



ASSEMBLY — 38TH SESSION

ECONOMIC COMMISSION

Agenda Item 42: Economics of Airports and Navigation Services

GOVERNANCE STRUCTURE IN BRAZILIAN AIRPORTS

(Presented by Brazil)

EXECUTIVE SUMMARY

Aviation has grown rapidly in Brazil, driven by a major economic expansion. Between 2003 and 2012, the total number of passengers at Brazilian airports increased at an average of 11.7 per cent per year. In this context, the integration of public entities that operate at the airports is paramount. In 2011, local authorities implemented a new structure of governance named CONAERO - Airport Authorities National Commission, supported by several public entities and coordinated by the Civil Aviation Secretariat. The objective of this structure is to align the actions of all administrative areas (health, custom, security, migration and agriculture) in order to improve efficiency. The CONAERO is composed by a board of directors responsible for strategic decisions, technical committees and local branches at the fifteen largest airports that are responsible for over 80 per cent of domestic passenger traffic. The local branches are responsible for implementing strategic decisions made by CONAERO, suggest and give feedbacks for discussion at the board of directors.

<i>Strategic Objectives:</i>	This working paper relates to Strategic Objective C – <i>Environmental Protection and Sustainable Development of Air Transport</i>
<i>Financial implication</i>	No financial implications.
<i>References:</i>	No references.

1. INTRODUCTION

1.1 In the last few years, civil aviation has grown rapidly in Brazil, driven by a major economic expansion. In this context, the pursuit of increased performance on airport operations becomes even more urgent. As a result, the Brazilian government implemented, in 2011, a new governance structure named CONAERO - Airport Authorities National Commission, supported by several public entities and coordinated by the Civil Aviation Secretariat.

2. IMMEDIATE OBJECTIVE

2.1 The main objective of this information paper is to describe the new governance structure applied by the Brazilian Government named CONAERO as well as its advantages and effects on current public policies in the field of civil aviation.

2.2 This paper presents a brief description of the former governance structure, followed by a description of CONAERO and finally, displays the preliminary results achieved by the abovementioned structure.

3. THE BRAZILIAN AIRPORT MARKET

3.1 Brazil is the largest aviation market in the Latin America and Caribbean Region, with an extensive airport network including: primary international gateways and secondary domestic airports at São Paulo and Rio de Janeiro; major domestic hubs at the large secondary cities of Belo Horizonte, Brasília, Curitiba, Fortaleza, Manaus, Recife, Porto Alegre, and Salvador, among others. The airports located in Brasília, Campinas (Viracopos), and São Paulo (Guarulhos) are privately operated. The commercial air service airports located in Rio (Galeão) and Belo Horizonte (Confins) are in the tender process to transfer the operation to the private sector.

3.2 The main player in the airport sector is Empresa Brasileira de Infraestrutura Aeroportuária (INFRAERO), a public company that manages 63 airports which together account for 70 per cent of scheduled passenger service in Brazil.

3.3 Between 2003 and 2012, the total number of passengers at Brazilian airports increased at an average of 11.7 per cent per year, according to data reported by INFRAERO. During the same period, the number of average daily scheduled airline departures from Brazil airports more than doubled, from 1,403 in 2003 to 2,885 in 2012. Domestic airline service accounted for 94 per cent of total departures in 2012, with the remaining 6 per cent in international service. Since 2003, the number of international destinations served from Brazil has increased from forty in 2003 to fifty seven in 2012. Brazil's primary international gateways—Guarulhos in São Paulo and Galeão in Rio de Janeiro, accounted for 93 per cent of Brazil's international scheduled service in 2012, although new international service has been added at the airports in Brasília, Confins, Salvador, Fortaleza, Recife, Porto Alegre, Manaus, and Campinas (Viracopos) since 2003.

3.4 In 2012, almost 200 million passengers used Brazilian airports. The sixteen major airports accounted for 156.8 million passengers, more than 80 per cent of the total. Brazil's primary international gateways—Guarulhos in São Paulo and Galeão in Rio de Janeiro, accounted for 50.3 million passengers, more than 25 per cent of total passengers at Brazil's airports.

4. FORMER AND NEW GOVERNANCE STRUCTURE

4.1 Affairs regarding Civil Aviation on a federal level and its different constituents used to be conducted by the Ministry of Defense. Local problems were discussed and solved by local authorities independently.

4.2 In 2011, the federal government created the Civil Aviation Secretariat (SAC), a federal ministry-level organization that reports directly to the Presidency of Brazil, responsible for policies regarding the development of the civil aviation industry and airport infrastructure

4.3 Based on the new political framework, a Federal Commission would need to be created to represent all public entities, guide the discussions and align their actions. This was done in 2011, with the creation of National Commission of Airport Authorities – CONAERO.

