that have the equal right to operate in the European market for air services. A mix of competition and cooperation among authorities is the most viable approach to foster an effective harmonization of entry regulation in this market. In particular, by maintaining the current level of independence of national authorities, but enhancing information flows among them as well as between them and the European Commission, a voluntary harmonization can be achieved.

The “dark side” of code-sharing - The anticompetitive effects of code-sharing agreements among airlines

The paper aims at assessing the impact of code-sharing agreements (CSAs) on competition among airlines in the market for non-stop air transport services. The econometric analysis included in the study is based on data drawn from the database “Airline Origin and Destination Survey (DB1B)” compiled by the US Department of Transport. In particular, the possible anticompetitive effects of CSAs are captured by appraising their impact on fares for “restricted coach class” tickets for point-to-point round trip itineraries in the US domestic market during the first quarter of 2012. The presence of a CSA is associated with an increase in airfares between 11.3% and 19.2%, based on different estimation methods. The positive and significant correlation between CSAs and the level of fares can be considered the outcome of price collusion among signatory airlines. For the first time, the “dark side” of CSAs has been spotted and measured, thus providing a valuable insight to competition authorities.