



WORKING PAPER

WORLDWIDE AIR TRANSPORT CONFERENCE

SIXTH MEETING

Montréal, 18 to 22 March 2013

Agenda Item 2: Examination of key issues and related regulatory frameworks

Agenda Item 2.7: Economics of airports and air navigation services

**IMPLEMENTATION BY STATES OF THE RECOMMENDATIONS OF THE CONFERENCE
ON THE ECONOMICS OF AIRPORTS AND AIR NAVIGATION SERVICES (CEANS – 2008)**

(Presented by the Secretariat)

EXECUTIVE SUMMARY

This paper presents the results of two surveys conducted by the Secretariat under cover of two State letters, SD 38/4-10/38 dated 31 May 2010 and SD 38/4-12/29 dated 13 April 2012 respectively, regarding the implementation by States of the key recommendations of the Conference on the Economics of Airports and Air Navigation Services (CEANS, 15 – 20 September 2008). It is based on responses received from 79 ICAO Contracting States covering 86 per cent of the world scheduled air traffic in terms of aircraft departures, and it demonstrates that the key recommendations adopted at CEANS are being implemented in most of the States who responded to the survey.

Action: The Conference is invited to:

- a) review the information and assessment presented in this paper;
- b) endorse the recommendation presented in paragraph 4; and
- c) adopt the recommendations presented in paragraph 5.

<i>References:</i>	ATConf/6 reference material is available at www.icao.int/meetings/atconf6 .
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1. INTRODUCTION

1.1 The Conference on the Economics of Airports and Air Navigation Services (CEANS) held in Montréal from 15 to 20 September 2008) adopted 15 recommendations, which were disseminated to States for consideration and early implementation under cover of State letter SD 38/1-09/2 dated 30 January 2009.

1.2 Subsequently, the Secretariat conducted two surveys under cover of State letters SD 38/4-10/38 dated 31 May 2010 and SD 38/4-12/29 dated 13 April 2012 (State questionnaire provided in Appendix A) requesting State feedback on the status of implementation of the Conference recommendations.

2. ICAO WORK

2.1 As ICAO policies on charges have been developed in accordance with the recommendations of major international conferences (the last being CEANS 2008), there is a strong

moral obligation for States to ensure that the cost recovery practices of airports and air navigation services conform to the ICAO policies and guidance.

2.2 Many regional organizations and industry associations such as the Airports Council International (ACI) have also developed policies and recommended practices that are in accordance with *ICAO's Policies on Charges for Airports and Air Navigation Services* (Doc 9082). In this respect, a dedicated ICAO/ACI airport charges course has been implemented since May 2006, the only industry course that addresses the basics of ICAO's policies on airport charges and provides practical training on the establishment of user charges. This course has been designed to respond to the growing industry need for fair and reasonable airport charges and 287 aviation professionals from 91 countries have participated in the 16 training courses conducted thus far. With a view to increasing the awareness and knowledge of ICAO's policies on charges and obtaining broad adherence, ICAO will continue to promote the policies, notably through the delivery of user charges training courses.

3. STATUS ASSESSMENT

3.1 As per a recommendation adopted by CEANS and endorsed by the ICAO Council, States are encouraged to incorporate in national legislation, regulation or policies, as well as in air services agreements, the following four key charging principles: a) non-discrimination; b) cost-relatedness; c) transparency; and d) consultation with users, in order to ensure compliance by airport operators and air navigation services providers (ANSPs). In addition, the Secretariat is also requested to collect information from States on implementation of the policies on charges for airports and air navigation services, as determined in Doc 9082. This information will be published in the form of a supplement to Doc 9082 in 2013.

3.2 With regard to the two surveys conducted by the Secretariat, data were gathered for 79 ICAO Contracting States, which altogether represent 86 per cent of the air traffic coverage expressed in aircraft departures of scheduled commercial airlines.

