

**INTERNATIONAL CIVIL AVIATION ORGANIZATION
NORTH AMERICAN, CENTRAL AMERICAN AND CARIBBEAN OFFICE**

**FOURTH MEETING OF DIRECTORS OF CIVIL AVIATION
OF THE CENTRAL CARIBBEAN**

(Grand Cayman, Cayman Islands, 17 – 20 May 2000)

Agenda Item 12: Other business

12.1 The Air Transport Programme

(Presented by the Secretariat)

Summary

This Working Paper has been prepared to present to the Meeting the most outstanding aspects of all areas included in the Air Transport Programme, which require special attention from civil aviation administrations

1. Introduction.

1.1 The Air Transport Programme of ICAO includes activities aimed at updating and adopting the Standards and Recommended Practices (SARPs) included in Annexes 9 (Facilitation) and 17 (AVSEC); preparing and updating ICAO's policies on economic aspects of air transport and the development of studies and guidance material in the areas of Economic Policy, Economic Planning, Statistics, Facilitation, Airports and Air Navigation Services Economics and Management, and Economic aspects of the civil aviation environmental protection.

1.2 Taking into consideration the close relation between ICAO and the Member States to carry out such activities, the participation of civil aviation authorities in the required procedures and studies, is fundamental to achieve the expected objectives from the Programme. The most outstanding aspects of all areas included in the Air Transport Programme, which require special attention from civil aviation administrations, are presented below.

2. Economic Policy.

2.1 *Regulatory policy guidance material*

2.1.1 Aimed at providing guidance material on diverse aspects of air transport regulation, ICAO has prepared and published a series of documents, which conform a theoretical-practical reference framework through which the air transport authorities should carry out their duties. Such material is periodically reviewed, updated, and complemented to include the new air transport trends and their regulatory effects.

2.1.2 Due to their importance and prevalence for civil aviation administrations, the following documentation deserves special mention:

- Doc 9587 (Second Edition 1999), “*Policy and Guidance Material on the Regulation of International Air Transport*”, which contains information on Regulatory Agreements and Arrangements, Airline Ownership and Joint Operations, Regulation of Airline Capacity, International Fares and Rates, Computer Reservation Systems, Airline Commercial Matters, Broader Regulatory Environment and Other Regulatory Issues.
- The “*Manual on the Regulation of International Air Transport*” (Doc 9626), which complements Doc 9587 and contains comprehensive and objective information about the many facets of the economic aspects of the regulation of international air transport dealing with the national, bilateral and multilateral environments, such as: market access (traffic rights), tariff regimes, capacity regulation, air carriers ownership, air cargo services, charter services and other similar commercial activities.
- The *Recommendation arisen from the Fourth Air Transport Conference* (1994) which was distributed through the letter **SC 4/4-95/32** (7 April 1995) and contains a global policy framework through which States can adapt and adjust their air transport policies and relationships to the increasingly competitive commercial and operating aviation environment. This Recommendation also includes recommendations on regulatory matters such as “air carriers ownership and control” and “doing business.”
- The six recommendations of the *Air Transport Regulation Panel (ATRP)* include guidelines on the establishment of a Safeguard mechanism, Dispute settlement, Participation measures, Broadening airline ownership and control criteria, Model clauses on commercial matters and Consumer aspects of codesharing. This information was distributed to States through the letter **SP 38/1-97/58** (27 June 1997).
- The “*Preferential measures for developing countries*”, distributed through the letter **EC 2/75-97/1** (17 January 1997), are referred to transitory measures on Market access, Air carriers ownership and control criteria, and issues on commercial practices, which should be considered by States when air transport negotiations are undertaken with more developed States.
- *Study on aircraft leasing and material on the implementation of Article 83 bis*, distributed through the letter **EC 2/82, LE 4/55-99/54** (14 May 1999), provides guidelines on the economic and safety aspects involved in the use of leased aircraft in international air transport.

2.1.3 Taking into account that all this recommendatory and guidance material is intended to assist States in their regulatory responsibilities, the authorities should give consideration to its practical use and provide information on the national experiences in the application of said material, helping to improve its content.

2.2 *Air Service Agreements/Arrangements.*

2.2.1 Articles 81 and 83 of the Convention on International Civil Aviation set out the procedure to ensure public knowledge on the aeronautical agreements or arrangements through which traffic rights are granted by the States. With this purpose, the *Rules of registration* (Doc 6685) define the applicable procedure and the registered information is periodically published (Doc 9511). It is important to highlight that an agreement/arrangement does not have to be in force in order to be registered with ICAO.

