



What is the global framework of regulation (1/2)

ICAO's Policies on Charges for Airports and Air Navigations Services (doc 9082) lays down the principles:

*12. States' exercise of their **economic oversight responsibilities** should be clearly **separated from the operation** and provision of airports and air navigation services, with roles and powers clearly defined for each function.*

*13. The main **purpose of economic oversight** should be to **achieve a balance between the interests** of airports and ANSPs, including government-operated providers, and those public policy objectives that include, but are not limited to, the following:*



The global framework of regulation (2/2)

- i) *Minimize the risk of airports and ANSPs engaging in anti-competitive practices or **abusing any dominant position** they may have;*
- ii) *Ensure **non-discrimination and transparency** in the application of charges;*
- iii) *Ascertain that **investments in capacity meet current and future demand** in a cost-effective manner; and*
- iv) *Protect **the interests of passengers** and other end-users.*

*To promote these objectives, consistent with the form of economic oversight adopted, States should **ensure that airports and ANSPs consult with users** and that appropriate **performance management** systems are in place.*



Regulatory regimes

Regulation should be in place in every country but the degree can vary significantly.

Typical regulatory regime expressions (in declining order):

- Robust regulation is in place and had been tested before.
- Some regulation is in place but the defined process and /or the involved parties are weak.
- Some rudimentary regulation has been established but it is not up to the task and may demonstrate a conflict of interest.
- No effective regulation exists and / or no written rules.

Regulatory models and areas of intervention

Regulation can take different forms with different levels of effectiveness:

- Cost recovery.
- Cost based regulation.
- Price cap / incentive based regulation.
- Till mode.
- Cost of capital determination rules.
- Commercial agreements.
- Pre-funding views.

→ The regulator is the go-to point in cases of disagreements between the airport/the concessionaire and users.



International regulatory practice

In Europe, the *Airport Charges Directive* (ACD) defines basic principles and minimum process requirements. The ACD is translated into the context of national law or regulation.

Various European States then build on the ACD to determine national requirements. Regulatory frameworks are also applied in other states in Africa, Asia and South America.

The ACD as an example, addresses

- The need for airports to consult with users on charges.
- The need to provide the transparency justifying such proposals.
- The need to consult on investments.
- The requirement for member states to establish an appeals process should there be a disagreement with the airports' decision on charges.



EU legislation defines the process, its contents and escalation

Interaction between the airport and airlines is defined in the regulatory framework.

It defines timelines, subjects for discussion, information requirements, consultations, addressing users' views and clearly describes an escalation procedure.

Agreed
timelines &
topics to be
discussed

Provision
of the right
information

Consul-
tation
discus-
sions

Taking
users'
views into
account

Escalation
procedures
in place

Foundation: Regulatory framework and role of the regulator