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AGENDA ITEM 6: ECONOMIC DEVELOPMENT OF AIR TRANSPORT

## TRANSITIONING TO AN EVIDENCE-BASED AIRPORT ECONOMIC OVERSIGHT FRAMEWORK IN THAILAND

(Presented by Thailand)

**INFORMATION PAPER**

**SUMMARY**

This paper presents Thailand's current framework for airport economic oversight and proposes a reform agenda to strengthen transparency, cost discipline, user consultation, and service-quality accountability. Airport charges in Thailand are regulated through the Civil Aviation Authority of Thailand (CAAT), the Civil Aviation Board, and the Ministry of Transport, covering passenger service charges, landing charges, parking charges, and other aviation fees. While the existing framework provides a legal and institutional basis for charge approval, it does not yet reflect a fully developed incentive, performance and evidence-based regulatory model. This paper identifies key policy gaps and recommends measures including the publication of a clear airport charging guideline, the introduction of multi-year price controls for major airports, mandatory regulatory impact assessments for charge increases, the adoption of a service-quality scorecard, and the formalization of airline consultation procedures to better support regional connectivity and civil aviation competitiveness.

# TRANSITIONING TO AN EVIDENCE-BASED AIRPORT ECONOMIC OVERSIGHT FRAMEWORK IN THAILAND

## 1. INTRODUCTION

1.1 Airports act as essential gateways for national connectivity, international trade, tourism, and regional economic development. Given that airport operators often maintain substantial market power where passengers and airlines face limited substitutes, robust economic oversight is necessary. Economic regulation seeks to balance the financial sustainability of the airport operator with fair charging practices, efficient capacity investments, and user protections.

1.2 In Thailand, airport economic oversight covers key aeronautical fees such as Passenger Service Charges (PSCs), landing charges, and parking charges. This oversight is jointly governed by the Civil Aviation Authority of Thailand (CAAT), the Civil Aviation Board, and the Ministry of Transport. As passenger traffic expands and major infrastructure projects proceed across mixed ownership networks (state, private, and corporatized), strengthening economic regulation has become a top priority.

## 2. DISCUSSION

2.1 **Current Charging Framework and Strengths:** Thailand's current framework features a clear legal approval process, institutional oversight via CAAT, and public notification of charge rates. Recent modifications have also facilitated cost-recovery mechanisms for the implementation of advanced systems, such as common-use passenger processing applications at regional airports and infrastructure expansions at main international gateways**.**

2.2 **Identified Regulatory Gaps:** Despite these foundational legal frameworks, Thailand's approach remains largely case-by-case and administrative, revealing several core regulatory gaps when measured against international best practices:

- **Lack of Multi-Year Models:** There is a lack of fully integrated multi-year price-controls, revenue-caps, or Regulatory Asset Base (RAB) models.
- **Opaque Methodology:** The economic methodologies, cost allocation, and calculations for determining efficient charge bases are not always fully detailed to the public.
- **Weak Consultation Structures:** Consultation structures require reinforcement to give airlines and stakeholders sufficient data to evaluate if proposed increases are proportionate.
- **Decoupled Service Metrics:** Approvals for aeronautical charge adjustments are not yet systematically tied to concrete, measurable service quality scorecards or performance consequences.

2.3 **Proposed Reform Agenda:** To establish a transparent and performance-linked framework and to ensure that these reforms are consistent with the policies set out in ICAO Doc 9082 and are designed to strengthen Thailand's aviation competitiveness while ensuring that charges remain justified, efficient, and predictable for all airport users, a comprehensive reform agenda is being prioritized:

- **Charging Guidelines:** CAAT intends to publish a clear airport charging guideline defining allowable costs, depreciation, capital expenditure assessments, and traffic forecasting methods.
- **Enhanced Regulation for Hubs:** Implementing multi-year price controls or formal monitoring frameworks for major gateways with significant market power, such as Airports of Thailand (AOT) facilities.
- **Regulatory Impact Assessments:** Requiring public assessments for adjustments to Passenger Service Charges to transparently detail the investment rationale and airline market impacts.
- **Service-Quality Scorecards:** Linking future charge adjustments directly to operational metrics, including terminal processing speeds, baggage delivery timelines, and cleanliness, where missing targets results in customer rebates or corrective requirements.

- **Formalized Consultations:** Mandating airport operators to share detailed financial models, traffic forecasts, and project timelines with airlines and user committees prior to rate submissions.
- **Treatment of Commercial Revenue:** Clarifying how non-aeronautical income (retail, duty-free concessions, parking) is factored into the broader aeronautical cost-recovery equations.

## 3. ACTION BY THE CONFERENCE

3.1 The Conference is invited to note the information contained in this Paper.

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