3.3 The main results of the survey are as follows:

- a) approximately 60 per cent of sampled States have implemented economic oversight for airports (61 per cent) and ANSPs (59 per cent);
- b) adherence to ICAO policies on charges in Doc 9082 has almost the same implementation rate, with 59 per cent of States adhering to the policies for airports and 63 per cent adhering for ANSPs;
- c) while 58 per cent of States have implemented consultation with users at the ANSP level, only 48 per cent of States have done so at the airport level;
- d) approximately 50 per cent of States have adopted the four key charging principles on non-discrimination, cost-relatedness, transparency and consultation with users in national legislation, regulation or policies (49 per cent for airports and 50 per cent for ANSPs) and a fewer number have incorporated the key charging principles in air services agreements (45 per cent for airports and 48 per cent for ANSPs); and
- e) the recommendation on economic performance is the least implemented of CEANS key recommendations: only 47 per cent of sampled States have ensured that performance management systems are developed and implemented by their airports and less than 45 per cent of sampled States have done so for their ANSPs.

3.4 The survey coverage per region and the worldwide results on the implementation by States of the key recommendations of CEANS are provided in Appendix B.

4. CONCLUSIONS

4.1 In light of the discussion above, the following may be concluded:

As illustrated in responses to the ICAO surveys, the 2008 CEANS recommendations have been implemented globally in most of the States who responded to the survey but the implementation rate of some specific recommendations needs to be improved.

5. RECOMMENDATIONS

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

- a) States should continue to implement, as relevant and depending on national circumstances, the recommendations adopted at CEANS. In particular:
 - i. States should improve the implementation of Recommendation 2 on economic performance at the airports and ANSPs levels; and Recommendation 3 on consultation with users;
 - ii. States should ensure that airports and ANSPs adhere to ICAO policies on charges in Doc 9082, recognizing that these policies promote the efficient and cost-effective provision of airport operations and air navigation services, as well as a sound relationship with users, in particular, with respect to transparency and the fair treatment of different categories of users;
 - iii. States should continue to incorporate the four key charging principles of non-discrimination, cost-relatedness, transparency and consultation with users into national legislation, regulation or policies, as well as in future air services agreements, in order to ensure compliance by airport operators and air navigation services providers (ANSPs);
- b) ICAO should continue to collect information from States on the level of implementation of the policies on charges for airports and air navigation services, as established in *ICAO's Policies on Charges for Airports and Air Navigation Services* (Doc 9082);
- c) ICAO should publish and regularly update this information in the form of a supplement to Doc 9082;
- d) ICAO should take all relevant measures to ensure widespread awareness and knowledge of its policies on charges, in cooperation with the industry; and
- e) ICAO should develop a provision on the basis of CEANS recommendations to be included as an optional regulatory arrangement in the template air services agreements (TASA).

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APPENDIX A

QUESTIONNAIRE ON STATES' IMPLEMENTATION OF THE RECOMMENDATIONS ADOPTED BY THE CONFERENCE ON THE ECONOMICS OF AIRPORTS AND AIR NAVIGATION SERVICES (CEANS)

(distributed under cover of State letter SD 38/4-12/29 dated 13 April 2012)

(to be completed and returned to reach ICAO Headquarters **no later than 25 May 2012**)

Note: The questionnaire need not be completed if it has already been filed in response to State letter SD 38/4-10/38, and if there has been no change since. If not, kindly complete and submit this questionnaire by **25 May 2012**, preferably by e-mail (eap@icao.int), facsimile (+1 514 954-6744) or mail.

State: _____

RECOMMENDATION 1 - ECONOMIC OVERSIGHT

THE CONFERENCE RECOMMENDS THAT:

- a) States should bear in mind that economic oversight is the responsibility of States with the objectives, inter alia, to prevent the risk that a service provider could abuse its dominant position, to ensure non-discrimination and transparency in the application of charges, to ascertain that capacity meets current and future demand, and to protect the interests of passengers and other end users, in balance with the efforts of the autonomous/private entities to obtain the optimal effects of commercialization or privatization. To promote these objectives, consistent with the form of economic oversight adopted, States should ensure that service providers consult with users and that appropriate performance management systems are developed and implemented by their service providers.
- b) States should select the appropriate form of economic oversight according to their specific circumstances, while keeping regulatory interventions at a minimum and as required. When deciding on an appropriate form of economic oversight, the degree of competition, the costs and benefits related to alternative forms of oversight, as well as the legal, institutional and governance frameworks should be taken into consideration.
- c) States should consider adoption of a regional approach to economic oversight where individual States lack the capacity to adequately perform economic oversight functions.

