



ASSEMBLY — 41ST SESSION

ECONOMIC COMMISSION

Agenda Item 36: Economics of Airports and Air Navigation Services – Policy

REPORT ON DEVELOPMENTS REGARDING THE ECONOMIC ASPECTS OF AIRPORTS  
AND AIR NAVIGATION SERVICES

(Presented by the Council of ICAO)

EXECUTIVE SUMMARY

This paper reports on the work accomplished by ICAO regarding economic aspects of airports and air navigation services in accordance with Assembly Resolution A40-9. Efforts were made on updating existing policies and guidance, developing new guidance on funding of and financing for aviation infrastructure, as well as addressing emerging issues such as cost recovery mechanisms for the provision of aeronautical meteorological (MET) services, space weather information services and funding the operation of the unmanned aircraft system (UAS). Work is ongoing on supporting the recovery of airports and air navigation services providers (ANSPs) from the economic fallout of the COVID-19 pandemic. The paper also presents the future work plan in this field (in accordance with the Business Plan 2023–2025), focusing on the continued update and development of policies, guidance and tools for economic viability of airports and ANSPs and funding and financing needs over the short-, medium- and long-term.

**Action:** The Assembly is invited to:

- a) review the work accomplished by ICAO in paragraph 2;
- b) endorse the Organization's work plan as presented in paragraph 3; and
- c) consider the information contained in this paper for the update of Assembly Resolution A40-9, Consolidated statement of continuing ICAO policies in the air transport field.

<i>Strategic Objectives:</i>	This working paper relates to Strategic Objective — <i>Economic Development of Air Transport</i> .
<i>Financial implications:</i>	The ICAO activities referred to in this paper are expected to be undertaken within the resources available in the 2023–2025 Regular Budget and/or from extra budgetary contributions, including the Voluntary Air Transport Fund (TRAF), as guided by the ICAO Business Plan 2023-2025.
<i>References:</i>	Doc 10140, <i>Assembly Resolutions in Force</i> (as of 4 October 2019) Doc 10139, <i>Report of the Economic Commission of the 40th Session of the Assembly</i> Doc 9082, <i>ICAO's Policies on Charges for Airports and Air Navigation Services</i> Doc 9161, <i>Manual on Air Navigation Services Economics (Fifth Edition)</i> Doc 9562, <i>Airport Economics Manual (Fourth Edition)</i> A41-WP/11-EC/1, <i>Economic and Financial Measures and Experiences of States in Addressing the Impact of the COVID-19 Pandemic</i> A41-WP/17-EC/7, <i>Consolidated Statement of Continuing ICAO Policies in the Air Transport Field</i> ICAO Business Plan 2023–2025

## 1. INTRODUCTION

1.1 The work of the Organization related to the economic aspects of airports and air navigation services was carried out pursuant to Assembly Resolution A40-9 (Appendix C). Focus was placed on updating existing policies and guidance, developing new guidance and tools on funding and financing in aviation infrastructure, and addressing emerging issues such as cost recovery mechanisms for the provision of aeronautical meteorological (MET) services, space weather information services and funding the operation of the unmanned aircraft systems (UAS).

1.2 Further efforts are being made on addressing the short-, medium and long-term economic impact of the COVID-19 pandemic on airports and air navigation services, such as supporting the financial viability of the sector and the capital investment in new and upgraded infrastructure to meet future capacity needs and relevant Sustainable Development Goals.

## 2. WORK ACCOMPLISHED BY ICAO

2.1 **ICAO's policies and guidance.** Comprehensive updates were made to the Fifth Edition of the *Manual on Air Navigation Services Economics* (Doc 9161), aiming at modernizing and streamlining the text in the manual, and incorporating amendments applied to the *Airport Economics Manual* (Doc 9562) in its last update. At the Eighth Joint Meeting of the Airport Economics Panel and Air Navigation Services Economics Panel (AEP-ANSEP/8, 29 November to 3 December 2021), an additional suggestion was made on amending text to address modifying air navigation services charges to improve environmental performance of airspace users. Changes made to Docs 9161 and 9562 will be applied to the relevant paragraphs of *ICAO's Policies on Charges for Airports and Air Navigation Services* (Doc 9082).

2.2 The new standalone *Guidance on Business Case, Cost-benefit Analysis, Economic Impact Analysis and Cost-effectiveness Analysis*, was finalized and adopted at AEP-ANSEP/8. The document provides detailed explanation with practical examples on how to conduct economic and financial analysis for the evaluation of costs and benefits of aviation infrastructure projects. It can be used by policy-makers, economic planners, industry stakeholders and financial institutions, when considering investment options for aviation infrastructure development.

2.3 The preliminary version of the Sixth Edition of Doc 9161 and the new standalone *Guidance on Business Case et al.* are available as reference documents for the Assembly.

2.4 **Funding and financing for aviation infrastructure.** Efforts were made to address emerging issues arising from industry technological advancement and the associated investment requirements for new aviation infrastructure and/or services provision.

