



ICAO

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North American, Central American and Caribbean Office

WORKING PAPER

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**Eighth Meeting of the North American, Central American and Caribbean Directors of Civil Aviation
(NACC/DCA/08)**

Ottawa, Canada, 31 July to 2 August 2018

Agenda Item 8: Air Transport Matters

IMPLEMENTATION OF ICAO'S POLICIES ON CHARGES IN DOC 9082

(Presented by ALTA and IATA)

EXECUTIVE SUMMARY	
ICAO's policies on charges in Doc 9082 set out the basic principles on which to base the recovery of costs for the provision of airport and air navigation facilities and services. This Working Paper describes the status implementation of ICAO's policies in the Americas region and awareness of such policies. It highlights the benefits of implementing the policies, principles and provisions in Doc 9082 and proposes it be a priority of implementation for the period 2019-2021.	
Action:	Suggested Action for the NACC/DCA/08 in paragraph 5.
<i>Strategic Objectives:</i>	<ul style="list-style-type: none">• Economic Development of Air Transport
<i>References:</i>	<ul style="list-style-type: none">• Doc9082 - ICAO's policies on charges for airport and air navigation services• ATConf/6-WP/9 – ICAO's Working Paper on implementation by States of the recommendations of the CEANS-2008

1. INTRODUCTION

1.1 At the RAAC/14 and 15, ICAO's policies on airport rights and for air navigation services (ANSPs), established in document 9082, were discussed by SAM States. ICAO's Doc 9082 sets out the basic principles on which to base the recovery of costs for the provision of airport and air navigation facilities and services through charges. Doc 9082 emphasizes four key charging principles of non-discrimination, cost-relatedness, transparency and consultation with the airlines. The incorporation of these four key charging principles into their national legislation, regulation or policies ensures compliance by airport operators and air navigation services providers.

1.2 Based on this discussion, participants of the RAAC/14 and 15 committed to prioritizing the implementation of ICAO's charging principles, as established in Doc. 9082, in the SAM and NACC regions, for the 2017-2019 and 2018-2020 periods.

1.3 Taking into consideration the prior commitments taken by these regions and the slow adoption of ICAO's principles by its service providers, this working paper seeks harmonization between the NACC and SAM Regions and the continuous encouragement for service providers to adopt these principles.

1.4 In order to prevent abuses of dominant position by airports and air navigation services providers and ensure a fair, transparent and equitable recovery of the costs of providing efficient airports and air navigation services facilities and services, IATA fully supports ICAO's policies on charges in Doc 9082.

1.5 ICAO's policies on charges in Doc 9082 set out the basic principles on which to base the recovery of costs for the provision of airport and air navigation facilities and services through charges. Doc 9082 emphasizes four key charging principles of non-discrimination, cost-relatedness, transparency and consultation with the airlines. The incorporation of these four key charging principles into their national legislation, regulation or policies ensures compliance by airport operators and air navigation services providers.

1.6 In line with ICAO's policies on charges, States and regulators have a vital role to play in maintaining vigorous oversight of charges through a robust, independent and effective economic regulation to protect users against providers' potential abuse of dominant position and ensure that charges are cost-effective. Hence, it is important to establish a robust economic regulation and to create an independent entity that assures that this regulation is complied with.

2. IMPLEMENTATION OF ICAO'S POLICIES ON CHARGES IN NORTH AMERICA, CENTRAL AMERICA AND THE CARIBBEAN (NACC)

2.1 During the Sixth Worldwide Air Transport Conference (ATConf/6) held in Montréal on March 2013, ICAO reported that its policies on charges in Doc 9082 have been implemented globally in many States, but with a lower implementation rate in the NACC and SAM regions, as compared to other ICAO regions (ATConf/6-WP/9 refers):

- States in the SAM region have implemented economic oversight measures and performance systems for 40 percent of airports and 40 percent of air navigation services providers; in the NACC the implementation numbers are 50% and 40%, respectively;
- in the SAM region, 40 percent of airports and 50 percent of ANSPs adhere to ICAO policies on charges, as established in Doc 9082; in the NACC region, the adherence numbers are 50% and 60%, respectively;
- SAM States claim that 40 percent of airports and 60 percent of ANSPs in the region have a defined and regular consultation with users is in place and that users are consulted on the level and structure of airport and air navigation charges; in the NACC region, the numbers are 50% and 60%, respectively; and

- In the SAM region, only 20 percent of airports and 35% of ANSPs have adopted the four key charging principles on non-discrimination, cost-relatedness, transparency and consultation with users in national legislation, regulation or policies to ensure compliance by airports and ANSPs; in the NACC region, only 35-40% of the States have adopted these principles.

2.2 The implementation of ICAO's policies on charges and its four key charging principles is unremarkable in the NACC and SAM regions. An improved implementation of such policies is needed to ensure that fairness and equity in the determination and allocation of airport and air navigation services costs are in place throughout both regions.