1.1 Economic oversight was already in place before CEANS:

1.1.1 for airport(s)

Yes ☐ No ☐

1.1.2 for air navigation service provider (ANSP)

Yes ☐ No ☐

1.2 Economic oversight has been implemented as per CEANS Recommendations:

1.2.1 for airport(s)

Yes ☐ No ☐

1.2.2 for ANSP

Yes ☐ No ☐

1.3 Implementation of economic oversight is being planned:

1.3.1 for airport(s)

Yes ☐ No ☐

1.3.2 for ANSP

Yes ☐ No ☐

1.4 **Comments:**

RECOMMENDATION 2 - ECONOMIC PERFORMANCE AND MINIMUM REPORTING REQUIREMENTS

THE CONFERENCE RECOMMENDS THAT:

- a) since performance management is an important management tool for service providers, regulators and users, States should ensure, within their economic oversight responsibilities, that appropriate performance management systems are developed and implemented by their service providers.
- b) States should ensure that their service providers establish performance objectives with the purpose, as a minimum, to continuously improve performance in four key performance areas (KPAs), i.e. safety, quality of service, productivity, and cost-effectiveness, and to report at least one relevant performance indicator for each KPA. States may choose additional KPAs according to their objectives and their particular circumstances.

2.1 Performance management was already in place before CEANS:

2.1.1 for airport(s)

Yes ☐ No ☐

2.1.2 for ANSP

Yes ☐ No ☐

2.2 Performance management has been implemented as per CEANS recommendations:

2.2.1 for airport(s)

Yes ☐ No ☐

2.2.2 for ANSP

Yes ☐ No ☐

2.3 Implementation of performance management is being planned:

2.3.1 for airport(s)

Yes ☐ No ☐

2.3.2 for ANSP

Yes ☐ No ☐

2.4 Comments:

RECOMMENDATION 3 - CONSULTATION WITH USERS**THE CONFERENCE RECOMMENDS THAT:**

- a) States should ensure, within their economic oversight responsibilities, that a clearly defined, regular consultation process is established with users by their airports and air navigation services entities where provider/user cooperative arrangements are not already in place.
- b) States should ensure that, as part of the consultation process, users are consulted on the level and structure of charges as well as on capacity development and investments; that users' feedback obtained during consultations is considered as far as possible before reaching a decision regarding any proposal; that the confidentiality of the market-sensitive data is properly protected; and that the relevant decision documents provide appropriate rationale for the decision.

3.1 Consultation process was already in place before CEANS:

- 3.1.1 for airport(s) Yes ☐ No ☐
- 3.1.2 for ANSP Yes ☐ No ☐

3.2 Consultation process has been implemented as per CEANS recommendations:

- 3.2.1 for airport(s) Yes ☐ No ☐
- 3.2.2 for ANSP Yes ☐ No ☐

3.3 Implementation of consultation process is being planned:

- 3.3.1 for airport(s) Yes ☐ No ☐
- 3.3.2 for ANSP Yes ☐ No ☐

3.4 Comments:

.RECOMMENDATION 15 - IMPLEMENTATION OF ICAO'S POLICIES ON CHARGES

THE CONFERENCE RECOMMENDS THAT:

- a) States should recognize that adherence to ICAO's policies on charges in Doc 9082, which have their principal origin in Article 15 of the *Convention on International Civil Aviation*, promotes the efficient and cost-effective provision and operation of airports and air navigation services, as well as a sound relationship with users, in particular, with respect to transparency and the fair treatment of different categories of users.
- b) States should ensure that their airports and ANSPs adhere to ICAO's policies on charges.
- c) ICAO should take all relevant measures to ensure a widespread awareness and knowledge of its policies on charges, in cooperation with the industry.
- d) ICAO should encourage States to adopt the principles of Doc 9082 on non-discrimination, cost-relatedness, transparency and consultation with users into national legislation, regulation or policies to ensure compliance by airports and ANSPs.
- e) ICAO should encourage States to incorporate the principles of Doc 9082 on non-discrimination, cost-relatedness, transparency and consultation with users into their future air services agreements to ensure compliance by airports and ANSPs.

