

CONFERENCE ON THE ECONOMICS OF AIRPORTS AND AIR NAVIGATION SERVICES

(Montreal, 19 - 28 June 2000)

Agenda Item 4: Determinants of the economic regulation of airports and air navigation services

ECONOMIC REGULATION

APPLICATION OF GENERAL COMPETITION LAW TO AIRPORTS AND AIR NAVIGATION SERVICES

(Presented by New Zealand)

SUMMARY

This paper comments on the application of general competition laws to airports and air navigation services. It invites the Conference to endorse the use of general competition law as the basis of the regulation of these services, with sector-specific measures being used to support it.

Introduction

1. In some countries, including New Zealand, airport and air navigation services are, like airline services, provided on a commercial basis.
2. Many countries have general laws relating to the promotion of competition and preventing organisations with a monopoly or a dominant position in a market from misusing that monopoly or dominant position. These laws are generally enforced by an independent competition authority.
3. Throughout the economy, there are many industries which exhibit monopoly characteristics. These include airports and air navigation services, as well as electricity, gas, telecommunications and postal services. It is New Zealand's view that all these industries should, in general, be subject to the same commercial regulation, because there is no significant difference (in economic and regulatory terms) between airports/ air navigation services and other industries.

4. It may be appropriate to put in place measures to ensure transparency, but in general, we consider that the best economic regulation can be achieved, and the costs of establishing multiple regulatory agencies can be avoided, by using experts in regulation from across the economy in one competition authority.

Action by the conference

The Conference is invited to:

- (i) note that in some countries, airports and air navigation services are provided on a commercial basis;
- (ii) note that many countries have independent competition authorities and laws designed to promote competition and prevent misuse of dominant positions; and
- (iii) agree that in countries where services are provided on a commercial basis, general competition law may form the basis of regulation for airports and air navigation services, with sector-specific measures to promote transparency and facilitate discussions as appropriate.

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