



A39-WP/519
P/49
3/10/16

ASSEMBLY — 39TH SESSION

REPORT OF THE ECONOMIC COMMISSION ON AGENDA ITEM 40

(Presented by the Chairman of the Economic Commission)

The attached report on Agenda Item 40 has been approved by the Economic Commission

Note.— After removal of this covering sheet, this paper should be inserted in the appropriate place in the report folder.

(3 pages)

Agenda Item 40: Economics of Airports and Air Navigation Services — Policy

40.1 In WP/6, the Council reported on major work accomplished by the Organization related to economic aspects of airports and air navigation services, which was undertaken as part of the Council action plan for implementation of the recommendations of the Sixth Worldwide Air Transport Conference (ATConf/6) and relevant Assembly decisions. The report also presented ICAO's future work plan in this area, aimed at supporting connectivity, travel and tourism, trade and economic development, and addressing infrastructure funding and financing needs for the economic sustainability of aviation infrastructure projects.

40.2 In WP/150, fifty-four Contracting States of the African Civil Aviation Commission (AFCAC) drew attention to the effects of excessive taxation, the proliferation of taxes under the form of charges, and the prevalence of monopoly of service providers, which they considered detrimental to the sustainable development of international air transport. The paper recommended that States take into consideration the relevant ICAO's policies and Assembly Resolutions when imposing taxes and charges on international air transport.

40.3 Through WP/322, Brazil described its experience in regulating quality of airport services, including by means of dedicated indicators, and invited ICAO to consider the establishment of economic incentives to promote airport service quality.

40.4 In WP/201, India presented its perspective on the viability of management of Indian airports, notably with respect to the practice of cross-subsidization of non-economically viable airports. It held the view that certain airports, providing for regional connectivity within a State or serving as alternate aerodromes, may be non-economically viable but, nonetheless, are necessary as part of an integrated air transport network. India suggested that ICAO consider the formulation of guidance on the application of cross-subsidization within airport networks.

40.5 Through information paper WP/416, Brazil shared its experience in governmental monitoring of services and facilities at airports, highlighting the importance of such practice.

40.6 In information paper WP/417, Brazil reported on its experience in the governmental planning for the operation of the civil aviation sector during the Rio 2016 Olympic and Paralympic games, showing the importance of planning and interaction between governmental agencies in the operation of airports, especially for dealing with massive sports, religious or political events.

40.7 In its information paper WP/294, India described the various benefits accruing out of airport privatization by using the Public Private Partnerships (PPP) approach. It also shared some ideas as to where more work or guidance might be warranted by ICAO with respect to PPPs and the hybrid-till approach to airport cost-recovery.

40.8 Information paper WP/372 presented by India shared information on an electronic solution called Sky Rev 360 developed by its Airport Authority and the International Air Transport Association (IATA) for data gathering, invoicing and collection of charges for air navigation services. The paper described the benefits of the tool and invited States to explore the feasibility of utilizing it.

40.9 In its information paper WP/350, Russian Federation provided information on the tariff policy for air navigation services applied to the airspace under its responsibility and sovereignty.

40.10 In considering the report of the Council in WP/6, the Commission expressed appreciation and support for the work accomplished by the Organization in the area of economics of airports and air navigation services.

40.11 There was also broad support to the proposal in WP/150, presented by AFCAC Member States, that ICAO should continue to sensitize States on *ICAO's Policies on Charges for Airports and Air Navigation Services* (Doc 9082). It was agreed that ICAO should conduct, within available resources, in particular the Voluntary Air Transport Fund, regional meetings, workshops and other outreach activities with a view to raising awareness of the relevant ICAO policies and guidance, and enhance their implementation.

40.12 With respect to the suggestion made by Brazil in WP/322 Revised to develop guidance on economic incentives to ensure quality of service of airports, while recognizing that this is one of the means to improve user satisfaction, it was considered not appropriate for ICAO to conduct this task, given the fact that there exists different forms of economic oversight and airport business models.

40.13 Different views were expressed on the issue of cross-subsidization for non-economically viable airports raised by India in WP/201. Noting that the issue is currently being addressed by the Airport Economics Panel (AEP), the Commission agreed that the panel should continue its work with the objective of clarifying the existing guidance on this subject.

40.14 In concluding its discussion, the Commission endorsed the future work plan of the Organization in the field of economics of airports and air navigation services, including activities in support of improving air transport connectivity, which has positive impacts on trade and economic development and advances the *No Country Left Behind* (NCLB) initiative. The Commission agreed that ICAO should continue its leadership role in addressing aviation infrastructure funding and financing needs and, in this respect, to cooperate and collaborate with relevant stakeholders and international organizations. It was further agreed that the Organization should give due consideration to the views and suggestions expressed in the Commission in the implementation of its work programme for the next triennium.

40.15 The Commission noted the information contained in WPs/294, 350, 372, 416 and 417.