15.1 ICAO's policies on charges were adhered to before CEANS:

- | | | |
|-----------------------|------------------------------|-----------------------------|
| 15.1.1 for airport(s) | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 15.1.2 for ANSP | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

15.2 ICAO's policies on charges have been implemented as per CEANS recommendations:

- | | | |
|-----------------------|------------------------------|-----------------------------|
| 15.2.1 for airport(s) | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 15.2.2 for ANSP | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

15.3 Planning to implement ICAO's policies on charges:

- | | | |
|-----------------------|------------------------------|-----------------------------|
| 15.3.1 for airport(s) | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 15.3.2 for ANSP | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

15.4 Four main principles of Doc 9082 were already included in national legislation, regulation or policies before CEANS:

- | | | |
|-----------------------|------------------------------|-----------------------------|
| 15.4.1 for airport(s) | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 15.4.2 for ANSP | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

15.5 Four main principles of Doc 9082 have been included in national legislation, regulation or policies as per CEANS recommendations:

- | | | |
|-----------------------|------------------------------|-----------------------------|
| 15.5.1 for airport(s) | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
|-----------------------|------------------------------|-----------------------------|

15.5.2 for ANSP

Yes ☐ No ☐

15.6 Planning to include four main principles of Doc 9082 in national legislation, regulation or policies:

15.6.1 for airport(s)

Yes ☐ No ☐

15.6.2 for ANSP

Yes ☐ No ☐

15.7 Four main principles of Doc 9082 were already incorporated into one or more air services agreements before CEANS:

15.7.1 for airport(s)

Yes ☐ No ☐

15.7.2 for ANSP

Yes ☐ No ☐

15.8 Four main principles of Doc 9082 have been incorporated into one or more air services agreements as per CEANS recommendations:

15.8.1 for airport(s)

Yes ☐ No ☐

15.8.2 for ANSP

Yes ☐ No ☐

15.9 Planning to incorporate four main principles of Doc 9082 into one or more air services agreements:

15.9.1 for airport(s)

Yes ☐ No ☐

15.9.2 for ANSP

Yes ☐ No ☐15.10 **Comments:**

APPENDIX B

IMPLEMENTATION OF THE RECOMMENDATIONS ADOPTED BY THE CONFERENCE ON THE ECONOMICS OF AIRPORTS AND AIR NAVIGATION SERVICES (CEANS)

1. SURVEY COVERAGE

1.1 This appendix presents the results of the surveys on the implementation by States of the key recommendations of the Conference on the Economics of Airports and Air Navigation Services (CEANS – 2008). It is based on the responses received from 79 ICAO Contracting States.

1.2 Regional coverage is also highly satisfactory. For four regions - namely: Asia-Pacific, Europe, North America, Central America and the Caribbean (NACC) and South America (SAM), reporting States handled more than 80% of the total scheduled commercial traffic aircraft departing from these regions. Reporting African States cover altogether about two-thirds of aircraft departures in Africa. Nevertheless, it is worth noting that the coverage of the Middle East region is an issue, with only two reporting States covering just 9% of aircraft departures in that region (Table 1 refers).

