



ICAO

INTERNATIONAL CIVIL AVIATION ORGANIZATION

A UN SPECIALIZED AGENCY

**ICAO/IATA/AFRAA/AFCAC/ACI/CANSO Workshop on Aeronautical Charges
ICAO Progress on Policies and Regulatory guidance for Aeronautical User
Charges**

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Outlines

Aeronautical Users Charges

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DEFINITIONS

01

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** (Doc 8632)

User charges

- Charges are only set following effective consultations with airlines, having regard to the services to be provided and the investments necessary to deliver agreed services
- User charges should be cost-related, non-discriminatory and equitably applied under relevant ICAO principles
- The overarching objective of user charges shall be the recovery of costs, given the need for a reasonable return on assets after depreciation
- In levying user charges, no individual airline or any group of airlines should be given special treatment
- In the case of monopoly providers, parties should ensure effective regulatory controls for user charges

User Charges

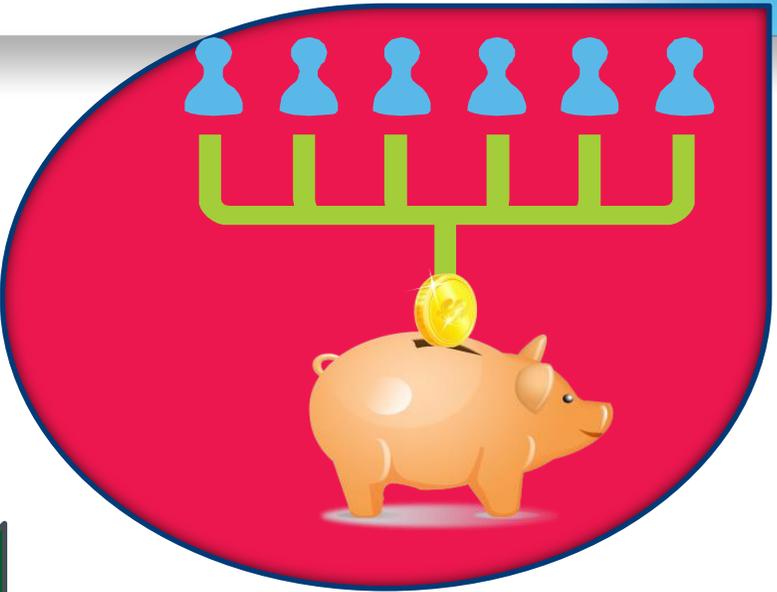
Article 12 of the ICAO TASA

- User charges that may be imposed by the competent charging authorities or bodies of each Party on the airlines of the other Party shall be just, reasonable, not unjustly discriminatory, and equitably apportioned among categories of users. In any event, any such user charges shall be assessed on the airlines of the other Party on terms not less favourable than the most favourable terms available to any other airline at the time the charges are assessed.
- User charges imposed on the airlines of the other Party may reflect, but shall not exceed, the full cost to the competent charging authorities or bodies of providing the appropriate airport, airport environmental, air navigation, and aviation security facilities and services at the airport or within the airport system. Such full costs may include a reasonable return on assets, after depreciation. Facilities and services for which charges are made shall be provided on an efficient and economic basis

User Charges

Article 12 of the ICAO TASA

- Each Party shall encourage consultations between the competent charging authorities or bodies in its territory and the airlines using the services and facilities, and shall encourage the competent authorities or bodies and the airlines to exchange such information as may be necessary to permit an accurate review of the reasonableness of the charges in accordance with the principles in paragraphs 1 and 2. Each Party shall encourage the competent charging authorities to provide users with reasonable notice of any proposal for changes in user charges to enable users to express their views before changes are made.





ESTABLISHMENT OF CHARGES

States to establish charges by observing ICAO's policies guidance

Revise charges on the principles set forth in the policies

02

States to base the recovery of the costs of provision of airport and air navigation services for international civil aviation on the principles set forth in the:

- Convention on international civil aviation and ICAO's policies as contained in Doc 9082
- Despite the organizational structure under which the airports and air navigation services are operated.



