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IATA/ICAO – Airports and Air Navigation Charges Workshop

ICAO's Policies on Charges for Airports

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Dakar, Senegal

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Objective and Outline

- Objective:
 - describe the purpose and scope of ICAO's policies on charges and related guidance material on airport economics
- Outline:
 - About ICAO's policies: context, scope, status
 - How policies are developed
 - Where they are found (documents)
 - How they apply



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ICAO's Policies



Foundation for Policies on Charges

Article 44:

Ensure the safe and orderly growth of
civil aviation

Article 37:

ICAO to adopt and amend
SARPs



Article 15:

Airport and similar charges



Article 15 - Airport and similar charges

- Three basic principles:
 - Apply uniform conditions for using airports and air navigation facilities/services
 - No discrimination in charges
 - No charge solely for the right to overfly, enter or exit



Convention neither defines “charge” nor states charges should reflect the costs of services



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Why are Economic Policies Important?

- In the past, policies were used to encourage States to establish financially independent entities to operate airports
- More recently (and currently), need for some consensus on how to establish and levy airport charges
- Subject is generating increased interest and discussion



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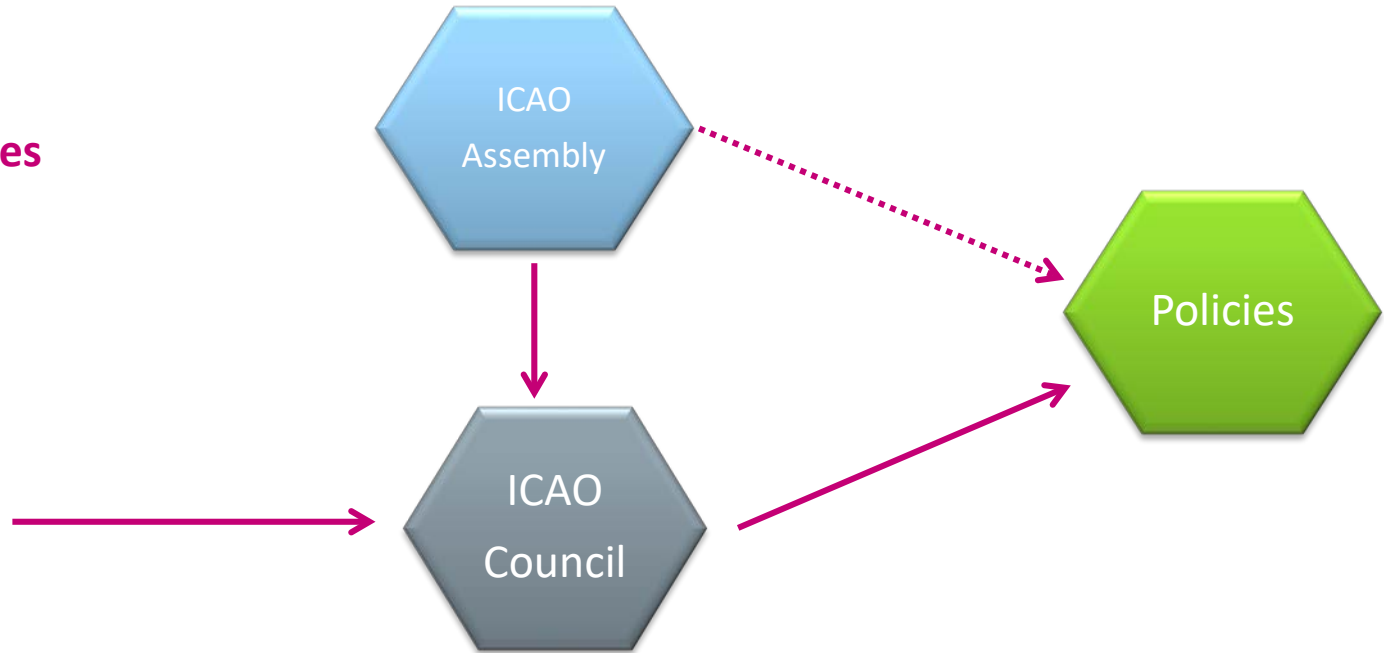
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Elaborating ICAO Policies

