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ASSEMBLY — 36TH SESSION
ECONOMIC COMMISSION

DRAFT TEXT FOR THE REPORT
ON
AGENDA ITEM 41

The attached material on Agenda Item 41 is submitted for consideration by the Economic Commission.

Agenda Item 41: Regulation of the provision of airports and air navigation services

41.1 At its second meeting, the Commission considered economic and organizational aspects of infrastructure management on the basis of a report by the Council (WP/15). In addition, 8 papers were presented by States and observers: WPs 100, 101, 103, 109, 119, 120, 141 and 143. For ease of consideration, the Commission divided this agenda item into the following four topics: report by the Council; policies on charges; economic performance; and infrastructure development.

Report by the Council

41.2 In WP/15, the Council reported on major work accomplished by ICAO under the Airport and Route Facility Management Programme. Since the 35th Session of the Assembly, relevant ICAO policy and guidance material had been updated and promoted, and several studies had been conducted in order to assist States to operate airports and air navigation services in an efficient and cost-effective manner. 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 the following key issues: commercialization, economic oversight, best commercial practices, and measurement of performance and productivity. Based on the assessment of these key issues, 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 and organizational aspects of infrastructure management. It would include close monitoring of developments, promoting and keeping existing policy and guidance material current and responsive to States' needs, developing new guidance material as required and fostering cooperation between stakeholders. The Assembly was invited to endorse the future work plan of the Organization and request Contracting States to cooperate with and support ICAO's work in this field. Attention was drawn to the convening of a Conference on the Economics of Airports and Air Navigation Services, scheduled for 15-20 September 2008.

41.3 In consideration of the report of the Council, the Commission expressed satisfaction with the work undertaken and accomplished by ICAO since the last Assembly. There was wide support for the future work programme proposed in WP/15 on regulation of the provision of airports and air navigation services. In this context, the Commission welcomed the Conference with the recognition that most of the topics raised in the Council's WP/15 would be covered by it. The Commission also endorsed the Council's request that Contracting States cooperate with and support ICAO's work in this field.

Policies on charges

41.4 In WP/119, the Airports Council International (ACI) supported the ICAO's policies on airport charges as contained in Doc 9082. It advocated that economic regulation of airport charges should only be applied to ensure that existing undue market power was not abused by the airport operator, and that a regulatory mechanism should only be actuated when direct consultations between the airport operator and users had not produced an agreement on airport charges. In WP/120, 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 for air navigation services. Such a review should include consultation with all stakeholders, including the professional associations concerned.

41.5 In an information paper (WP/143), the Russian Federation described the current status and development of charging policy for the utilization of Russian airspace.

41.6 During the ensuing discussion, several views were expressed regarding the need for the separation of regulation and service provision, and for economic oversight of service providers, regardless of their structure or ownership. It was also reaffirmed that in any case, safety, security and economic oversight remained the responsibilities of States.

41.7 The Commission noted the views expressed by ACI and ITF on consultations with users and ITF's call for a review of the current charging formula for air navigation services with respect to the application of the aircraft weight element. The view was expressed that ICAO's current policy provided for certain flexibility in the use of aircraft weight for air navigation charges. The Commission expressed support for further development of policy and guidance material on economic oversight of airports and air navigation services providers, measuring economic performance and consultations with users, taking into account non-discrimination and transparency in establishing charges, and that these topics be discussed at the upcoming Conference.

Economic performance

41.8 In WP/100, the Civil Air Navigation Services Organisation (CANSO) stressed that good air navigation services performance results from good governance and ultimately from good government policy-making. It urged that policy-making must consider the various elements of governance that drive air navigation services performance rather than relying too heavily on regulatory oversight mechanisms. In WP/101, CANSO provided an overview of its recently developed global ATM performance measurement framework, which would assist individual air navigation services providers in optimizing their performance while serving the needs of air navigation services oversight bodies.

41.9 The Commission noted the views expressed in the two working papers presented by CANSO, and concluded that these issues should be considered in the context of the upcoming Conference.

Infrastructure development

41.10 In an information paper (WP/141), India highlighted traffic trends and forecast, developments of airport infrastructure especially through public-private partnership (PPP), as well as its action plan for meeting the upcoming challenges.

41.11 In an information paper (WP/109), Pakistan described its economic and aviation growth, new aviation policy and investments in airports and related infrastructure.

41.12 In an information paper (WP/103), ACI highlighted the continuing growth in traffic and airports' capital expenditure, and expressed the view that existing airport capacity and moderate expansion would be insufficient to meet forecast traffic demand.

41.13 The Commission noted, without comments, the above three information papers, as well as ACI's position for priority to be given to airport infrastructure expansion and investment (WP/119).

41.14 In the context of infrastructure development, a view was expressed that where the Technical Cooperation Bureau (TCB) assists States in airport and/or air navigation development plans, the TCB should provide information regarding the impact that the investments could have on the entity's cost basis and should also provide guidance on how to recover the related costs.

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