Table 1. CEANS Survey coverage as of 1 November 2012

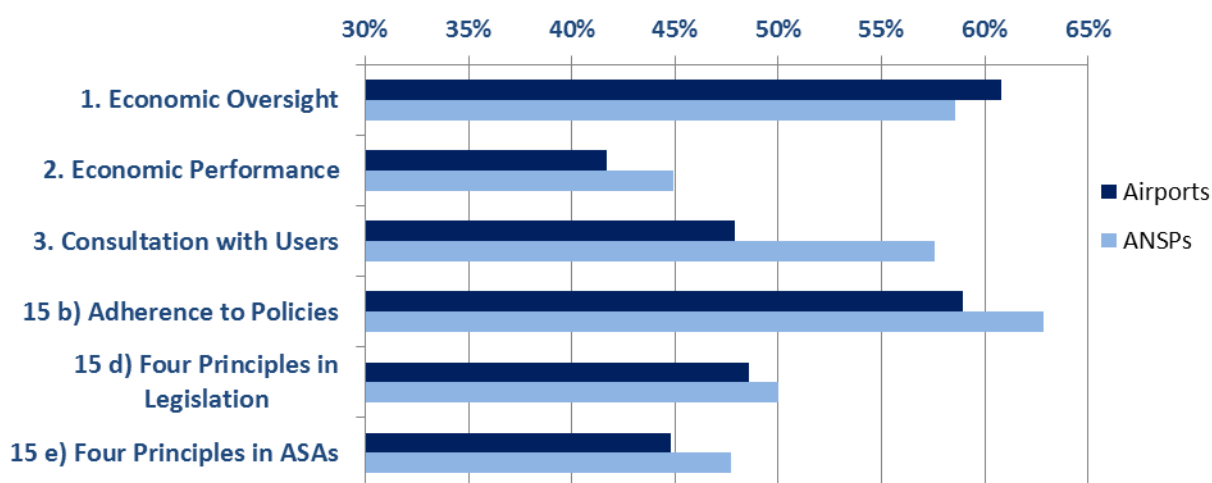
Region	Number of States (total)	Number of reporting States	% of reporting States	% of aircraft departure ⁽¹⁾
Africa	54	16	30%	63%
Asia Pacific	45	18	40%	81%
Europe	45	30	67%	91%
Middle East	13	2	15%	9%
North America, Central America and the Caribbean (NACC)	21	6	29%	93%
South America (SAM)	13	7	54%	81%
World	191	79	41%	86%

⁽¹⁾ Scheduled traffic only

2. GLOBAL RESULTS

2.1 The results on the implementation of CEANS recommendations by sampled States at the world level are shown on Table 2.

Table 2. Implementation of CEANS recommendations *World*



3. REGIONAL RESULTS

3.1 Tables 3 to 7 aggregate the results on the implementation of CEANS recommendations by sampled States in each region with the exception of Middle East, for which the extremely low number of reporting States prevents a meaningful presentation of data.

