



DIRECTORS GENERAL OF CIVIL AVIATION-MIDDLE EAST REGION

Third Meeting (DGCA-MID/3) (Doha, Qatar, 27-29 April 2015)

Agenda Item 9: Air Transport

ICAO'S WORK FOR ECONOMIC DEVELOPMENT OF AIR TRANSPORT

(Presented by the Secretariat)

SUMMARY

This paper reports on ICAO's priority work under the Strategic Objective – Economic Development of Air Transport, focusing on air transport policy and regulation (the progress of the follow-up work to the Worldwide Air Transport Conference), infrastructure management (incentive and financing scheme for the implementation of the Aviation System Block Upgrades), and aviation data (traffic forecasts, new ICAO Data Plus and business analysis tools). It also highlighted the establishment of the voluntary Air Transport Fund, which supports ICAO's activities not covered by the Regular Programme Budget under the Strategic Objective – Economic Development of Air Transport.

1. INTRODUCTION

1.1 Economic Development of Air Transport is one of the five Strategic Objectives of ICAO. This Strategic Objective reflects the need for ICAO's leadership in harmonizing the air transport framework focused on economic policies and supporting activities. It also refers to fostering the development of an economically-viable civil aviation system (airlines, airports, air navigation services providers, etc.) and enhancing its economic efficiency and transparency while facilitating access to funding for aviation infrastructure and other investment needs, technology transfer and capacity building to support the growth of air transport and for the benefit of all stakeholders.

2. DISCUSSION

Air Transport Policy and Regulation

2.1 The air transport policy and regulation programme in ICAO is designed to: a) reduce State's costs in performing its economic regulatory functions; b) increase consumer's benefits and choices; c) improve air connectivity; and d) create more competitive business opportunities in the marketplace; thereby contributing to the sustainable economic development and to the expansion of trade and tourism.

2.2 The 38th Session of the ICAO Assembly endorsed an action plan for the implementation of the recommendations adopted by the Sixth Worldwide Air Transport Conference (ATConf/6, March 2013). The follow-up work has been conducted with the help from the Air Transport Regulation Panel (ATRP). The thirteenth meeting of the ATRP will be convened in Montréal from 1 to 4 September 2015.

2.2.1 **Market access & air carrier ownership and control.** A long-term vision for liberalization was sent to States for further consultation. Work on the development of international agreements were also initiated for the liberalization of market access, air carrier ownership and control, and air cargo services.

2.2.2 **Fair competition.** A draft compendium of competition policies and practices (www.icao.int/sustainability/Documents/Compendium_FairCompetition/Compendium.pdf) will be enhanced with the assistance of the ATRP.

2.2.3 **Consumer protection.** A draft set of core principles on consumer protection was sent to States for further consultation. These core principles aim at providing high-level guidance to States for the three phases of the passenger/operator relationship.

2.3 The Seventh ICAO Air Services Negotiation (ICAN) event was held from 17 to 21 November 2014 in Bali, Indonesia. The event had record-breaking participation since its inception. It was attended by 442 delegates from 78 States/territories and one regional grouping who conducted 550 formal and informal bilateral meetings. These meetings led to the signing or initialling of around 500 agreements (including many open skies agreements) and arrangements (such as Memorandums of Understanding, Records of Meeting or Agreed Minutes). The next meeting of ICAN will take place in Antalya, Turkey, from 19 to 23 October 2015.

INFRASTRUCTURE MANAGEMENT

2.4 ICAO's infrastructure management programme aims at enhancing and promoting sustainable development of infrastructure for the provision and operation of airports and air navigation services. The programme offers solutions to: a) improve organizational and managerial capability of providers; b) reduce the financing burden on governments; c) protect user's interests; and d) allow for early benefits of new technologies; and e) facilitate access to funding for long-term investment needs.

2.5 The second meeting of the Multi-Disciplinary Working Group on the economic challenges linked to the implementation of the Aviation System Block Upgrades (MDWG-ASBU, February 2015) addressed issues on identification of best practices for incentives, business cases and cost-benefit analysis for ASBUs implementation, and schemes to finance the ASBUs implementation. It was recommended that while no changes should be made to ICAO's policies in *ICAO's Policies on Charges for Airports and Air Navigation Services* (Doc 9082), which already provide ample cover for financial incentives, new policies should be developed for operational incentives.

2.6 The fifth joint meeting of the Airport Economics Panel (AEP) and the Air Navigation Services Economics Panel (ANSEP) to be held in Montréal from 19 to 21 May 2015 will review the recommendations made by the MDWG-ASBU.

AVIATION DATA AND ANALYSIS

2.7 Informed decision making is the foundation upon which successful businesses are built. In a fast-growing industry like aviation, planners and investors require the most comprehensive, up-to-date, and reliable data. ICAO's aviation data/statistics programme provides accurate, reliable and consistent aviation data so that States, international organizations, aviation industry, tourism and other stakeholders can: a) make better projections; b) control costs and risks; c) improve business valuations; and d) benchmark performance.

2.8 Work is ongoing through the Aviation Data and Analysis Panel (ADAP) to develop a single set of harmonized long-term traffic forecasts. ICAO is also increasing its collaborative endeavours with other UN agencies and international organizations so that the data and analysis generated by ICAO are harmonized and more robust at the regional and global level.

2.9 The work programme also aims at ensuring the availability of tools necessary to measure and, to the extent possible, predict the various aspects of civil aviation development. New ICAO Data Plus (<http://stats.icao.int>) will be released in April 2015, which presents in a dynamic and graphical environment, large amounts of air transport statistic data collected from Member States. This new Cloud-based tool enables users to quickly identify patterns, trends, differences and similarities between data selections and make competitive analyses (benchmarking) more accessible.

2.10 Various business analysis tools (<http://www4.icao.int/etools>) also provide a user-friendly way to access, analyze and visualize aviation data in various specialized areas. For example, an international traffic mapping tool shows how air traffic routes have evolved over the time, illustrating the connectivity brought by air transport. World's air services agreement visualization tool compares traffic volume and the types of air services agreement at country-pair level.

AIR TRANSPORT FUND

2.11 The Air Transport Fund (<http://www.icao.int/sustainability/Pages/TRAF.aspx>), which was established in 2014, serves as a mechanism for the collection and use of voluntary contributions from States and other donors to support ICAO's activities not covered by the Regular Programme Budget under the Strategic Objective – Economic Development of Air Transport.

2.12 Possible projects to be undertaken by ICAO under the voluntary contributions of the Air Transport Fund include cost-benefit analysis related to air transport connectivity, econometric studies on the effects of the liberalization on traffic, and assistance with the ratification of the *Convention for the Unification of Certain Rules for International Carriage by Air* (Montréal Convention 1999).

2.13 Another possible project may be to develop an essential services and connectivity improvement scheme to assist States in creating more opportunities for employment and investments in the liberalized business environment and as guidance for decision makers to invest in air transport infrastructure, especially in Least Developed Countries (LDCs), Landlocked Developing Countries (LLDCs) and Small Island Developing States (SIDS) not merely for the sake of air transport itself but as an effective means for economic development and poverty reduction.

3. ACTION BY THE MEETING

3.1 The meeting is invited to:

- a) support ICAO's work for economic development of air transport;
- b) promote the use of ICAO Data Plus and business analysis tools; and
- c) encourage the contribution to the voluntary Air Transport Fund.