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ASSEMBLY — 37TH SESSION
ECONOMIC COMMISSION

DRAFT TEXT FOR THE REPORT
ON
AGENDA ITEM 50

The attached material on Agenda Item 50 is submitted for consideration by the Economic Commission.

Agenda Item 50: Economics of airports and air navigation services

50.1 At its first meeting, the Commission considered economic and management aspects of airports and air navigation services on the basis of a report by the Council (WP/6). In addition, one working paper was presented by the International Transport Workers Federation (ITF) (WP/260) and an information paper was presented by India (WP/171).

50.2 In WP/6, the Council reported on major work accomplished by ICAO since the last Assembly in assisting States to operate airports and provide air navigation services in an efficient and cost-effective manner. It also provided a brief overview of developments in the economic aspects of airports and air navigation services' and presented the Organization's plan of action for the next triennium.

50.3 The most important event since the 36th Session of the Assembly was the convening of the Conference on the Economics of Airports and Air Navigation Services (CEANS), held in September 2008. The Conference adopted 15 Recommendations, 10 of which were made to strengthen *ICAO's Policies on Charges for Airports and Air Navigation Services* (Doc 9082). The Conference recommendations were endorsed by the Council on 17 November 2008 (C-DEC 185/11), and the revised Doc 9082 was published in January 2009 as its eighth edition. State letter SD 38/1-09/2 dated 30 January 2009 was circulated to Member States informing them of the outcome of the Conference.

50.4 Based on the Conference recommendations, the Secretariat is in the process of updating relevant ICAO guidance material (i.e. *Airport Economics Manual* (Doc 9562), *Manual on Air Navigation Services Economics* (Doc 9161)) with the assistance of the Airport Economics Panel (AEP) and the Air Navigation Services Economics Panel (ANSEP).

50.5 The Council also provided a brief overview of the regulatory and industry trends and developments in the management of airports and air navigation services entities, with the identification of certain key issues.

50.6 Based on the Conference recommendations, the assessment of key issues, and the Strategic Objectives and the Business Plan of the Organization, the Council presented the Organization's plan of action for the next triennium in the field of economic aspects of infrastructure management. It would include the following elements: cooperation and engagement by ICAO with Member States, the industry, interested international organizations and other stakeholders on issues of common interest in the field of airport and air navigation services economics; dissemination and promotion of the policies on charges; finalization of the revision of Doc 9082 and the two economics manuals; regional workshops on a cost-recovery basis and training on airport charges on a commercial basis; development of new guidance on emerging issues; monitoring the financial situation of airports and air navigation services and the consequential impact on charges; and development of an online database for ICAO's *Tariffs for Airports and Air Navigation Services* (Doc 7100).

50.7 In WP/260, the International Transport Workers Federation (ITF) proposed that worker and professional representatives be included in the consultation process and that this be included in Doc 9082. ITF also commented on ICAO's policies on charges in Doc 9082 and called for a review of the

current charging formula for air navigation services (ANS). The paper expressed the view that while airlines should share in the costs of provision of ANS, the fundamental role of the State needs to be recognized (i.e. financing of the system should come not only from users but also from the State), and that the lack of public support and pressure to reduce staff could have a potentially adverse effect on performance targets for safety, efficiency and regularity. It also proposed the establishment of reserve funds by air navigation service providers (ANSPs), which would require some revision to ICAO's policies in Doc 9082.

50.8 In an information paper (WP/171), India described the steps taken by the government to establish an economic regulator for airports (AERA – Airports Economic Regulatory Authority) and its powers, functions and modus operandi.

50.9 In consideration of the report of the Council, the Commission expressed satisfaction for the work undertaken and accomplished by ICAO since the last Assembly. The Commission also expressed strong support for the future work on the economic aspects of airports and air navigation services as presented by the Council. The work being done by ICAO with industry, in particular concerning the dissemination of ICAO's policies on charges, was noted and it was agreed that any revision or update of Doc 9082 should be consistent with the recommendations of the Conference and should first be reviewed by the AEP and ANSEP. In addition, the Commission agreed that a study on non-economically viable airports should be conducted and that guidance on funding of oversight functions should be developed. This work should be carried out with the assistance of the two economics panels.

50.10 The Commission noted the views expressed by ITF and advised that ICAO's current charging policies on the use of aircraft weight and distance flown reflect the Conference recommendations and provide sufficient flexibility. Regarding ITF's request that worker and professional representatives be part of the consultation process and that this be included in Doc 9082, the Commission emphasized that any revision of policies and guidance material should be consistent with the Conference recommendations and, therefore, did not endorse the ITF proposal.