



DIRECTORS GENERAL OF CIVIL AVIATION - EUR/NAT REGIONS

2019 MEETING (EURNAT-DGCA/2019)

(Paris, France, 19 to 20 March 2019)

Agenda Item 5: ICAO Business Plan and EUR/NAT Operating Plans for 2020-2022, including priorities for the ICAO EUR/NAT Regions

ECONOMIC DEVELOPMENT OF AIR TRANSPORT

(Presented by the Secretariat)

SUMMARY

This paper provides information on the status of activities related to Assembly Resolution A39-15 on Air Transport continuing Policies.

1. Introduction

1.1 The Strategic Objective Economic Development of Air Transport reflects the need for ICAO's leadership in harmonizing the air transport framework focused on economic policies and supporting activities. It also refers to fostering the development of an economically viable civil aviation system (airlines, airports, air navigation services providers, etc.) and enhancing its economic efficiency and transparency while facilitating access to funding for aviation infrastructure and other investment needs, technology transfer and capacity building to support the growth of air transport and for the benefit of all stakeholders. The delivery of the results with respect to this Strategic Objective will contribute to producing the following outcomes:

- a) Coherent and harmonized global regulatory framework for international air transport, thereby removing impediments to economic sustainability and maximizing aviation's contribution to economic development;
- b) Securing of, and increased accessibility to funding for aviation infrastructure and States' oversight functions, as well as efficient use of resources and technologies;
- c) Solutions to overcome infrastructure and airspace capacity constraints and improve organizational and managerial capabilities and corporate governance;
- d) Better cooperation amongst the aviation community and all aviation stakeholders, and smooth adaptation to the changes in civil aviation, the global business environment and the market;
- e) Significant savings by States in conducting air services negotiations, and performing regulatory functions;
- f) Availability of accurate, reliable and consistent aviation data for States' decision-making and accountability, and for operations transparency to all the air transport stakeholders and markets; and

- g) Availability of tools and forecasting necessary to measure and, to the extent possible, predict the various aspects of civil aviation development.

1.2 This paper provides an update on some of the main outcomes and achievements in 2018 in the Economics Development of Air Transport.

2. Discussion

Policy and Regulation

2.1 The objectives of the air transport policy and regulation program are to:

- a) reduce State's costs in performing its economic regulatory functions;
- b) increase consumer's benefits and choices;
- c) improve air connectivity; and
- d) create more competitive business opportunities in the marketplace.

2.2 In alignment with the Sixth Worldwide Air Transport Conference (ATConf/6, 18-22 March 2013) and the air transport policy and regulation work programme endorsed at the 39th ICAO Assembly, ICAO and the Air Transport Regulation Panel (ATRP)'s main achievements in 2018 were as follows:

- a) ICAO's long term vision for air transport liberalization was promoted in its meetings and seminars;
- b) Market access, air cargo and air carrier ownership and control;
 - i. At the ARTP Working Group meeting held in Montego Bay, Jamaica in April 2018, a draft multilateral convention on foreign investment in airlines and a draft proposal to facilitate further liberalization of air cargo services were proposed. The two documents were further examined and further developed by the Working Group at its second meeting held in Montréal, Canada in October 2018.
 - ii. To support the ATRP in this on-going work, an online survey on liberalization of air transport with regard to air cargo services, air carrier ownership and control and market access, was posted for Member States to complete (State letter SP 38/1-18/93) before 1 April 2019.
- c) Fair competition;
 - i. The Chicago Convention states, in its preamble, the fair and equal opportunity to compete amongst ICAO Member States. ICAO's efforts focused on developing tools to enhance the transparency of States' competition rules, and to foster cooperation, dialogue and regulatory compatibility. In this respect, the compendium of competition policies and practices in force nationally or regionally was developed and is being regularly updated by the Secretariat. The database now covers 129 States, including 52 from the EUR/NAT Regions or 68 per cent of the ICAO membership. The compendium is available at: <http://www.icao.int/sustainability/compendium/Pages/default.aspx>.
- d) Consumer protection;
 - i. To complement its guiding actions, such as the Convention for the Unification of Certain Rules for International Carriage by Air (Montreal Convention), or the *Policy and Guidance Material on the Economic Regulation of International Air Transport* (Doc 9587), ICAO keeps up to date a data base identifying and summarizing the different rules adopted by its member States in the field of consumer protection and particularly in the field of air passengers rights.
 - ii. The database enables passengers to access information about their rights in case of flight disruption depending on the country where they fly. It also allows Member States and