- a) **Cost recovery for the provision of MET services.** Through the joint working group of AEP-ANSEP and the Meteorology Panel (METP), and in collaboration with the World Meteorological Organization (WMO), guidance contained in Doc 9161 was revised to reflect the current state of the provision of MET services and was supplemented with additional information on the financial management of multinational facilities and services. As the provision of MET services is expected to undergo a transformation over the next decade, consistent with air transport modernization envisioned in the ICAO Global Air Navigation Plan (GANP), the current focus is on providing additional cost recovery guidance to MET services providers to meet this evolution.

- b) **Cost recovery for the provision of space weather information services.** In accordance with the Council's decision, work has been carried out jointly by AEP-ANSEP and METP to develop cost recovery mechanisms for the provision of space weather information services to aviation, taking into account the associated costs for both provider States and users. The joint working group continues to identify cost recovery potential options according to the need of the global centres.
- c) **Cost recovery for funding the operations of UAS.** Various cost recovery options and frameworks for funding the future infrastructure needed to support the UAS operations were explored and examined. In light of the rapid growth of the UAS industry, more in-depth analysis on the economic aspects of the UAS is being conducted. Work is ongoing to develop potential cost recovery mechanisms encompassing all types of UAS operations, keeping in mind that there is no-one-size-fits-all approach.

2.5 **Implementation of ICAO's policies.** To regularly monitor and assess the level of States' implementation of ICAO's policies on charges contained in Doc 9082, the latest online survey was conducted in 2020 via State letter (Ref: EC 2/89-19/82). According to the responses from 79 States/territories (accounting for 75 per cent of the global scheduled flights in 2019), ICAO's policies have not been fully implemented by some States, and there is a need to further enhance implementation of specific principles. The full report and results of the survey are available on the ICAO public website at: [https://www.icao.int/sustainability/Documents/Report\\_of\\_Survey\\_ICAO-policies-on-charges.pdf](https://www.icao.int/sustainability/Documents/Report_of_Survey_ICAO-policies-on-charges.pdf). The results can be used as a reference to measure the progress of ICAO's *No Country Left Behind* (NCLB) initiative.

2.6 Continued efforts have been made on promoting and raising awareness of ICAO's policies on charges, with special emphasis on the implementation of the four key charging principles. In March 2021, a capacity-building workshop was jointly organized with the African Civil Aviation Commission (AFCAC) on economic oversight and charges for airport and air navigation services, during which the ICAO policies and guidance were promoted and highlighted. Similar joint workshops and trainings will be organized for other regions, in coordination with Member States, regional organizations and industry partners.

2.7 **Economic impact of COVID-19 on airports and air navigation services.** The devastating impact of the COVID-19 pandemic on air travel has caused massive revenue losses for all segments of aviation, including airports and air navigation services providers (ANSPs). To support the financial stability of the industry, the ICAO *Guidance on Economic and Financial Measures to Mitigate the Impact of the Coronavirus Outbreak on Aviation* was developed, in line with Recommendation 10 of the ICAO Council Aviation Recovery Task Force (CART). The guidance outlines a range of measures that can be explored by States and industry, including those for airports and ANSPs, to alleviate the liquidity and financial strain. It is available in all ICAO official languages at: <https://www.icao.int/sustainability/Pages/Economic-and-financial-measures.aspx>.

2.8 As the situation evolves, necessary amendments to the guidance will be made with the inclusion of additional measures. More information on this aspect is provided in A41-WP/11-EC/1, *Economic and Financial Measures and Experiences of States in Addressing the Impact of the COVID-19 Pandemic*.

### 3. FUTURE WORK

3.1 The economic landscape of aviation continues to change. The prolonged COVID-19 pandemic has not only created financial predicament on airports and ANSPs, but also challenged their economic viability in the future. Beyond the recovery imperatives, the sector also requires sufficient funding of and financing for critical infrastructure modernization and expansion in order to meet future capacity needs and contribute to achieving relevant Sustainable Development Goals. The upshot of all these aspects has direct implication on the safe and efficient operations of the entire aviation ecosystem.

3.2 In this regard, work is ongoing to support the efficient and economically-viable recovery of airports and ANSPs from the pandemic. ICAO's policies on charges and guidance on airports and air navigation services economics are being further reviewed and assessed to ensure their relevance in the changing situation and responsiveness to future exogenous shocks and development needs over the medium- to long-term. Additional guidance may also be required as new issues arise.

3.3 Considering the aforementioned ongoing work, and as described in the ICAO Business Plan 2023–2025, future work in the area of economics of airports and air navigation services will be carried out in accordance with the Output DEV 3 – Enhanced capabilities of States to use aviation as an effective means to achieve economic development, in particular, increase accessibility to funding and financing for aviation infrastructure development and improvement of air connectivity. Focus and priorities will be placed, inter alia, on: a) update policies and guidance for economics and management of airports and air navigation services; and b) develop and update guidance on funding and financing for aviation infrastructure and operations, as well as tools for business case analysis of aviation infrastructure projects.

3.4 Furthermore, the Organization will continue to raise awareness of ICAO's policies and guidance, and provide assistance to States and services providers, to enhance their implementation, under the NCLB initiative.

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