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WORKING PAPER

SEVENTH WORLDWIDE AIR TRANSPORT CONFERENCE (ATCONF/7)

Montréal, HQ, 16 to 20 November 2026

Agenda Item 2: Fostering Aviation Growth and Air Connectivity Through Investments in Infrastructure, Human Capital and Partnerships

2.2: Investment for the development and modernization of civil aviation infrastructure

ECONOMIC REGULATION, INFRASTRUCTURE COSTS AND FINANCING OF AIRPORTS AND AIR NAVIGATION SERVICES PROVIDERS (ANSPs)

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

EXECUTIVE SUMMARY

Air transport depends on efficient airport and air navigation infrastructure. Since the Sixth Worldwide Air Transport Conference (ATConf/6), user charges have continued to increase in many markets while airports and air navigation services providers (ANSPs) have adopted increasingly diverse ownership and financing models.

While these developments can facilitate investment, airports and ANSPs continue to operate with significant market power, and users have limited alternatives. Effective economic regulation remains essential for market efficiency and compliance with *ICAO's Policies on Charges for Airports and Air Navigation Services* ([Doc 9082](#)) principles (cost-relatedness, transparency, consultation, non-discrimination). Economic regulation is both a prerequisite for, and an enabler of, sustainable and fit-for-purpose infrastructure development, providing predictable rules, clear risk allocation and supporting efficient, demand-driven and affordable infrastructure. Consultation alone is not sufficient. Transparency, independent scrutiny, and enforceable regulatory safeguards are essential.

Action: The Conference is invited to note and adopt the actions outlined in section 4.

<i>Strategic Goal:</i>	This working paper relates to Strategic Goal: <i>The Economic Development of Air Transport Assures the Delivery of Economic Prosperity and Societal Well-Being for All.</i>
<i>Financial implications:</i>	None
<i>References:</i>	Doc 9082 — <i>ICAO's Policies on Charges for Airports and Air Navigation Services</i>

¹ English, Arabic, Chinese, French, Russian and Spanish versions provided by IATA.

1. INTRODUCTION

1.1 Airports and air navigation service providers (ANSPs) deliver essential infrastructure supporting connectivity, trade, tourism, and economic development. However, in many cases they operate under conditions of limited competition and possess significant market power. This means ordinary commercial negotiations between suppliers and customers may be insufficient. In contrast, airlines, as users of this infrastructure, operate in highly competitive markets and on low profit margins, which limits their ability to absorb inefficient or unjustified increases in charges. This reinforces the need for cost-related charges and cost-effective infrastructure, subject to effective oversight. The absence of effective oversight mechanisms is ultimately detrimental to air transport as it undermines affordability, connectivity, and the wider economic benefits of air transport.

1.2 Since the Sixth Worldwide Air Transport Conference (ATConf/6), many States have adopted new ownership, concession, and financing arrangements to support infrastructure development and modernization. While these approaches may facilitate investment and improve service delivery, they do not eliminate the need for safeguards to ensure that users and consumers receive efficient, affordable, and high-quality services. The International Civil Aviation Organization (ICAO) policies establish internationally recognized principles including cost-relatedness, transparency, non-discrimination, and consultation. These principles remain appropriate and relevant. However, implementation remains uneven and greater emphasis is required on effective economic oversight to ensure that infrastructure development and charging decisions remain aligned with user interests and the sustainable growth of air transport connectivity.

2. DISCUSSION

2.1 Economic regulation

2.1.1 Effective economic regulation requires more than procedural review. Substantive scrutiny of cost efficiency, reasonable returns, risk allocation and justification for investments is essential to ensure that airport and air navigation charges meet market needs efficiently, and that investment decisions remain aligned with operational requirements, demand and user needs.

2.1.2 Independent regulators should possess adequate powers, resources and autonomy to review costs, assess investment plans, monitor performance, promote transparency and support meaningful consultation with users. This includes the power, when needed, to adjust the degree of regulatory scrutiny or apply remedies to correct market failures.

2.1.3 Effective regulation benefits users through protection from inefficient or excessive costs while providing predictability and stability for infrastructure providers and investors. Regulation should remain effective regardless of ownership structure, financing model, or concession arrangements. Regulatory frameworks should be established before privatization, concessions or ownership changes since protections negotiated after investors have priced the asset may be harder to introduce and may be perceived as altering the investment proposition. Proper economic regulation should protect the overall interests of States, users, and consumers and should not be treated as a negotiable element in discussions with potential investors.