4.4 The Brazilian government carried out changes on its governance structure as an initiative to better integrate the actions of public entities that have an impact on airport operations. The objective is to improve performance on airport operations by integrating actions of all parties involved (i.e. health, customs, security, immigration, agriculture, air traffic control).

4.5 CONAERO is comprised of a board of directors responsible for strategic decisions and local branches at the fifteen largest airports. The meetings take place four times a year and have been coordinated by the Civil Aviation Secretariat. Within this forum national problems of the civil aviation sector are discussed and new guidelines for local branches (Airport Authority) are defined. Thus, the improvement on communication brought by CONAERO favored integrated actions among public entities and guaranteed better use of airport infrastructure.

4.6 The local branches are responsible for suggesting and giving feedbacks for discussion at the board of directors as well as implementing strategic decisions agreed upon. Nowadays, suggestions sent from local branches are evaluated by the Commission. If there is consensus on a theme, it will automatically become a new guideline, and as such, should be carried out by all local branches.

4.7 To carry out CONAERO's decisions as well as to assist on its discussions, four technical committees and one national project have been created. The committees are technically responsible for discussing and implementing the guidelines from the commission.

5. TECHNICAL COMMITTEES

5.1 Currently, the Brazilian government has focused its efforts in four main areas: airport performance, facilitation, systems integration and planning for large events. Each area has a specific committee created by CONAERO.

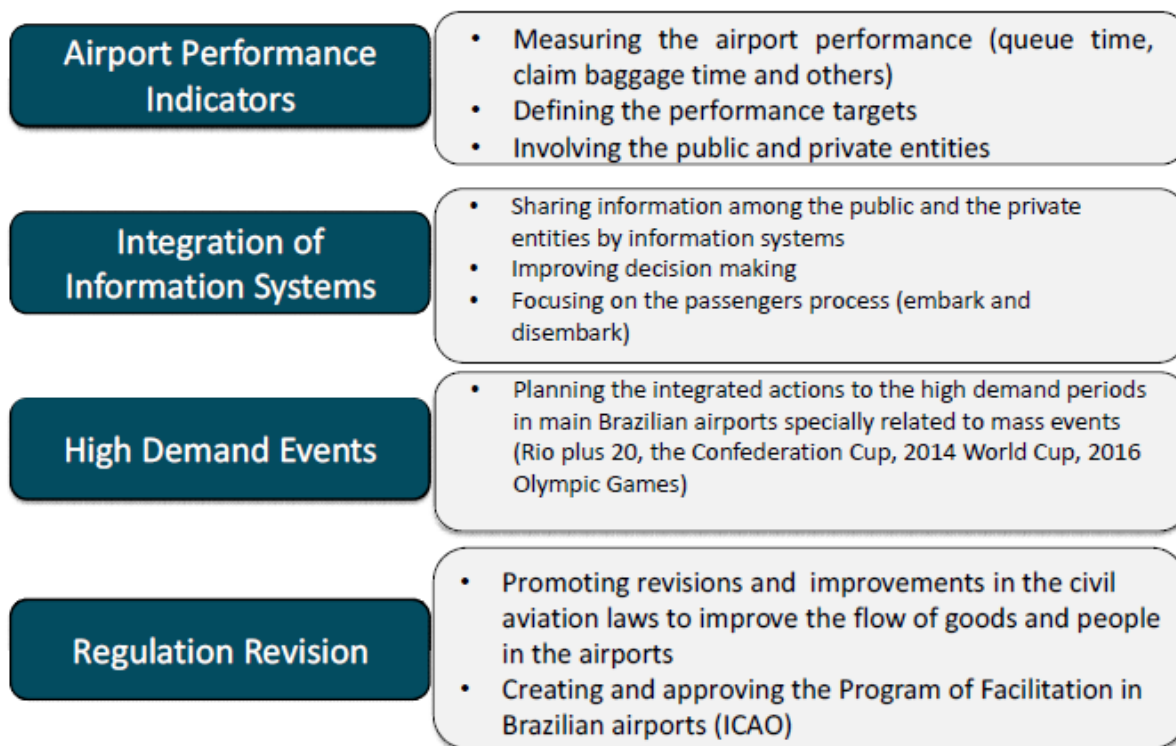


Figure 5.1 – Technical Committees

6. CONCLUSION

6.1 During the last few years, statistical data has shown that the new governance framework was working according to plan. Indicators confirm that quality of service and security levels have increased at major airports. New terminals are being built with public and private funds. New investments at airports hosting the World Cup in 2014 as well as improvements in airports management are expected as a result of the new policies implemented.

6.2 Air Transport is a key element of the nation's transportation infrastructure, the enhanced governance at the largest airports will represent a boost to the economic development of the civil aviation sector.