2.3 *Computer Reservation Systems (CRS).*

2.3.1 In order to regulate the operation of these important trading tools of air transport, on 25 June 1995, the Council adopted a new reviewed version of the *Code of Conduct for the regulation and operation of Computer Reservation Systems*, and urged States to put it in force starting on 1 November 1996. As a means of strengthening and complementing this Code, the Council also approved two Model CRS Clauses to be used by States at their discretion, in their bilateral and multilateral agreements and arrangements (see Part 5 of Doc 9587).

2.3.2 In order to achieve a world wide adoption of the new Code, States should include it as part of their national civil aviation laws and regulations as well as to include the Model Clauses in their air transport agreements/arrangements. With this objective, the letter **EC 2/28-97/97**, dated 12 Dec. 1997, urges States to notify ICAO their intentions of following it, such as it is established in Article 12 of the Code. Civil aviation authorities are invited to provide the information requested by ICAO.

2.4 *Trade in Services.*

2.4.1 On 22 November 1999, the Council of ICAO adopted a Resolution on *Trade in Services Negotiations*. The letter **EC 3/10-00/7** (28 January 2000), includes this resolution with explaining information.

2.4.2 Taking into consideration that since October 1999, the Annex on Air Transport to the *General Agreement on Trade in Services* (GATS) is under review to wide its scope, civil aviation authorities are invited to encourage their participation in the discussions on the matter and to keep their national delegates advised of the implications involved by the inclusion of traffic rights in GATS.

2.5 *ICAO policies on taxation in the field of international air transport*

2.5.1 Aimed at discouraging the taxation of international air transport activities, which would affect their development, member States have agreed through ICAO to grant tax exemptions to: fuel, lubricants and other consumable technical supplies used by aircraft in international air transport services; the income of international air transport enterprises and aircraft and other movable property; and the sale and use of international air transport. In this regard, the letter **EC 2/10-99/52** (14 May 1999) provided States with a consolidated Resolution of the dispositions published in Doc 8632. The authorities are invited to take knowledge of the mentioned Resolution, to discourage the adoption of opposite practices, and to notify ICAO on the matter.

2.6. *Study of an International Financial Facility for Aviation Safety (IFFAS).*

2.6.1 Following the decisions taken by the 31st General Assembly of ICAO, the Council undertook a study on the viability of a new financial facility for aviation and presented the preliminary results to the 32nd Assembly, which gave its support to the related plans. During 1999, the Secretariat prepared a detailed study on several interesting issues pointed out by the Council which once reviewed by the latter, the study was distributed to States through the letter **EC 2/80-00/6** (28 January 2000). This letter also requests the provision of a duly completed questionnaire attached to it. As the requested information will allow the establishment of interest from States and the future work of ICAO on this issue, the authorities should reply as soon as possible.

3. **Economic Analysis.**

3.1 *Air Transport fares and rates.*

3.1.1 Based on the studies on “*Regional Differences in International Air Carrier Operating Economics*” published by ICAO, IATA prorates the interline revenues. The sources of information for these studies are two questionnaires on costs and revenues of international air carriers, which are requested to States through a yearly letter (**EC 2/20.3.2-99/104**, 5 November 1999, information of 1998). The due provision on time of said questionnaires allows confident outcomes and avoid that rough estimates may economically affect the airlines which operate routes where no information is provided, such as it is the case of the Caribbean Region.

3.1.2 The Economic Analysis Programme of ICAO also includes the preparation of the document “*The World of Civil Aviation*” (last issue, 1998-2001, CIR 275). The authorities are invited to give a practical use to mentioned publications.

4. *Aviation Forecasting and Economic Planning.*

4.1 In order to provide civil aviation administrations with guidance material, which assists activities related to the air transport economic planning, ICAO prepares and publishes the following documents:

- *Manual on Air Traffic Forecasting* (Doc 8991),
- *The World of Civil Aviation, 1998-2001* (Cir 275, annual publication containing 3-year forecasts),
- The *Outlook for Air Transport to the year 2005* (Circular 270, biennial/triennial publication containing 10-year forecasts), and
- Other reports prepared for regional planning groups.

5. Civil Aviation Statistics.

5.1 Articles 67, 54, and 55 of the Chicago Convention establishes States' obligations to file statistical information with ICAO and define the functions of the Organization in this area. In order to assist the Administrations to fulfill this commitment, the *Manual on the ICAO Statistics Programme (Doc 9060-AT/723/4)* contains guidance and reference on the information and forms, which are periodically required.

