



International Civil Aviation Organization

WORKING PAPER

A41-WP/454

EC/35

1/9/22

(Information paper)

English only

ASSEMBLY — 41ST SESSION

ECONOMIC COMMISSION

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

AIR NAVIGATION SERVICES SHOULD BE FUNDED AS A PUBLIC GOOD

(Presented by the International Transport Workers' Federation (ITF))

EXECUTIVE SUMMARY

Over the last three decades, several significant crises hit the global air transport industry, and the focus has been primarily on airlines and airports as opposed to air navigation services (ANS).

This information paper calls the attention of the Assembly to the findings of an independent research work recently conducted by the University of Bristol entitled *Navigating the COVID-19 Crisis: Air Traffic Charging Models and Financing of Air Navigation Service Providers*.

The research dwells on several fundamental questions raised by the devastating impact of the COVID-19 pandemic concerning the resilience and sustainability of existing ANS' business models.

The Assembly is invited to note the information contained in this paper.

<i>Strategic Objectives:</i>	This working paper relates to Strategic Objective — <i>Economic Development of Air Transport</i> .
<i>Financial implications:</i>	
<i>References:</i>	<i>Navigating the COVID-19 Crisis: Air Traffic Charging Models and Financing of Air Navigation Service Providers</i> by Peter Turnbull (University of Bristol), Huw Thomas (University College Dublin) & Geraint Harvey (Western University)

1. INTRODUCTION

1.1 The devastating impact of the pandemic on airlines, airports and Air Navigation Service Providers (ANSPs) has raised fundamental questions about the sustainability of existing business models, most notably the ‘user pays’ (private good) as opposed to the infrastructure (public good) approach to funding air navigation services (ANS). It is essential to find ways to ensure the resilience of ANSPs to ensure that when the next pandemic, economic crisis, war or any other major disruption inevitably occurs then these organisations will be able to weather the storm.

1.2 A recently published independent study from the University of Bristol entitled *Navigating the COVID-19 Crisis: Air Traffic Charging Models and Financing of Air Navigation Service Providers* by Peter Turnbull (University of Bristol), Huw Thomas (University College Dublin) and Geraint Harvey (Western University) aims to fill this gap. This research work is particularly timely since both, in terms of depth (collapse of traffic) and duration; the COVID-19 crisis is unique compared to any previous global crisis the industry experienced. The researchers conducted more than fifty interviews with air traffic controllers, trade union officials, representatives of professional associations, ANSP managers, aviation authorities and airlines in more than 20 countries.

2. DISCUSSION

2.1 The report makes the following observation: ANSPs have only survived the pandemic because of loans from the State and/or financial institutions, combined with significant changes to staffing levels, shift arrangements, recruitment and training, remuneration and other conditions of employment.”

2.2 The research dwells on several fundamental questions raised by the devastating impact of the COVID-19 pandemic concerning the sustainability of existing ANS’ business models - particularly the ‘user pays’ approach to the sector.

2.3 The ITF believes that the underlying reasons for the ongoing and deepening shortage of skilled professionals in ANS and the resulting capacity constraints cannot be fully understood and thus effectively tackled without discussing these critical questions concerning existing business models. The lack of such a holistic approach might well mean that the problem could worsen while growth returns.

2.4 It is not possible to make a precise prediction about the future course of the ongoing COVID-19 pandemic. Like any global civil aviation stakeholder, the ITF believes that global traffic levels will eventually return to pre-pandemic levels.

2.5 However, this inevitable rise in traffic levels will not automatically serve as a solution to the deep-rooted problems of the ANS sector that were pointed out above in a nutshell. With the rise in traffic levels users will be expected to pay more at precisely the time when they can only afford to spend less.

2.6 In the report's own words, “The scene is set for on-going conflicts of interest between service providers and users, with ever greater pressure on ANSPs to cut cost at precisely the time when they need to invest in both human and physical capital to enhance the future flexibility and scalability of air navigation services.”

2.7 The ITF sees this as an exceptionally critical warning that needs to be taken into account by all aviation stakeholders without losing any more time.

3. CONCLUSION

3.1 The COVID-19 pandemic crisis has confirmed the public-good nature of the ANS sector. As we observed together, a minimum level of service and staffing must be provided even at a time when solely essential emergency, medical or cargo flights are permitted.

3.2 The ITF fully agrees with the main conclusion of the report: “The minimum (essential) level of service/staffing should be funded by the state. Beyond that, users might be charged directly for ANS, but policymakers need to reconsider who are the ‘users’ and how they pay for what is ultimately an invaluable but invisible service.”

3.3 Adopting this approach is critical in making current efforts to tackle the shortage of skilled professionals in the ANS sector, including the ICAO Next Generation of Aviation Professionals (NGAP) programme much more effective.

3.4 The Assembly is invited to note the information contained in this paper.

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