



RIGA AIRPORT INCENTIVE SCHEME PROPOSAL



RIX INCENTIVE SCHEMES*

To ensure continued growth of passenger traffic and increased connectivity of Riga Airport, following incentive schemes are proposed:

New Destination Incentive

Applicable to:

- Passenger Service Charge
- Take-Off / Landing Charge

Passenger Growth Incentive

Applicable to:

- Passenger Service Charge

* This presentation outlines Riga Airport airport charges incentive programme as submitted for approval to the Cabinet of Ministers of the Republic of Latvia in accordance with Section 28 of law «On Aviation». Incentive schemes are proposed in Amendments to Cabinet Regulation No. 111

Status Update (11.04.2024):

- Amendments to Cabinet Regulations No. 111 were approved by Cabinet of Ministers on 9 April 2024
- **Incentive schemes will come into effect on 12 April 2024** (on the next day after the amendments are published in the official gazette «Latvijas Vēstnesis»)

NEW DESTINATION INCENTIVE / OVERVIEW

INCENTIVE	RECIPIENT	CONTRIBUTION	CRITERIA
<p>NEW DESTINATION INCENTIVE</p> <p><i>Applicable to direct services to new destinations above 3000 km from RIX (Great Circle distance)</i></p>	Any carrier operating scheduled flights	Launch of flights to an unserved destination	Within 6 months after the start of flight operations, the minimum threshold* of direct passengers as set by RIX is reached

Main Conditions & Rules:

- Only scheduled traffic will qualify for incentive;
- Only scheduled carriers that have not operated scheduled flights on the respective route for at least 2 years prior to start of operations, will qualify for the incentive;
- **Minimum threshold to qualify for the incentive is set at 3500 departing direct passengers during first 6 months of operation on the new route.** Only new services fulfilling minimum threshold criteria will qualify for the incentive scheme;
- Incentive will be applied to for a period of 3 years after the start of operations on the new route (for details, please see next slide);
- New services to destinations above 3000 km are entitled to receive discount from the passenger service charge, additionally new services to destinations above 6000 km from RIX will also receive discount from the take-off / landing charge (for details, please see next slide).

Incentive will be applied as follows:

- Carrier will pay for the services in full for the first 6 months from the moment of commencement of flights on the new route;
- After 6 months, Riga Airport will recalculate fees and will refund the incentive amount if the conditions for granting the incentives are satisfied;
- During the subsequent flight period the air carrier will be charged a reduced fee in accordance with the conditions of the incentive scheme for all traffic carried on the new route.

NEW DESTINATION INCENTIVE

INCENTIVE AMOUNT	YEAR 1	YEAR 2	YEAR 3
For all flights to new destinations above 3000km			
Discount amount from the Passenger Service Charge + first 3h of aircraft parking free of charge	100% 3.39 EUR	70% 2.37 EUR	50% 1.69 EUR
Applicable Passenger Service Charge	0 EUR	1.02 EUR	1.70 EUR
Additional incentive for all flights to new destinations above 6000km			
Discount amount from Take-Off / Landing Charge	100% 3.39 EUR	70% 2.37 EUR	50% 1.69EUR
Applicable Take-Off / Landing Charge	0 EUR	1.02 EUR	1.70 EUR

PASSENGER GROWTH INCENTIVE / OVERVIEW

INCENTIVE	RECIPIENT	CONTRIBUTION	CRITERIA
PASSENGER GROWTH INCENTIVE For the increase in direct passengers above to the reference period traffic	Any carrier operating scheduled flights	Launch of flights to a serviced destination	The volume of direct departing passengers carried exceeds the traffic volume threshold in the reference period
		Increased flight frequency	
		Increased seat capacity	
		Increased load factor	

Main Conditions & Rules:

- Only scheduled traffic will qualify for incentive, all airlines operating scheduled traffic at Riga Airport qualify for the incentive;
- Incentive will be granted for a scheduled direct passenger traffic increase above the traffic volume threshold in the reference period as set by Riga Airport (for details, please see next slide);
- Traffic already covered by new destination incentive will be excluded from the calculation of passenger growth incentive.

Incentive will be applied as follows:

- Carrier will pay for the services in full for the current year;
- After a full year is concluded, Riga Airport will calculate the respective incentive amounts for each carrier and compensate the carrier accordingly.

PASSENGER GROWTH INCENTIVE

Reference Period	Traffic Volume Threshold	Traffic Growth Interval (direct dep. passengers)	Discount Amount from Passenger Service Charge	Applicable Passenger Service Charge
2024 Q2-Q4	2019 Q2-Q4 traffic	Every passenger above threshold	100% 3.39 EUR	0 EUR
2025 Q1	2019 Q1 traffic	Every passenger above threshold	100% 3.39 EUR	0 EUR
2025 Q2-Q4	2024 Q2-Q4 traffic	0-22 500 passengers above threshold	50% 1.69 EUR	1.70 EUR
		>22 500 passengers above threshold	100% 3.39 EUR	0 EUR
2026	2025 traffic	0-30 000 passengers above threshold	50% 1.69 EUR	1.70 EUR
		> 30 000 passengers above threshold	100% 3.39 EUR	0 EUR

2024 Q2-Q4: 100% discount applied for direct passenger growth above 2019 Q2-Q4 traffic;

2025 Q1: 100% discount applied for direct passenger growth above 2019 Q1 traffic;

2025 Q2-Q4: progressive discount for direct passenger volume above 2024 levels – 50% discount for first 22 500 passengers, 100% for each additional passenger;

2026: progressive discount for direct passenger volume above previous year's level – 50% discount for first 30 000 passengers, 100% for each additional passenger.

PASSENGER GROWTH INCENTIVE / EXAMPLE

Example A: Carrier ABC with historic direct departing traffic at Riga Airport

2019	Traffic
Q1	10 000
Q2	10 000
Q3	10 000
Q4	10 000

	2024 Q2-Q4	2025 Q1	2025 Q2-Q3	2026
Traffic Volume Threshold	2019 Q2-Q4 traffic volume	2019 Q1 traffic volume	2024 Q2-Q3 traffic volume	2025 traffic volume
Calculation Threshold (historic traffic)	30 000	10 000	50 000	115 000
Actual Traffic (direct dep. PAX)	50 000	15 000	100 000	150 000
Passengers applicable for reduced charges	20 000	5 000	50 000	35 000
of which receiving 50% passenger service charge discount	-	-	22 500	30 000
of which receiving 100% passenger service charge discount	20 000	5 000	27 500	5 000

PASSENGER GROWTH INCENTIVE / EXAMPLE

Example B: Carrier XYZ with no historic direct departing passenger traffic at Riga Airport (new entrant post COVID-19 pandemic)

2019	Traffic
Q1	0
Q2	0
Q3	0
Q4	0

	2024 Q2-Q4	2025 Q1	2025 Q2-Q3	2026
Traffic Volume Threshold	2019 Q2-Q4 traffic volume	2019 Q1 traffic volume	2024 Q2-Q3 traffic volume	2025 traffic volume
Calculation Threshold (historic traffic)	0	0	50 000	115 000
Actual Traffic (direct dep. PAX)	50 000	15 000	100 000	135 000
Passengers applicable for reduced charges	50 000	15 000	50 000	20 000
of which receiving 50% passenger service charge discount	-	-	22 500	20 000
of which receiving 100% passenger service charge discount	50 000	15 000	27 500	-