2.2 Infrastructure costs, investment and financing

2.2.1 Infrastructure investment remains necessary to support future demand, resilience, capacity and service quality. Investments funded through user charges should be justified by demand, supported by a robust business case, efficiently procured and appropriately phased.

2.2.2 Appropriate scrutiny of investment plans helps ensure that expenditure remains proportionate to operational requirements and that users are not exposed to the costs of inefficient investment, underutilized assets or unnecessary expenditure.

2.2.3 Airports and ANSPs should be able to efficiently recover the costs incurred and earn reasonable returns on investment. Such returns should remain consistent with efficient cost recovery, appropriate risk allocation, and the principles underpinning economic regulation.

2.2.4 Economic regulation should therefore be regarded not as a barrier to investment but as a framework that supports efficient, predictable and sustainable infrastructure development while strengthening confidence among users and investors. Regulatory review of investment options and plans should include expected capacity, resilience, efficiency and service quality outcomes, with monitoring after delivery to ensure users receive the benefits associated with the charges they pay.

2.3 **Ownership, consultation and transparency**

2.3.1 Private participation, concession models and alternative financing arrangements can contribute positively to infrastructure development by facilitating access to capital, expertise, and operational improvements. Their success, however, depends upon the existence of an effective economic regulatory framework.

2.3.2 States should ensure that appropriate regulatory arrangements are established or strengthened before significant ownership, concession or operational changes are implemented. This approach promotes investor confidence while safeguarding user interests and preserving regulatory effectiveness.

2.3.3 Concession contracts, commercial agreements, or ownership arrangements should not constrain the ability of the State or regulator to enforce ICAO charging principles, review costs and investments, or protect users and consumers where market power exists.

2.3.4 Meaningful consultation remains a fundamental element of ICAO policy. Users should receive timely and relevant information and should have a genuine opportunity to contribute to significant investment and charging decisions before they are finalized.

2.3.5 Transparent cost allocation, clear governance arrangements and effective oversight support accountability and confidence in infrastructure financing and investment decisions.

2.3.6 Financing mechanisms should remain consistent with the principles of cost-relatedness, transparency, and accountability. Caution is required where financing arrangements transfer disproportionate financial risks to users.

2.3.7 Pre-funding must only be permitted in exceptional, justified cases when strictly necessary. It should not unduly transfer risk from infrastructure providers to users. Pre-funding must be justified, time-limited, transparent, and subject to meaningful consultation and independent regulation. Users and consumers should not bear undue risks associated with uncertain, delayed, or speculative future investments.

3. CONCLUSION

3.1 Effective economic regulation remains essential to ensure that airport and air navigation infrastructure is delivered efficiently, and that charges remain cost-related, transparent and consistent with ICAO principles. These principles are only effective if States ensure independent, adequately resourced economic oversight capable of scrutinizing costs, investment, quality, returns, and risk allocation. Economic regulation is not optional where airports and ANSPs possess significant market power. It is the mechanism through which ICAO's charging principles are implemented in practice, ensuring that infrastructure investment is efficient, charges are cost-related, users are meaningfully consulted, and the benefits of air transport connectivity are preserved.

3.2 The Conference should encourage stronger practical implementation of existing ICAO charging principles rather than the development of new principles. This should include clearer expectations for national economic oversight frameworks and mechanisms to assess how transparency, consultation, cost-relatedness, efficient investment and service quality outcomes are applied in practice. It may also include monitoring by ICAO of implementation and publication of, for example, annual activity reports by State economic oversight bodies.

3.3 Sustainable infrastructure development depends on investment frameworks that appropriately balance the interests of States, investors, infrastructure providers, and users. Privatization, concessions, and alternative financing arrangements can deliver benefits when supported by robust economic oversight. Economic regulation is a prerequisite for that balance, helping ensure that investment supports affordability, connectivity, efficiency, and the long-term growth of international air transport.

4. ACTION

4.1 The following recommendations are proposed for consideration by the Conference:

- a) reaffirm the principles set out in *ICAO's Policies on Charges for Airports and Air Navigation Services* (Doc 9082) and urge States to effectively implement them through robust economic oversight;
- b) request ICAO to monitor and support the effective implementation of economic oversight frameworks;
- c) recognize that effective, independent and adequately resourced economic regulation is essential regardless of ownership or financing structure;
- d) encourage implementation or strengthening of economic regulatory frameworks before implementing significant privatization, concession or ownership changes;
- e) promote demand-driven and efficiently governed infrastructure investment; and
- f) limit pre-funding to exceptional circumstances and with appropriate safeguards.

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