2.3 During the 2016-2018 period, it was possible to organize consultations between several service providers and airlines. It is crucial to monitor progress and continue to promote implementation of the four principles.

- Curacao - CUR took an important step in requesting a consultation with airlines to discuss the airport's infrastructure and financial issues. The consultation is scheduled for July 17, 2018. From a technical point of view, experts from both sides will discuss and try to arrive at an optimal investment plan. From a financial point of view, CUR will share and discuss its financial and investment forecasts with airlines.
- Bahamas - Bahamas' ANSP took an important first step in reaching out to IATA to better understand the consultation process and expressed interest in incorporating ICAO's principles to its practices. Several discussions have transpired and a follow up meeting has been scheduled.
- Bonaire and Curacao - DC-ANSP defined its Bonaire investment plan and charges in consultation with IATA and airlines. During a consultation scheduled for July 17th, it plans to do the same for its Curacao division.
- Aruba - AUA, IATA, and airlines have been in consultation for over a year discussing and defining the expansion plan of AUA, as well as the impact it will have on airport charges. The consultation process is expected to conclude in 2018, but collaboration is expected throughout the execution of the expansion.

3. **AWARENESS OF ICAO'S POLICIES ON CHARGES IN THE AMERICAS**

3.1 In order to raise awareness on the ICAO air transport economic regulatory framework and discuss its implementation globally and in the Caribbean, ICAO convened the Second ICAO Air Transport Symposium (IATS/2, held in Montréal in May 2014) and the ICAO Regional Air Transport Conference in the Americas (held in Montego Bay in October 2014).

3.2 At IATS/2, concerns were raised on the proliferation of charges and taxes, and consensus arose on the need for ICAO to continue to take the necessary measures to enhance States' awareness of its policies on charges and promote application more vigorously. During panel discussions at the Symposium attended by representatives of States, the World Bank, IATA and other delegates on funding for safety oversight, it was mentioned that when States are lacking the necessary funding for the safety oversight function, economies of scales through enhanced regional cooperation under the form of regional Safety Oversight Organizations (RSOOs) should be the first step to pursue.

3.3 The Statement on the Development of Air Transport in North America, Central America, the Caribbean and South America adopted by States at Montego Bay on 9 October 2014 specifically calls States to “... endeavor to provide necessary infrastructure of airports and air navigation services to meet the needs of traffics growth and the technical requirements of ICAO, and that the recovery of the costs in providing these services be based on ICAO’s policies on charges.”

4. ICAO’S POLICIES ON CHARGES: A PRIORITY OF IMPLEMENTATION FOR THE PERIOD 2019-2021

4.1 The lack of implementation of ICAO’s policies on charges hinders the sustainable development of air transport in the Americas and the benefits it brings to local, regional and wider economies.

4.2 States as well as airlines and their airports and air navigation services providers’ partners have all a mutual interest in keeping user charges as cost-effective as possible to support airline services and traffic development. Cost-effective charges need to be affordable for airlines and passengers: there is a certain level of user charges that users are prepared to pay for the cost-effective provision of facilities and services which must be transparently determined and agreed on through a process of constructive engagement of the airlines in consultation.

4.3 Meaningful consultation and ongoing dialogue deliver infrastructure and operational investments which airline business partners agree are needed, while fairly remunerating airports and air navigation services providers, potentially delivering reductions in real terms in user charges. When supported by all stakeholders, a process of constructive engagement in consultation, built on principles of non-discrimination, cost-relatedness and transparency is proven to be the most effective way to ensure airport and air navigation investments deliver successful outcomes.

4.4 Consequently, IATA continues to fully support the implementation of ICAO’S policies on charges in order to accurately define a framework for airports and air navigation services providers and their airline business partners to work within. IATA therefore considers that implementation ICAO’s policies on charges in Doc 9082 and its four key charging principles of non-discrimination, cost-relatedness, transparency and consultation with users should be a priority of implementation for the period 2018-2020.

4.5 Additionally, and together with airport charges experts from our member airlines, IATA has developed position papers on infrastructure charges and economic regulation which provide a sound interpretation of ICAO’s policies on charges and describes best practices in implementing them. IATA’s position papers on charges are available at: <https://www.iata.org/policy/infrastructure/pages/index.aspx>

5. **SUGGESTED ACTIONS**

5.1 The NACC Directors of Civil Aviation is invited to:

- a) Declare the implementation of ICAO's policies on charges in Doc 9082 as a priority of implementation for the period 2019-2021;
- b) Encourage States to adhere to ICAO's policies on charges in Doc 9082 and to incorporate the four key charging principles of non-discrimination, cost-relatedness, transparency and consultation with users into national legislation, regulation or policies in order to ensure compliance by airport operators and air navigation services providers; and
- c) Suggests that the States of Curacao, Bahamas, Bonaire, and Aruba support and congratulate its service providers, noted in see Section 2.3 above, for the important progress made. Furthermore, it suggests that States continue to encourage these providers to adhere to ICAO's charging principles.