International conferences





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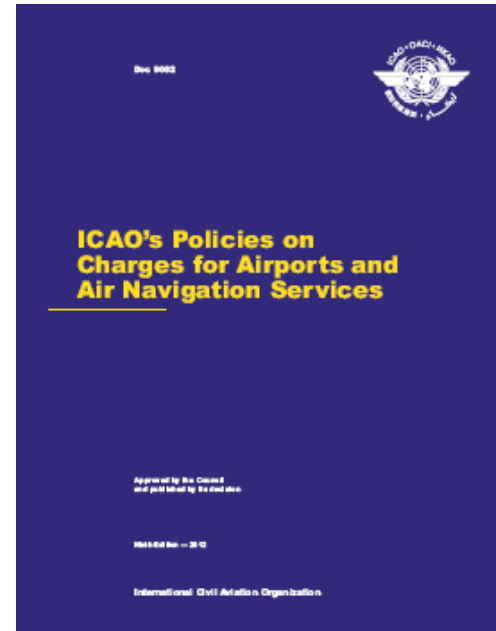
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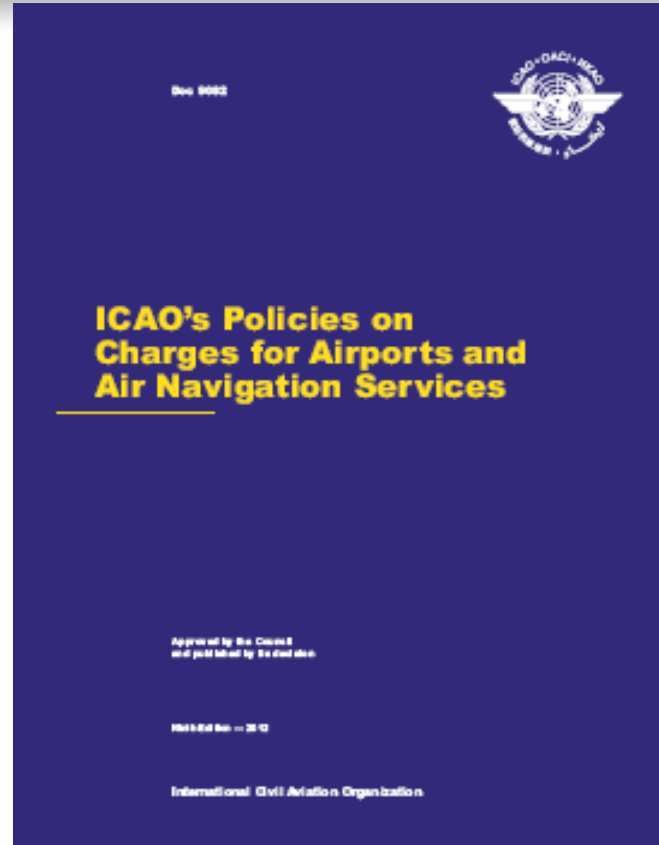
Sources of Information

- Chicago Convention, **Article 15** (Doc 7300)
- ICAO's Policies on Charges (Doc 9082) and on Taxes (Doc 8632)





ICAO's Policies on Charges for Airports are in Doc 9082





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Charging Policy



Charges vs. taxes [Foreword para 3]

As considered by the ICAO Council:

- A **charge** is a levy that is designed and applied **specifically to recover the costs** of providing facilities and services for civil aviation
- A **tax** is a levy that is designed to raise national or local government revenues, which are **generally not applied to civil aviation in their entirety or on a cost-specific basis.**



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4 key charging principles [Foreword para 1]

- Non-discrimination
- Cost relatedness
- Transparency
- Consultation with users



Scope & proliferation of charges [Section I §2-3]

- Paragraph 2:
 - Only allow charges for services and functions provided for civil aviation operations
 - Refrain from charges discriminating against international civil aviation compared to other modes of international transport
- Paragraph 3:
 - consider how the imposition of charges in one jurisdiction can lead to charges in another



Autonomy and privatization [Section I §4-7]

- ICAO recommends establishing autonomous entities when this best meet the interest for providers and users (§ 4-5)
- State ultimately responsible for safety, security and economic oversight of airport operations (§ 6)
- Autonomous entities must comply with the Chicago Convention and Annexes, and observe ICAO's Policies on Charges (§ 7)



Performance systems & Best practices

- Performance Parameters [Section I §16]
 - Define performance objectives
 - Select and report at least one indicator for each KPA
 - Evaluate and improve performance objectives
 - Undertake consultations with all parties concerned
- Best Practices [Section I §9-10]
 - Entities' objectives and responsibilities
 - Shareholders' rights
 - Board Responsibilities
 - Management's role and accountability
 - Relationship with interested parties
 - Disclosure of information



Consultation with Users *[Section I §17-22]*

- Airports should consult users before making changes
- Purpose: inform the users and listen to their views
- Best to agree when possible - BUT - airports can impose charges without agreement (with right of appeal for users)
- In the consultation process, it is recommended to:
 - Notify of intent to change at least 4 months in advance
 - Be transparent and provide relevant information
 - Give users advance notice of final decisions
 - Carefully assess potential effects on parties concerned



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Balance of interests & cooperation *[Foreword §7-8]*

- ICAO Council recognizes that airports may need to periodically increase charges
- Important to consider potential effects on users
- Important to balance interests of airports and air carriers, especially in difficult economic times



Airport charging systems *[Section II §3]*

- Simple and suitable for general application
- Don't discourage use of facilities necessary for safety
- Reflect sound accounting and other economic principles
- No discrimination between foreign and national users
- Transparency and fairness for differential charges
- Gradual increases
- Consolidation of charges
- Maintain flexibility to allow introducing improvements
- Charges for general/business aviation to be reasonably assessed



Different Charges

- Landing/parking charges
- Passenger service charges
- Aviation Security Charges
- Noise-related charges
- Emission-related charges



Developing non-aeronautical revenues *[Section II §10-11]*

- Encourage full development of revenues from concessions, rental of premises and “free zones”
- Except for concessions directly linked with air transport services (e.g. fuel, in-flight catering, ground handling)
- Must also keep prices moderate
- Simply stated: use sound commercial practices



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