



CONFERENCE ON THE ECONOMICS OF AIRPORTS AND AIR NAVIGATION SERVICES

Montréal, 15 to 20 September 2008

Agenda Item 4: Implementation of ICAO's policies on charges

GLOBAL APPLICATION OF ICAO POLICIES

(Presented by the International Air Transport Association (IATA))

SUMMARY

Users experience increasing non-compliance with established ICAO's policies and guidance material, affecting their business practices and generating disturbances in a liberalized airline market.

This paper seeks to improve compliance with ICAO's policies to protect users from abuse of dominant market positions and to ensure a level playing field for all users.

Action by the Conference is in paragraph 4.

1. INTRODUCTION

1.1 Airlines and their passengers highly depend on the adherence by States, airports and air navigation services providers (ANSPs) to *ICAO's Policies on Charges for Airports and Air Navigation Services* (Doc 9082) and guidance material.

1.2 ICAO's policies and guidance were developed to ensure user consultation, transparent service provision, cost based charging and a level playing field for all users.

1.3 Airlines experience an increasing number of non-compliance with established ICAO's policies and guidance material, affecting their business practices and creating disturbances in a liberalized airline market.

1.4 Unless States actively ensure that providers adhere to ICAO's policies, airlines and passengers are increasingly depending on the willingness of individual service providers to follow the policies.

2. DISCUSSION

2.1 ICAO's policies and guidance material on charges have been developed over numerous years and lengthy debates, between States, regulators, service providers and industry associations. The resulting policies in Doc 9082 and the economic manuals form a fragile, but essential balance between the views of all those industry players.

2.2 Although not incorporated in an *Annex* to the *Convention on International Civil Aviation (Chicago Convention)*, Doc 9082 has been drafted with the intention that States and service providers would follow its policies and guidance.

2.3 At several occasions the ICAO Council has recommended that States should adhere to the policies, yet a survey conducted for ANSConf 2000 already showed that many States chose not to. The current survey conducted by the ICAO Secretariat shows a similar result which is increasingly alarming to users in general given the increasingly competitive environment that airlines operate in.

2.4 IATA and its member airlines have conducted a high level survey to mark the actual compliance with some of the main ICAO's policies from Doc 9082 of importance to users:

User Consultation, Non Discriminatory Charges, Transparency, Cost Based Charging & Economic Regulation.

2.5 States and providers were scored on their compliance with the language in Doc 9082, 7th edition. The scores ranged from fully compliant, some compliance to no compliance at all. Results were collected for 130 States, covering airports and ANSPs separately. Where scoring could not be done or were doubtful, the results have been omitted from the scoring model.

USER CONSULTATION		
TOTAL REVIEWS	189	
FULL COMPLIANCE WITH ICAO POLICIES	43	23%
EITHER NO LOCAL POLICY IN PLACE OR SOME PROVIDERS DO NOT COMPLY WITH ICAO POLICIES	68	36%
NO LOCAL POLICY IN PLACE AND SOME PROVIDERS DO NOT COMPLY WITH ICAO POLICIES	78	41%

CHARGES DISCRIMINATION		
TOTAL REVIEWS	179	
FULL COMPLIANCE WITH ICAO POLICIES	72	40%
EITHER NO LOCAL POLICY IN PLACE OR SOME PROVIDERS DO NOT COMPLY WITH ICAO POLICIES	21	12%
NO LOCAL POLICY IN PLACE AND SOME PROVIDERS DO NOT COMPLY WITH ICAO POLICIES	86	48%

TRANSPARENCY		
TOTAL REVIEWS	175	
FULL COMPLIANCE WITH ICAO POLICIES	32	18%
EITHER NO LOCAL POLICY IN PLACE OR SOME PROVIDERS DO NOT COMPLY WITH ICAO POLICIES	61	35%
NO LOCAL POLICY IN PLACE AND SOME PROVIDERS DO NOT COMPLY WITH ICAO POLICIES	82	47%

COST BASED CHARGING		
TOTAL REVIEWS	129	
FULL COMPLIANCE WITH ICAO POLICIES	41	32%
EITHER NO LOCAL POLICY IN PLACE OR SOME PROVIDERS DO NOT COMPLY WITH ICAO POLICIES	52	40%
NO LOCAL POLICY IN PLACE AND SOME PROVIDERS DO NOT COMPLY WITH ICAO POLICIES	36	28%

INDEPENDENT ECONOMIC REGULATION		
TOTAL REVIEWS	116	
FULL COMPLIANCE WITH ICAO POLICIES	17	15%
EITHER NO LOCAL POLICY IN PLACE OR SOME PROVIDERS DO NOT COMPLY WITH ICAO POLICIES	69	59%
NO LOCAL POLICY IN PLACE AND SOME PROVIDERS DO NOT COMPLY WITH ICAO POLICIES	30	26%

Figure 1

2.6 The high level results of the survey (see *figure 1*) show a situation that is broadly in line with the results of the ICAO survey, which are alarming to all user groups but not unexpected. Experience shows that Doc 9082 policy itself is quite strong but actual implementation lacks in the majority of States around the world with damaging effects on the level playing field of the industry.

2.7 When comparing scores from airports with ANSPs there is a clear difference in the compliance of both groups. ANSPs score much higher on full compliance and much lower on non-compliance than airports in most States. There are also large regional differences. Europe and North America score much higher than other regions in compliance.

2.8 The results from the ICAO and the IATA surveys clearly show the need for improved compliance with the ICAO policies. Although the ICAO Secretariat's WP/17 does not go as far as possibly elevating the level of the policies, IATA would like to address this possibility.

2.9 The international character of our industry requires a harmonized approach to ensure efficiency, and a level playing field for all those involved. Individually different approaches can distort the system and competition as a whole. Almost every other major area of ICAO's involvement is regulated through an *Annex* to the *Chicago Convention*, yet there is no true regulation of charges and taxes upon the industry other than the high level paragraphs in the Convention.

2.10 IATA calls upon this Conference and the ICAO Council to strongly endorse the existing ICAO policies on charges and encourages the Conference to seek further strengthening. IATA also calls upon individual Governments to take the ICAO policies and guidelines on charges and improve enforcement by introducing true independent economic regulation and incorporating the policies into national legislation.

3. **CONCLUSIONS**

3.1 There is a strong need for improved compliance with ICAO's policies to protect users from abuse of dominant market positions and to ensure a level playing field for all users, IATA therefore recommends that:

- a) the Conference adopt the conclusions in WP/17; and
- b) States should ensure that its service providers at a minimum comply with agreed policies in Doc 9082 by incorporating Doc 9082 into national legislation or economic regulation.

4. **ACTION BY THE CONFERENCE**

4.1 The Conference is invited to:

- a) endorse WP/17 submitted by the ICAO Secretariat;
- b) recommend Contracting States to incorporate Doc 9082 into national legislation; and
- c) recommend a study by the ICAO Secretariat to determine ways of further elevating the status of Doc 9082.

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