concerned industry stakeholders to be aware about the different rules implemented in the world in the field of consumer protection. The database on States' consumer protection rules and regulations has been updated by the Secretariat. The database which contains 48 States from the EUR/NAT Regions is available at: <https://www.icao.int/sustainability/Pages/ConsumerProtectionRules.aspx>. States and concerned stakeholders are encouraged to provide feedback to ICAO regarding the database and their experiences in applying the ICAO core principle on consumer protection. During its 39th session, the Assembly once again invited the Member States to adopt unified systems for the protection of traveler rights. Additionally, the Secretariat also compiled and carried out an analysis of the different practices in Member States regarding aviation-specific consumer protection regulation and passenger assistance in case of massive airport/airline disruption: https://www.icao.int/sustainability/pages/eap_ep_consumerinterests.aspx.

Aviation Data and Economic Analysis

2.3 The UN recognized ICAO as the central agency responsible for the collection, analysis, publication, standardization, improvement and dissemination of statistics pertaining to civil aviation. Because of its status as a UN specialized agency, ICAO is independent and is not affected by outside influences. ICAO is committed to consistently offer comprehensive and objective data.

2.4 ICAO's aviation data/statistics programme is to provide accurate, reliable and consistent aviation data to States, international organizations, aviation industry, tourism and other stakeholders.

2.5 Accordingly, the ICAO EUR/NAT Office organized jointly with the ICAO MID Office an Aviation Data and Analysis Seminar in April 2018. The objective of the Seminar was to review the current situation and trends of aviation in the EUR/NAT and MID Regions, including the synergies between aviation, tourism and trade; and the understanding of the challenges and needs of the different stakeholders, considering the cost effectiveness. The use of civil aviation data analysis for planning and decision making in ICAO, national administrations, airlines, airports and ANSPs was also addressed. The Seminar included presentations on the latest applications in data and analytics that are used for efficient decision making by different aviation stakeholders, as well as a number of discussion panels addressing interesting subjects such as: information systems to improve airline efficiency, economics of airports and ANSPs.

2.6 As the feedback received for the seminar was positive, at the request of some States, ICAO will organize another seminar in the EUR/NAT Region in July 2019. The information will be made available on the ICAO website.

ICAO statistics programme

2.7 In 2018, the ICAO Statistics Programme was modernized as part of the Enterprise Data Management (EDM) initiative, which aims to harmonize different sources of data at the organizational level, using standard reference tables and taxonomies by creating a holistic repository of cross functional data. The re-engineering process focused on the modernization of the user interface, the interoperability of the system with other users, compatibility with Big Data standards, and data dissemination.

2.8 ICAO statistical online platform.

- a) ICAO Data Plus is a new tool that presents, in a dynamic and graphical environment, large amounts of air transport statistic data collected from its 192 Member States. ICAO eTools provide a user-friendly way to access, analyze and visualize aviation data in various specialized areas. Both ICAO Data Plus and ICAO eTools enable users to quickly identify patterns, trends, differences and similarities between data selections and make competitive analyses (benchmarking) more accessible.

- b) The new ICAO Data+ web-platform (<https://www4.icao.int/newdataplus>) was enhanced with visual analytical functions, allowing users to quickly visualize trends, differences and similarities between data selections and make benchmarking analysis. The e-Tools platform was also enhanced with new tools. The Secretariat also implemented iCADS (ICAO Civil Aviation Data Solutions) and an online version of the Doc 7100 *ICAO Aeronautical Charges* (in collaboration with ACI) as new decision support tools for capacity building and infrastructure development.

Forecasting activities

2.9 The main purpose of the Economic Analyses and Forecasting programme is to provide analytical support to the air transport development and efficiency implementation.