FACTORS LEADING TO REVISION OF CHARGES

Fluctuation with the performance of global, national, and regional economies (Doc. 7100)

03

During periods of economic difficulty, airports and ANSPs may consider increase of charges

Covid-19

Attention: Caution should be exercised when considering compensating for shortfalls in revenue through increased charges, in view of the multiplier effects on the aircraft operators and other end users



PRACTICAL GUIDANCE TO STATES

- *Convention on international civil aviation (Doc 7300)*
- *Airport Economics Manual (Doc 9562)*
- *ICAO's Policies on Charges for Airports and Air Navigation Services (Doc 9082)*
- *Manual on Air Navigation Services Economics (Doc 9161)*
- *Doc 9980 – Manual on Privatization in the Provision of Airports and Air Navigation Services*
- *Doc 9562 – Airport Economics Manual*
- *Policy and Guidance Material on the Economic Regulation of International Air Transport (Doc 9587)*



OTHER LEVIES OF CONCERN TO USERS

Matter of aircraft engine emission-related levies and market-based measures is addressed separately in:

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Assembly Resolution A41-20, Consolidated statement of continuing ICAO policies and practices related to environmental protection — General provisions, noise, and local air quality (Aviation impact on local air quality), and

Assembly Resolution A41-21, Consolidated statement of continuing ICAO policies and practices related to environmental protection — Climate change



AVIATION INFRASTRUCTURE DEVELOPMENT AND COST RECOVERY

AVIATION INFRASTRUCTURE DEVELOPMENT

States are increasingly assigning the operation of airports and air navigation services to commercialized and privatized entities

Recognition of the need to make substantial investments over the long term in the development and modernization of quality aviation infrastructure

The aviation industry has been paying for a vast majority of its own infrastructure costs

The development of air transport infrastructure and the global plan for Aviation System Block Upgrades (ASBUs) requires necessary business case justification to secure funding

The Declaration and Framework for a *Plan of Action for Development of Aviation Infrastructure in Africa* (IWAF/3)

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AVIATION INFRASTRUCTURE DEVELOPMENT AND COST RECOVERY

COST RECOVERY

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States still expecting from ICAO to provide more advice and guidance promoting equitable recovery of airport and air navigation services costs consistent with ICAO's policies (Cost recovery and pre-funding);

Maintain the Balance between the respective financial interests of providers of airports and air navigation services on the one hand and air carriers and other users on the other.



UNEXPECTED FINANCIAL CHALLENGES

Recent significant decline in air traffic due to the impact of the COVID-19 pandemic,

Reduction of revenue from charges for airports and air navigation services,

Risks to the financial stability of the service providers

Need to address the financial challenges posed by the COVID-19 pandemic on airports and air navigation services providers

Medium and long-term implications on funding and financing for aviation infrastructure development cannot be over emphasized

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ACTIONS BY STATES

States are responsible for the provision of air navigation facilities and standard systems as required under Art 28 of the Convention on international civil aviation

States encouraged to consider the establishment of autonomous entities to operate airports and air navigation services providers

States to establish good governance for institutional, legal and regulatory frameworks, the use of a data-driven approach, and the cooperation and compatible decision-making among transport authorities

States to develop national and/or regional aviation infrastructure programmes and plans, which should be aligned and integrated with an appropriately balanced development of transport modes

States to consider the appropriateness of financial and regulatory support to airports and air navigation service providers in response to any unprecedented economic difficulties due to COVID-19

States to establish a transparent, stable, and predictable investment climate to support aviation infrastructure development, for example, by engaging stakeholders, diversifying funding sources and elevating the role of private sector



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ACTIONS IN PROGRESS SPECIFIC TO USER CHARGES

development and update, as required, of guidance and tools on financing for the development and modernization of quality aviation infrastructure

Assessment of the emerging funding and financing needs arising from the industry technology advancement, including investment in infrastructure

Update of ICAO Guidance on Economic and Financial Measures to Mitigate the Impact of COVID-19 on Aviation and promotion of its use to support the recovery of airports and air navigation services

Conduct and support relevant follow up work to implement the Declaration and Framework for a Plan of Action for Development of Aviation Infrastructure in Africa under AFI Plan



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CONCLUSIONS

| Reference | Guidance |
|---|--|
| A41-27 | States to implement the Resolution A41-27 |
| Doc 9082 | States to observe ICAO Policies on Charges for Airports and Air Navigation Services and, guidance |
| Infrastructure development and cos recovery | States to balance investment and recovery practices |
| Challenges | States encouragement to refrain from implementing charges which development of policies and guidance are in progress |



Thank You!