



INTERNATIONAL CIVIL AVIATION ORGANIZATION

**AFI PLANNING AND IMPLEMENTATION REGIONAL GROUP
NINETEENTH MEETING (APIRG/19)
(Dakar, Senegal, 28 - 31 October 2013)**

Agenda Item 3: Performance Framework for Regional Air Navigation Planning and Implementation

3.7 Other Air Navigation Matters

Benefits of Aviation and need for consultation process with users

(Presented by IATA)

SUMMARY
<p>This paper seeks to inform the AFI-PIRG of the need to further strengthen the State policies and ANSP practices on consultation with users. Although existing ICAO policies are clear, especially in the AFI region users and user organizations experience a significant shortcoming in consultation and transparency. It is in the best interest of the AFI region, States and the ANSPs to reinforce ICAO Doc 9082 policies and utilize industry best practices on stakeholder engagement.</p>
<p>REFERENCE(S): ICAO's Policies on Taxation in the Field of International Air Transport (Doc 8632) ICAO's Policies on Charges for Airports and Air Navigation Services (Doc 9082/9)</p>
<p>Related ICAO Strategic Objective(s): B, D</p>

1. INTRODUCTION

1.1 Air transport is a cornerstone of the global economy. It ensures the mobility of businesses and people and contributes significantly to economic growth. The sector as a whole represents 3.5% of global GDP and supports over 56 million jobs as reported in 2012 by the Air Transport Action Group (ATAG) in *Aviation Benefits Beyond Borders*. A properly functioning air transport sector is a vital enabler of sustainable economic growth worldwide. The aviation sector provides benefits to the global economy in several important ways.



- 1.2 Direct contribution through the output of the aviation sector (airlines, airports and ground services, aerospace) estimated at USD 538.9 billion and 8.36 million jobs. Indirect contribution through the aviation sector's supply chain estimated at USD 617.1 billion and 9.34 million jobs. Induced contribution through the spending by the employees of the aviation sector and its supply chain estimated at USD 288 billion and 4.4 million jobs.
- 1.3 According to the African Airlines Association, air transport in 2008 created directly and indirectly about 470,000 jobs across various sectors and generated revenue of about USD 1.7 billion in Africa.
- 1.4 There is increasing global concern with the growing proliferation of taxes beyond the scope of ICAO policies levied on international air transport. With on-going pressure on users and infrastructure providers to invest in modernizing infrastructure and avionics capability, more States withdraw from providing public funding for such means, yet unjustified taxation on aviation has not decreased but increased over the past decade.
- 1.5 Given the pressure on available funding and the significant contribution of the industry to the African economy as a whole and the potential for future growth it is in the best interest of States, ANSPs and airspace users to work closely together as partners to deliver the best possible infrastructure and service at the right price.
- 1.6 Users should be fully engaged in the investment and decision-making process from an early stage and continue to be engaged throughout its development and implementation.
- 1.7 As ICAO policies on taxation and charges have been developed in accordance with the recommendations of major international conferences (the last being CEANS 2008 and ATConf/6), there is a strong moral obligation for States to ensure that the cost recovery practices of airports and air navigation services conform to the ICAO policies and guidance.

2. DISCUSSION

- 2.1 Despite the existing ICAO's policies on consultation with users, airlines and their associations experience great difficulty in achieving basic level of consultation with some of the service providers, despite its importance on the sustainable development of the industry in AFI region.
- 2.2 A global review of the consultation process with major service providers showed that 50% of the States did not adhere to the core ICAO principles of consultation, transparency and non-discrimination. The percentage for the AFI region is significantly higher than the global average.



- 2.3 States should ensure that user consultation and transparency of funding are mandated through economic regulation, an independent economic regulator or national legislation to ensure that ICAO's policies are followed by independent or State owned service providers.
- 2.4 Investments should be made in a transparent manner, with a clear business case, supported by a thorough and positive cost benefit analysis on the impact on stakeholders. Stakeholders should be engaged throughout this process.
- 2.5 All possible steps should be taken to reach consensus before proceeding with major changes. With proper involvement of the customer the chance of success for any major policy change or investment will be much higher as the change will become an integral part of the total air transport system.
- 2.6 Transparency and consultation will enhance accountability for States and ANSP's leading to more efficient funding and provision of services and infrastructure which will directly contribute to sustainable growth of the industry and the wider economy.

3. ACTION BY THE MEETING

- 3.1 The Meeting is invited to:
 - 3.1.1 Urge States to adhere to ICAO's Policies on Taxation in the Field of International Air Transport (Doc 8632) and ICAO's Policies on Charges for Airports and Air Navigation Services (Doc 9082/9) and ensure its recommendations are followed by all relevant authorities within those States;
 - 3.1.2 Ensure effective economic regulation of ANS provision that includes:
 - a) A meaningful and continuous user consultation process
 - b) Minimum auditable transparency requirements
 - c) Cost benefit analysis for major investments
 - d) Safety, Operation and Cost efficiency targets set by the States

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