2.10 The Multi-disciplinary Working Group on Long-term Traffic Forecasts (MDWG-LTF) under the Aviation Data and Analysis Panel (ADAP) developed a single set of long-term traffic forecasts. The MDWG-LTF is comprised of ten Member States and three international organizations. Such forecasts are critical to effectively implement ICAO's No Country Left Behind (NCLB) initiative, estimate future trends of noise and emissions, assess the operational and cost-effectiveness of air navigation systems including the Aviation System Block Upgrades (ASBU), and assess licensed personnel and training requirements, as well as for the infrastructure planning and capacity building for improved safety of operations. Traffic forecasts have been updated with the 2016 baseline as requested by the Committee on Aviation Environmental Protection (CAEP).

Economic analysis

2.11 ICAO has been conducting annual studies on regional differences in international airline operating economics for several years. The current mandate to carry out those studies is included in Assembly Resolutions that requested ICAO to issue periodically "a study on regional differences in the level of international air transport operating costs, analysing how differences in operations and input prices may affect their levels and the impact that changes in costs may have on air transport tariffs". Studies on regional differences in international airline operating economics for the years 2012, 2013, 2014 and 2015 were carried out (ICAO circular 348-AT/193) and a study for the year 2016 is ongoing; results are published in circulars on a biennial basis.

2.12 The primary source of information for the studies is responses to two questionnaires¹ which are dispatched by ICAO each year to all Contracting States to be filled out with respect to their international airlines.

Joint Financing Agreements

2.13 A joint financing arrangement is a means of ensuring the availability of funds for the development of a facility, a service or a full range of air navigation services. Where it is very costly for a State to act alone or the capacity of a project exceeds the airspace controlled by a single State, two or more States share the cost of implementing and operating air navigation facilities and services while cooperating with each other in the decision-making process.

2.14 Experience gained in the North Atlantic Region indicates that joint financing arrangements can provide cost-effective services with lower level of charges for users. Possible candidates for the application of the joint financing arrangement include projects related to homogeneous air traffic areas and major traffic routes, development of cross-polar routes and calibration of ground aids.

2.15 The Organization continued to undertake its responsibilities for the administration of the Danish and Icelandic Joint Financing Agreements to which 24 and 25 States, respectively, are contracting

¹ Questionnaire on Costs incurred by International Scheduled Air Passenger Carriers and Questionnaire on Revenues of International Scheduled and Non-Scheduled Air carriers available at <https://www.icao.int/sustainability/Pages/eap-fp-rev-cost-questionnaires.aspx>

parties. These Agreements cover the provision, in Greenland and in Iceland, of air traffic control, communications and meteorological services to international civil aviation over the North Atlantic. The administration of these Agreements is being carried out by the Joint Financing Section, which operates within the Economic Development entity of the Air Transport Bureau.

Plan for 2020-2022

2.16 The first objective for the new triennium is to further assist States in the Region to follow ICAO's policies and guidance, as well as on the Regional Action Plans, and monitor and report significant developments related to air transport matters. This will allow a harmonized regional implementation of ICAO plans on air transport development and more regular reports on current air transport policy initiatives in the region.

2.17 The second objective is to provide support for States in the regions concerning civil aviation forecasting, economic planning, and statistics and sharing of data/information. Accordingly, the Office will support the regional inventory of statistics; regional traffic forecasts customized based on global traffic forecasts; and support the development of annual regional traffic forecast reports.

2.18 The third objective is to further cooperate with regional civil aviation bodies/organizations to maximize synergies that ensure efficient and cost-effective assistance to States. The ICAO Regional Office will, in collaboration with the States, identify the needs in the region; improve regional coordination of capacity building activities that will enable a better alignment with ICAO's policies and strategies.

2.19 Based on the foregoing, the following is proposed:

Draft EURNAT-DGCA Decision 2019/1 – Economic Development of Air Transport

That, in order to support ICAO's efforts in fulfilling the Strategic Objective on Economic Development Of Air Transport, the EURNAT-DGCA:

- a) support the key EUR/NAT activities in the area of economic development of air transport in 2020-2022;
- b) invite the EUR/NAT States to provide information to the ICAO Economic Department through the regular completion of online questionnaires related to international air transport operating costs and revenues whenever new information is available.

3. Action by the Meeting

3.1 The meeting is invited to:

- a) note the information provided; and
- b) endorse the Decision above.

— **END** —