



Case Study

on Commercialization, Privatization and Economic Oversight of Airports and Air Navigation Services Providers

Bolivia

Background

There are 38 aerodromes in Bolivia. Among them, three receive scheduled international traffic, and twelve handle scheduled domestic traffic. The international airports are La Paz-El Alto International Airport, which serves Bolivia's administrative capital city; Cochabamba-Jorge Wilstermann International Airport; and Santa Cruz-Viru Viru International Airport, which is currently Bolivia's busiest airport.

The Supreme Decree No. 8019 of 21 June 1967 (subsequently adopted as Law No. 412 of 16 October 1968) gave birth to a new administration in charge of Bolivia's airports and air traffic control: the Administration of Airports and Auxiliary Services of Air Navigation (AASANA, standing for Administración de Aeropuertos y Servicios Auxiliares a la Navegación Aérea). Since 1975 and the Decree Law No. 12965, it used to be a decentralized public institution. The AASANA used to plan, supervise and oversee the construction, the development and the management of all public airport infrastructure and equipment in Bolivia. In addition, it still provides air navigation services.

Finally, the General Directorate of Civil Aviation (DGAC, standing for Dirección General de Aeronáutica Civil), under the Ministry of Public Works and Services, is a self-governing body in charge of the security and the technical regulations of civil aviation.

Commercialization/privatization: Airports

The Government of Bolivia decided to grant a concession for the operation and the development of the country's three most important airports in 1996. At this date, La Paz-El Alto International Airport, Cochabamba-Jorge Wilstermann International Airport, and Santa Cruz-Viru Viru International Airport handled together 85 per cent of Bolivian domestic and international traffic. The privatization process was coordinated by Deutsche Morgan Grenfell, a London-based investment bank in charge for marketing the concession project to potential investors. The United States law firm Ernst & Young served as legal adviser.

A pre-qualification process enabled the Government of Bolivia to select three bidders (Spain's AENA, Vancouver International Airport Authority, and California-based AGI-Airport Group International). The Government did not require up-front payments from the winner nor any specific investment levels for maintenance and operation. The winning winner bidder was instead required to pay a percentage of the collected landing charges as well as to share a part of its total income. The revenue collected by the Government was intended to be reinvested in the Bolivian airport network through subsidies to AASANA.

The concession was finally awarded to AGI in 1996 for a 25-year period. The concession agreement states that AGI will pay 25 per cent of its collected landing charges and 20.8 per cent of its total revenues to AASANA. The concession agreement does not specify the level of investments to be made by the concessionaire, but rather calls for the maintenance of the three airport terminals in the IATA Category B airport (which rates the amount of passengers to terminal space), with the objective to develop a progressive investment program adapted to traffic growth at these airports.

AGI formed Servicios de Aeropuertos Bolivianos S.A. (SABSA S.A.), which took over the operation and the management of the three airports in 1997. In September 1999, the British-based airport owner and operator TBI plc purchased AGI. With the take-over of TBI by Spain's Airport Concessions and Development Limited (ACDL) in January 2005, the administrative responsibility for La Paz, Cochabamba, and Santa Cruz airports was handed over to ACDL. ACDL is owned by Abertis Infraestructuras (90 per cent) and AENA (10 per cent), which also holds a concession for Bogota-El Dorado International Airport in Colombia.

Other Bolivian public airports have remained under the responsibility of AASANA, which has been put by the Supreme Decree No. 29 894 of 7 February 2009 under the supervision of the Ministry of Public Works, Services and Housing.

Commercialization/privatization: ANSP

The provision of air navigation services was neither corporatized, privatized, nor commercialized. The Administration of Airports and Auxiliary Services of Air Navigation continues to hold under its responsibility the control functions of security, air navigation services, aeronautical regulation and services of communications, meteorology, search and rescue and, in general, the technical aspects of air navigation services. At the airport level, airport operators employ and supervise airport personnel and subcontractors, but they are not responsible for the maintenance and operation of air traffic operations or landing systems, which are handled by AASANA.

Economic oversight: Airports

The concession agreement for the three Bolivian international airports establishes mechanisms for landing charges and gross revenue sharing with the Government. In addition, the Bolivia Superintendency of Transportation (Superintendencia de Transportes de Bolivia) holds the responsibility, under the Law 1600 and the Supreme Resolution No. 24718, for regulating fares and service quality at Bolivian airports. More specifically, its functions are to: a) promote efficiency and competition on transportation services and operations; b) supervise airport concessionaire and AASANA with respect to quality service, unfair competition and investment obligations; c) establish and review rates and charges; and d) provide license and grants for new services. The Superintendency is also in charge of regulating the 35 government-owned airports managed by the AASANA.

Economic oversight: ANSP

The Superintendency of Transportation continues to regulate and set air navigation services charges.

Last update: 11 July 2011