Table 3. Implementation of CEANS recommendations *Africa*

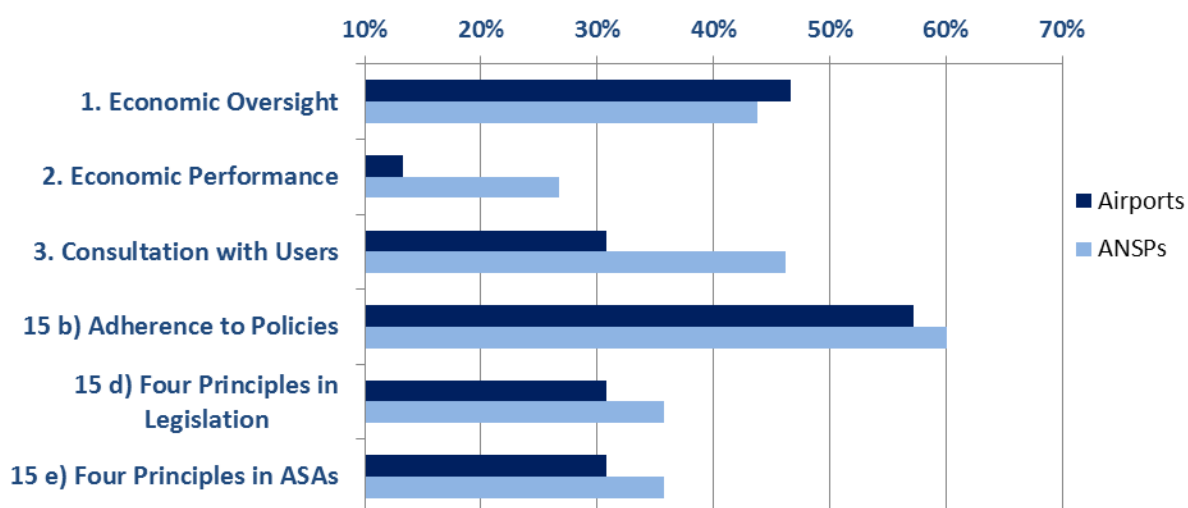


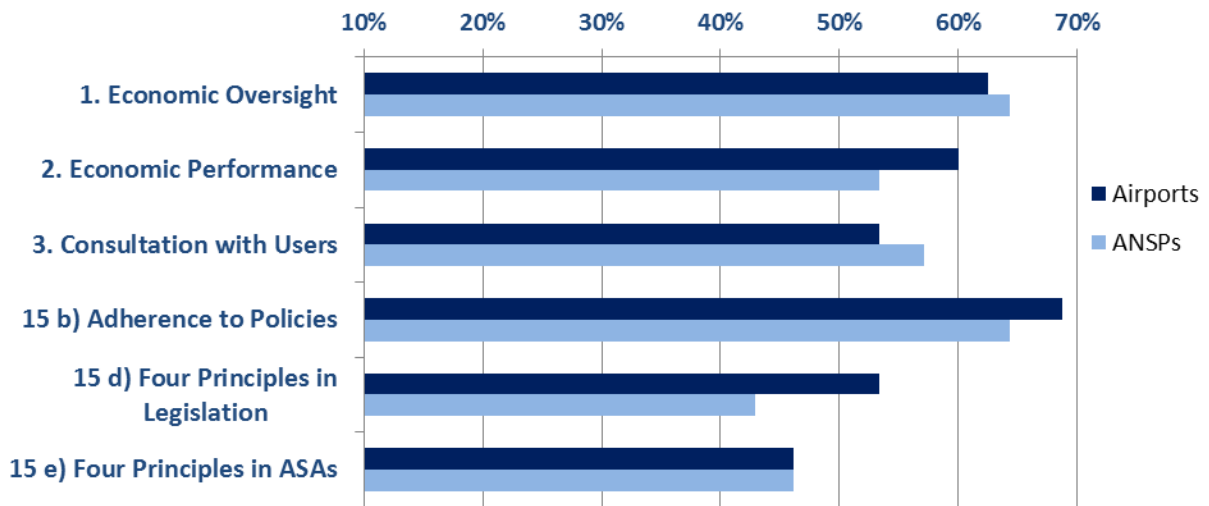
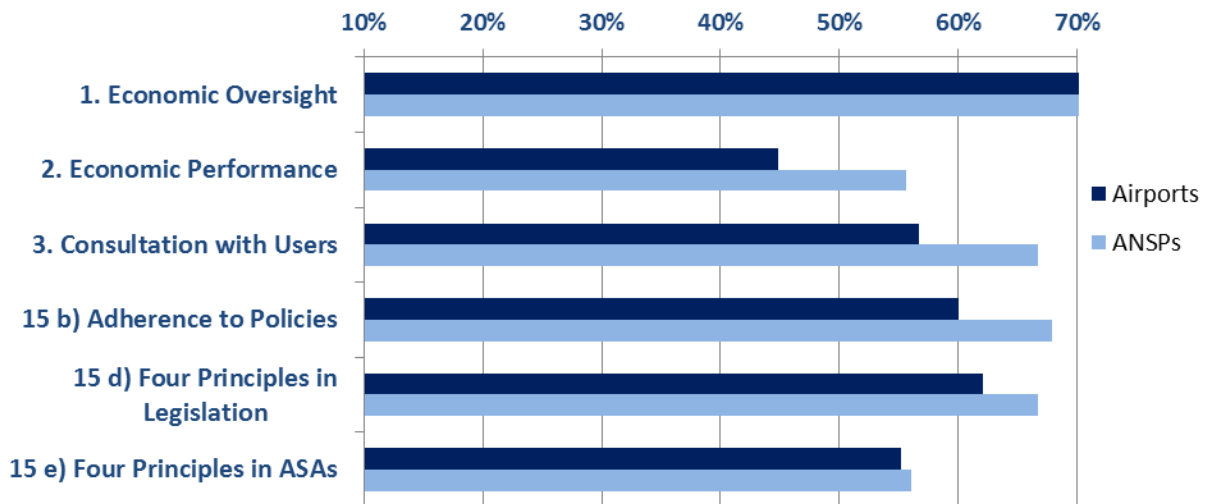
Table 4. Implementation of CEANS recommendations**Asia & Pacific****Table 5. Implementation of CEANS recommendations****Europe**