5.2 The lack of adequate statistical information for planning and policy-making can produce wrong decisions, which in many cases can be extremely costly. In order to dispose of opportune and accurate statistical information, the Administrations should maintain close liaisons with the airlines, structure an appropriate and efficient statistics unit, strengthen its activities in this field with functional laws and procedures, and participate in training workshops and in other specialized meetings on the matter.

5.3 With the aim of speeding the ICAO's data processing and publication of statistical digests, the authorities should consider the use of magnetic media (diskettes or e-mail) to report their statistics data. In this sense, during recent air transport visits to civil aviation administrations EXCEL formats have been provided to the officers in charge of these duties.

6. Facilitation (FAL) and Aviation Security (AVSEC).

6.1 In order to comply with Article 38 of the Convention, related to the *notification of differences or compliance with the dispositions included in the Annexes 9 and 17*, it is fundamental that States have the mechanisms, which allow them to carry out an appropriate management in the FAL and AVSEC fields. Such mechanisms, the *National Facilitation and Aviation Security Programmes* as well as the corresponding *National and Airport Committees*, are requested by the Standards 8.17 and 8.18 of Annex 9 and 3.1.1, 3.16 and 3.1.11 of Annex 17. It is important to highlight that due to the participation of diverse authorities and non-governmental agencies in these activities, the establishment of such mechanisms requires of an appropriate legal support, which assures their operation, effectiveness, and results.

6.2 Due to the lack of such formal mechanisms in the Region, there are no programmed activities aimed to fulfill ICAO's requirements on these matters and thus, the *elimination of differences* through modifications in the national laws and practices as well as the implementation of projects to adopt *new techniques and procedures which structurally enhance the FAL and AVSEC conditions* of the international airports, are very hard to achieve.

6.3 Without the mechanisms mentioned above, civil aviation administrations are not in conditions to fulfill their international commitments and *apply other standards and recommended practices* such as: the issuing of *Machine readable travel documents* (Doc 9303), to record the related information by electronic media, the electronic information exchange for AVSEC purposes and Facilitation of passengers and air cargo clearance, the application of risk profiles for assessment of passengers and cargo consignments, the coordinated purchasing of AVSEC equipment, the adoption of *standard international signs to public information* (Doc 9636), the facilities construction for *persons with disabilities*, the outlining and application of more efficient control procedures, etc.

6.4 In most States of the Region, the FAL and AVSEC activities are carried out in a limited way through airport operations and security committees, which, due to their inappropriate hierarchy level, achieve only partial solutions. Civil aviation authorities participate in the mentioned committees without the legal support that allows them to impel the appropriate development of the FAL and AVSEC activities and the adoption of the *recommendations arisen from the FAL/10 and FAL/11 Division Sessions*, such as the achievement of goals on *maximum clearance times* for passengers and air cargo, the searching of *concerted solutions amongst the authorities and the industry* and the *co-operation between neighborhood States* in the outlining of appropriate, efficient and non redundant controls which contribute to improve the Regional Facilitation and Aviation Security status.

7. Airports and Route Facilities Management.

7.1 ICAO's policy on charges for airport and air navigation services arose from the criteria covered by *Article 15 of the Chicago Convention* and it is included in the "*Statements by the Council to Contracting States on Charges for Airports and Air Navigation Services*" (Doc 9082/5). Hence for, States are committed to act in conformity with the mentioned policy when new or reviewed charges are going to be adopted.

7.2 To facilitate the fulfillment of commitments on the matter, by the authorities, *Docs. 9562 y 9161/2* (Airports Economics and Air Navigation Services Economics Manuals) include economic policy guidelines and recommendations, which respond to States', needs on guidance material and allow them to improve the economic and financing efficiency of airports and air navigation services. As an illustrative manner, the following documents of interest for the authorities are described:

- The *Airport Economics Manual* (Doc 9562) contains guidelines on: organizational structures of airports, accounting and financial control systems, determining the cost basis for charging purposes, establishing of charges and their collection, development and management of non-aeronautical activities, and, financing airport infrastructure.
- The *Manual on Air Navigation Services Economics* (Doc 9161/2) contains guidelines on: organizational structures (including air navigation authorities and autonomous multinational facilities and services), financial control, determining the cost basis for air navigation services charges, charges and their collection, and, financing air navigation infrastructure. Each Chapter contains a part focused on the particular aspects related to the implementation and operation of CNS/ATM systems.
- The *Report on Financial and Related Organizational and Managerial Aspects of Global Navigation Satellite System (GNSS) Provision and Operation*, Doc 9660, contains information on specific organizational aspects of GNSS as multinational facilities and services, ownership and control considerations, and competition as well as the role of ICAO in the implementation of the CNS/ATM concept. The Report also deals with diverse financial issues (financing, cost recovery policies, cost determining, compensations and assistance to recover the redundancies cost, and, liability aspects) and five recommendations related to: guarantees for servicing and repayment of loans, co-operation among States in cost recovery, financial imperatives for accelerating the amendment procedures for regional air navigation plans, methodology for allocating GNSS cost attributable to civil aviation among user States, and the role of ICAO in financial and administrative aspects of GNSS implementation.

