



CEANS-WP/76  
17/9/08

## **CONFERENCE ON THE ECONOMICS OF AIRPORTS AND AIR NAVIGATION SERVICES**

**Montréal, 15 to 20 September 2008**

### **DRAFT REPORT ON AGENDA ITEM 2.1**

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**Agenda Item 2: Specific issues related to airport economics and management**  
**2.1: Governance, ownership and control**

**2.1.1 Documentation**

**Secretariat** (WP/7) examined the ownership and control structures of airports, the selection of the appropriate format of ownership and control, relevant safety aspects at airports and the importance of good corporate governance. While different formats of ownership and control may be appropriate to the particular situations of different airports, the paper reaffirmed that autonomous entities should be established where it is in the best interest of airports and users. Where an airport is controlled directly by a governmental authority, it is necessary to ensure that there is a clear separation between regulatory and operational functions. In the context of good corporate governance, which could lead to better performance, the paper recommended that best practices be applied in certain areas. Accordingly, an amendment of the text in Doc 9082 was proposed.

**Italy** (WP/57) described its certification process of ground handling service providers, and proposed that ICAO conduct a study on the establishment of a mutually-recognized certification system on an international basis with a view to guaranteeing quality and safety of ground handling services within a competitive and liberalized framework.

**Kingdom of Saudi Arabia** (WP/68) addressed the need for States to implement a regulatory measure to protect consumer interests at airports, and requested ICAO to consider the development of a global regulatory framework for the protection of consumer interests.

**53 African States** (WP/59) called for ICAO's guidance for the management and operation of airports, which are not economically viable but are necessary as part of an integrated air transport network mainly for safety, security and socio-economic reasons. The paper also asked States to develop objective and transparent means of selecting some of such airports for funding, and encouraging better utilization of existing capacity.

**Members of LACAC** (WP/39) highlighted the need for interaction between all the parties involved and described their work on airport and aeronautical infrastructure concession issues. The paper recommended that States consider the factors listed in a LACAC Resolution A17-03 in their airport concession processes.

**UNWTO** (WP/22) emphasised the need to ensure clear separation between regulatory and operational functions and, in the interest of efficiency and quality, encouraged autonomy of and, to the extent possible, competition amongst airports, irrespective of jurisdiction.

**ITF** (WP/23) encouraged States to incorporate the United Nation (UN)'s *Global Compact* and its Principles into their governance structure with regard to best practices at their airports in order to deliver improved commercial services. It also called for the use of best practices of good corporate governance. An amendment of the text in Doc 9082 was proposed to refer to *UN's Global Compact* and to include workers rights and their treatment as one of the areas where best practices should apply.

**Secretariat** (WP/18 – information paper) provided some information relevant to this item (see paragraph 1.1.1).

**Secretariat** (WP/19 – information paper) summarized the results of a survey on the financial situation of airports and ANSPs in 2005, including the impacts of charges on airline operations.

**Mali** (WP/42 – information paper) presented information on its current practices and experiences related to governance, ownership and control of airports; rate of return; cost allocation and charging systems; differential charges; and cost recovery of security measures. The paper also expressed support for the conclusions including the amendments of Doc 9082 proposed by the ICAO Secretariat (WPs/7, 8, 9, 10 and 11).

## 2.1.2 Discussion

2.1.2.1 The Conference was generally supportive of the draft conclusions presented in WP/7, including the position that best practices be followed by airport operators. However, it was felt that for the sake of clarity the concept of the establishment of autonomous entities should be kept apart from the concept of separating operational and regulatory functions. It was recognized that in establishing autonomous entities, States should consider the economic viability of the airports concerned as well as the interests of service providers and users. With respect to responsibility for safety, the Conference affirmed that States have an obligation to comply with the Chicago Convention and all of its Annexes, and that there was no need to include a specific reference to a particular Annex. It was however agreed that the Secretariat include an appropriate reference to Annex 14 on the airport certification procedures when revising the economic guidance material.

2.1.2.2 The Conference expressed support for the proposal in WP/59 to develop policy guidelines that will assist States in the management and operation of airports that are not financially viable but form part of an integrated air transport network. It was agreed that ICAO should develop policy guidelines for maintaining and operating such airports.

2.1.2.3 With respect to the proposal in WP/68 on consumer interests, the Secretariat informed the Conference that ICAO is monitoring developments in this area as part of its Work Programme. It was indicated that it would be premature at this stage for ICAO to consider the development of a global regulatory framework for the protection of consumer interests. With this clarification from the Secretariat, there was no support for further action.

2.1.2.4 The proposal in WP/57 for ICAO to conduct a study on the establishment of an international process for the certification of ground handling service providers was not supported by the Conference. Furthermore, the suggestion in WP/23, to incorporate in Doc 9082 the UN Global Compact and its Principles as best commercial practices, was not endorsed.

2.1.2.5 The Conference noted the work carried out by LACAC (WP/39) regarding the factors that must be taken into account when granting airport and aeronautical infrastructure concessions. It was agreed that ICAO, when revising the existing guidance material on airport economics, consider the material on airport concession processes developed by LACAC.

## 2.1.3 Recommendation

2.1.3.1 From the documentation and ensuing discussion on governance, ownership and control under Agenda Item 2.1, the Conference adopted the following recommendation:

**RECOMMENDATION 4 – GOVERNANCE, OWNERSHIP AND CONTROL OF AIRPORTS**

**THE CONFERENCE RECOMMENDS THAT:**

- a) While different ownership and control structures might be appropriate to different airports, States should consider the establishment of autonomous entities to operate airports, taking into account the economic viability of the airport as well as the interests of service providers and users;
- b) Where the operation of one or more airports represents only one of several functions performed by a government entity, States should give consideration to a clear separation of the regulatory function and the provision of service;
- c) States should review the governance structure with regard to their airports, and make use of the best practices of good corporate governance with regard to objectives and responsibilities, shareholders' rights and their treatment, responsibilities of the board, power and accountability of the management, relationship with interested parties, and information disclosure;
- d) Whenever an autonomous entity is established, States should ensure that all relevant obligations of the State under the Chicago Convention, its Annexes and in air services agreements are complied with and that ICAO policies and practices are observed;
- e) ICAO should amend Doc 9082 to include the components needed to ensure good governance through the application of best commercial practices and to emphasize the importance of separation of regulatory and operational functions;
- f) ICAO should consider developing policy and guidance material for the management and operation of airports which are not economically viable but are necessary, as part of an integrated transport network, for the safety and security of international air transport, as well as for socio-economic purposes; and
- g) ICAO should consider when reviewing its guidance material on airport commercialization, to take into account the work carried out by LACAC on airport concession processes.

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