Table 6. Implementation of CEANS recommendations

NACC

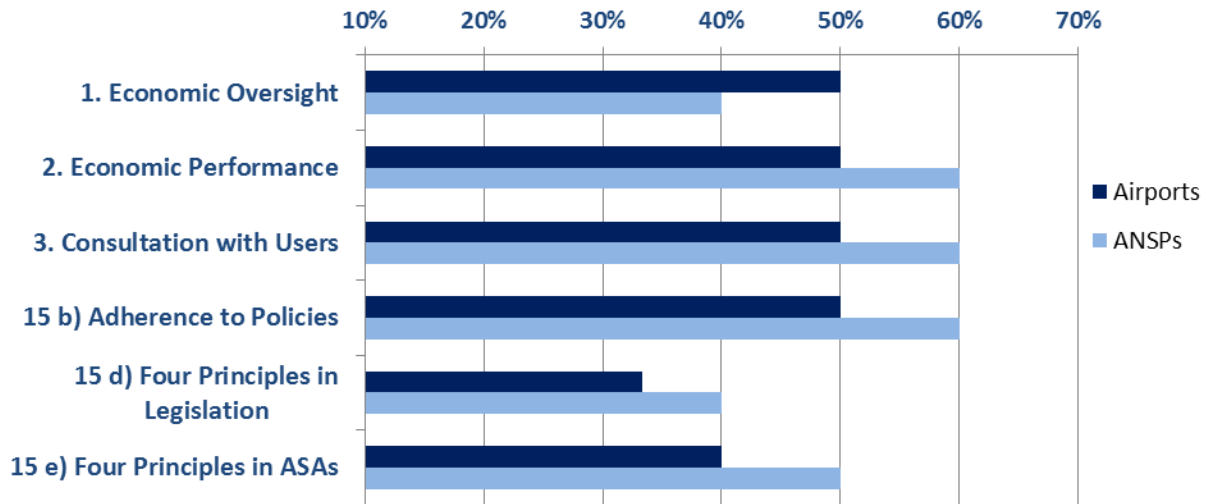
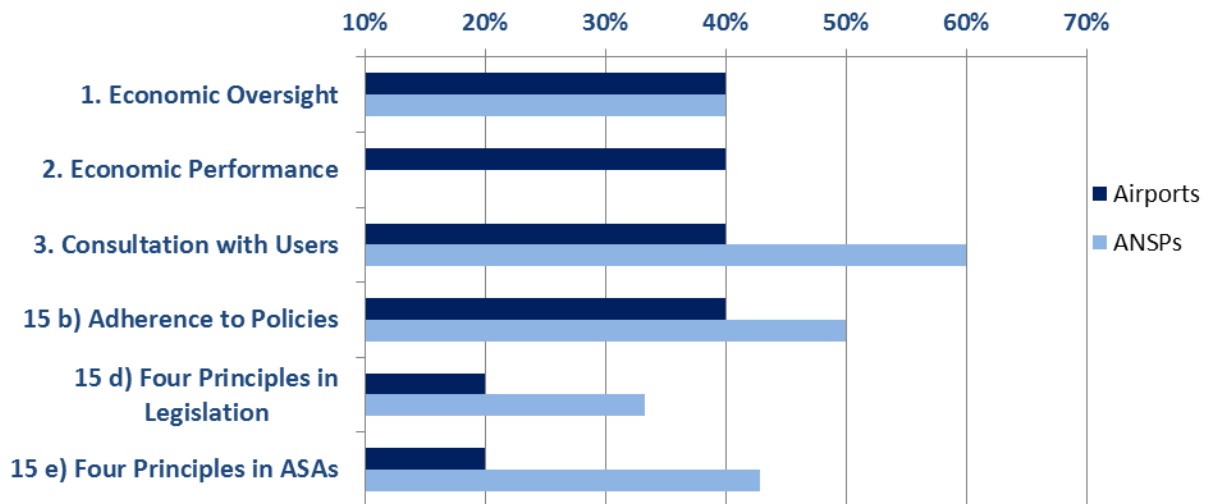


Table 7. Implementation of CEANS recommendations

SAM



— END —