



INTERNATIONAL CIVIL AVIATION ORGANIZATION

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**ASSEMBLY — 35TH SESSION**

**ECONOMIC COMMISSION**

**DRAFT TEXT FOR THE REPORT  
ON  
AGENDA ITEM 28**

The attached material on Agenda Item 28 is submitted for consideration by the Economic Commission.

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**Agenda Item 28: Regulation and organization of airports and air navigation services**

28:1 At its second meeting, the Commission considered regulatory and organizational aspects of the provision of airports and air navigation services on the basis of a report by the Council (WP/10). In addition, seven papers were presented by States and observers: WPs 154, 155, 158, 200, 258, 270 and 294.

28:2 In WP/10, the Council reported on the developments in the regulation and organization of the provision of airports and air navigation services that had taken place since the 33rd Session of the Assembly. Faced with a series of unfavourable factors, airports and air navigation services providers had to cope with a severe reduction in overall air transport activity. Service providers had reacted by either freezing or even decreasing user charges, while trying to offset losses by attracting more traffic, or by raising charges in order to maintain revenues through the application of increased rates. In the increasingly commercialized environment, the need had emerged to introduce economic regulation to ensure that monopoly power was not abused, especially with regard to airport or air navigation services charges. A revised version of the *ICAO's Policies on Charges for Airports and Air Navigation Services* (Doc 9082/7) had recently been published and posted on ICAO's website together with a supplement containing information on States' implementation of these policies. The revised *Airport Economics Manual* (Doc 9562) and the *Manual on Air Navigation Services Economics* (Doc 9161) would also be published and posted on the web. Considering that the commercialization process was still in its development phase, guidance material on key aspects related to commercialization would have to be kept under review, revised and expanded as necessary based on the experiences gained over time in different States. Following a recommendation by the 33rd Session of the Assembly, new and revised policy and guidance material had been developed on collection problems. With respect to a study on allocation of GNSS costs, certain principles and assumptions had been established by the Air Navigation Services Economics Panel (ANSEP), *inter alia* indicating that cost allocation between civil aviation and other users should take place at the regional level. In the future work on this study, coordination with other international organizations and non-aeronautical users would be necessary. Priorities during the 2005-2007 triennium would include the further development of policy and guidance material on economic oversight and regulation; benchmarking and measuring performance and productivity; cost allocation; and cost recovery of security measures. This material would also be valuable for the future implementation of a global air navigation system.

28:3 In WP/294, Belarus, Georgia, the Republic of Moldova, Ukraine and Uzbekistan invited the Assembly to recommend that ICAO: develop guidance material on procedures regarding the application of pre-trial and court procedures as well as settlement of disputes in relation to debt recovery of air navigation services charges, analyse the opportunity to establish an international debt recovery mechanism under the aegis of ICAO, and urge Contracting States to supplement the licensing and issuing of certificate with the responsibility for aircraft operators to pay their charges and relevant penalties.

28:4 In WP/158, the 41 member States of the European Civil Aviation Conference (ECAC) described the approach for measuring the performance of air navigation services in Europe and the results obtained. They emphasized the importance of ICAO accelerating and amplifying its work in the field of economic performance of air navigation service providers and proposed that ICAO develop standards for reporting requirements of performance results and information disclosure, as well as associated guidance material.

28:5 In WP/155, the Netherlands, on behalf of the European Union and its member States, described the current status of the Galileo programme and expressed a full agreement with the basic principles and assumptions related to cost allocation developed by ANSEP. It was recommended that the ongoing work be completed on the basis of these principles and that guidance be rapidly issued on the proposed allocation schemes, noting that cost allocation was closely related to legal and technical questions.

28:6 IATA, in WP/200, encouraged States to support measures to improve efficiency, reduce costs and exercise appropriate economic oversight of airports and air navigation services providers. It also encouraged industry partners to seek innovative and cooperative arrangements that would improve and support the working relationship between air carriers and service providers.

28:7 In WP/154, the International Transport Workers' Federation (ITF) commented on ICAO's policies on charges in Doc 9082 and called for a review of the current charging formula. Such a review should include consultation with all stakeholders, including the professional associations concerned.

28:8 In an information paper (WP/258), Pakistan provided a brief overview of the organization and regulation of aerodromes and process of aerodrome certification in Pakistan.

28:9 In another information paper (WP/270), the United States expressed the view that the basic principles and assumptions for cost allocation adopted by ANSEP are essential to expediting efficient GNSS services and fostering equitable cost recovery.

28:10 There was strong support for the future work programme on regulation and organization of airports and air navigation services proposed in WP/10. Attention was drawn to the need to take into consideration the differences between regions. A view was expressed that ICAO's regional offices should assist States to move in the direction towards commercialization and privatization.

28:11 The Commission noted the proposals presented by Belarus, Georgia, the Republic of Moldova, Ukraine and Uzbekistan in WP/294 and decided to refer them to the Council for further consideration. With respect to the suggestions made by IATA in WP/200 and ITF in WP/154, the Commission noted that they could be considered within the scope of the future work programme outlined in the Council's report. In particular, States should be encouraged to support measures to improve efficiency, reduce costs and provide appropriate economic oversight. Regarding ITF's call for a review of the current charging formula for en-route services with respect to the application of the distance and weight elements, reference was made to the consideration of this issue in the context of establishing air navigation services charges within the European Single Sky initiative. Further to a suggestion by ITF in WP/154, the establishment of reserve funds for managing business cycles was questioned from a cost recovery policy point of view.

28:12 With regard to WP/158 presented by ECAC, the Commission noted that the paper had already been considered by the Technical Commission. The Commission was informed that ICAO was already progressing the work proposed in the working paper and that the Technical Commission had agreed that, at an appropriate time, ICAO may convene, in cooperation with other organizations, a forum to agree on performance objectives and monitoring requirements.

28:13 Furthermore, the Commission noted the support expressed by the European Commission (WP/155) and in the information paper presented by the United States for the basic principles and assumptions on GNSS cost allocation, between civil aviation and other users, established by ANSEP. Regarding WP/155, the Commission considered that there was no need for any action on the proposal concerning the development of SARPs, since this was already in the work programme of the Air Navigation Commission. Any proposals related to the development of SARPs should be presented to the relevant technical forum. Concern was expressed over the intention to use encrypted signals for cost recovery.

28:14 In concluding its deliberations under this agenda item the Commission:

- a) endorsed the Council's plans for future work on regulation and organization of airports and air navigation services; and
- b) recommended that the Council take the proposals made in the various working papers into account in its future work in this field.

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