- The *Manual of Airport and Air Facility Tariffs (Doc 7100)* contains information on tariffs in force (Section 2), and the States' General Charging Policy and their implementation (Section 3). When new or modified tariffs are established, States should provide ICAO with the corresponding information for updating the mentioned document. The Manual is published annually in quadrilingual format and is available in CD-ROM.

7.3 *Conference on the Economics of Airports and Air Navigation Services (ANSConf 2000).*

7.3.1 ICAO has convened to this Conference (Montreal, 19 to 28 June 2000), to deal with the theme "*Air Transport infrastructure for the 21st century.*" The goals of the event are to ensure fair access and equity in charges related to airports and air navigation services, promote financial autonomy in the provision of services, and reconfirm the responsibilities of States in this field.

7.3.2 Delegates will have the opportunity to examine the economic situation of airports and ANS providers, their financial relationship with air carriers and other users as well as the various organizational and funding issues, the determinants of economic regulation, ICAO policy on cost recovery, and ICAO guidance and assistance.

7.3.4 A *Preparatory Seminar* will run from 19 June through the morning of 20 June, and will take the form of presentations and panel discussions by experts, with an opportunity for questions and answers from the floor. Potential topics include the identification of circumstances which facilitate airport and air navigation services providers covering their costs; the significance of non-aeronautical revenues, the concept of charges vis-à-vis that of taxes, commercialization and privatization, airport slot allocation, and major challenges facing airport and air navigation services providers.

7.3.5 Authorities are invited to take the appropriate actions aimed at assuring their State's participation in this Conference and to notify the composition of their national delegations, such as it was requested through the letter **SR 167/1-99/80** (6 August 1999).

8. *Environmental Protection.*

8.1 The *Council's Committee on Aviation Environmental Protection (CAEP)*, supported by the Secretariat of ICAO, has a heavy work programme in the new triennium on both aircraft noise and the impact of aircraft engine emissions, which would result in new recommendations on these subjects to ICAO.

8.2 One of the results achieved from the CAEP's work is the *Assembly Resolution A31-11*, which struck a compromise between States that allows introducing operating restrictions on Chapter 2 aircraft (those that meet the noise Standards in Chapter 2 of Annex 16, Vol I, but not those in Chapter 3).

8.3 At the 32nd Session of the Assembly (1998), there were indications that in Europe some new restrictions may be introduced on aircraft that have been re-certificated to Chapter 3 standards, for example through hush-kitting. Due to this situation, CAEP agreed to explore the scope for introducing new certification standards for jet aircraft that are more stringent than those in Chapter 3 of Annex 16 that are currently in force.

8.4 CAEP's recent work on this subject has been focused on the impact of aircraft engine emissions at altitude, notably "greenhouse gases" emitted that may contribute to climate change (global warming). Consequently, ICAO has requested the Intergovernmental Panel on Climate Change (IPCC) to undertake a special *Report on Aviation and the Global Atmosphere* which is expected to provide policy-makers with an authoritative statement on aviation's impact and complement the dispositions included in the Kyoto Protocol to the United Nations Framework Convention on Climate Change. The new dispositions would include aspects such as: broadening the existing emissions standards to include cruise emissions as well as emissions that are currently not covered in Annex 16, operational measures to reduce fuel burn and hence emissions, and market-based options such as emissions levies (charges or taxes) and emissions trading.

8.5 The authorities are invited to take into consideration the global impact of the aircraft emissions, to become familiar with this matter and to be aware of the ICAO dispositions included in the Appendix H of Resolution A32-8, and actively participate in CAEP.

9. *International Conventions and Protocols.*

9.1 The legal framework of the international civil aviation is conformed by a set of international conventions and protocols, which the international community has agreed to face the most urgent regulatory needs arisen during the last 56 years. In order to put in force such instruments and achieve the results expected from them, it is necessary their ratification by the parliament of States.

10. *Future Meetings and Workshops.*

10.1 The authorities are invited to take the actions aimed at participating in the following meetings and workshops, which are programmed for the Region every three years by ICAO:

- Workshop on Civil Aviation Statistics, August 2000, final date and site pending.
