



SAFE SKIES.
SUSTAINABLE
FUTURE.

**AASA / ACI Africa / AFCAC / AFRAA / IATA / ICAO
AIRPORTS AND AIR NAVIGATION USER CHARGES
WORKSHOP – EN / FR**

*ICAO Policies and Regulatory Guidance on Aviation User
Charges and Taxes: The need for AFI States to ensure
Conformity*

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Foundation Articles for Policies on Charges

- **Article 37:**

✓ *ICAO to adopt and amend
SARPs*

- **Article 44:**

✓ *Ensure the safe and
orderly growth of civil
aviation*

- **Article 15:**

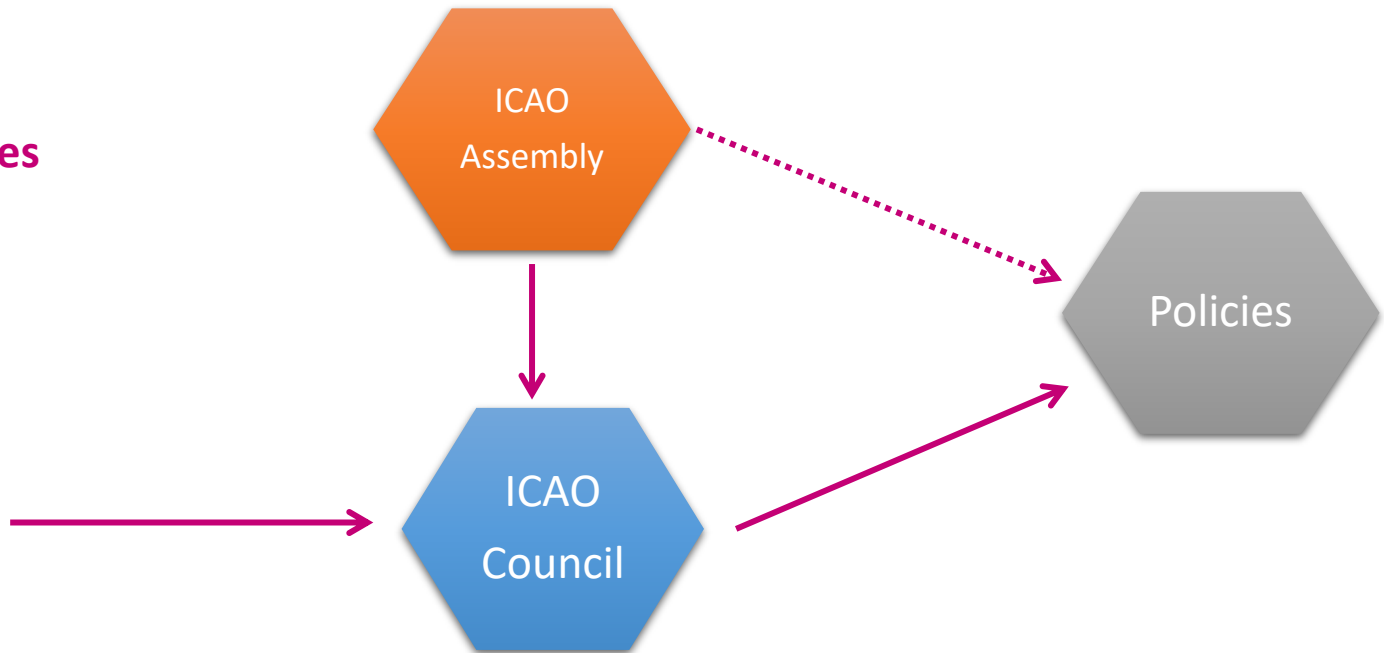
✓ *Airport and similar
charges*

Article 15 - Airport and similar charges

- The *Convention* neither defines “charge” nor states charges should reflect the costs of services
- Three basic principles:
 - **uniform** conditions shall apply to the use of airports and air navigation services in a Contracting State by aircraft of all other Contracting States;
 - the charges imposed by a Contracting State for the use of such airports or air navigation services shall not be higher for aircraft of other Contracting States than those paid by its national aircraft engaged in similar international operations; and
 - no charge shall be imposed by any Contracting State solely for the right of transit over or entry into or exit from its territory of any aircraft of a Contracting State or persons or property there

Elaborating ICAO Policies

International conferences



Source of information



Chicago Convention, Article 15 (Doc 7300)

ICAO's Policies on Charges (Doc 9082) and on Taxes (Doc 8632)

ICAO's Policies on Taxation in the field of International Air Transport (Doc 8632)

Airport Economics Manual (DOC 9562)

Manual on Air Navigation Services Economics (DOC 9162)

OBJECTIVES OF ECONOMIC OVERSIGHT



minimize the risk that airports/ANS could engage in anti-competitive practices or abuse any dominant position they may have;



ensure non-discrimination and transparency in the application of charges;



ascertain that investments in capacity meet current and future demand in a cost-effective manner; and



protect the interests of passengers and other end-users.

Charges vs. taxes

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.**

4 key
charging
principles
[Foreword
para 1]

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

Balance of interests & cooperation

- 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

Scope & proliferation of charges

- 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
- consider how the imposition of charges in one jurisdiction can lead to charges in another

Autonomy and privatization

- ICAO recommends establishing autonomous entities where best for providers and users
- State ultimately responsible for safety, security and economic oversight of airport operations
- Autonomous entities must comply with the Chicago Convention and Annexes, and observe ICAO's Policies on Charges

Performance systems & Best practices

- **Performance Parameters**

- ✓ Define performance objectives
- ✓ Select and report at least one indicator for each KPAs
- ✓ Evaluate and improve performance objectives
- ✓ Undertake consultations with all parties concerned

- **Best Practices**

- ✓ Entities' objectives and responsibilities
- ✓ Shareholders' rights
- ✓ Board Responsibilities
- ✓ Management's role and accountability
- ✓ Relationship with interested parties
- ✓ Disclosure of information

Airport charging systems

- 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

Landing/parking charges

- Paragraph 4 (Landing):
 - Landing based on weight formula using MTOW
 - Approach and aerodrome control
 - No differentiation for stage length
 - Apply single charge as much as possible
 - Include lighting and special radio aids where required
- Paragraph 5 (Parking):
 - Parking based on weight/dimensions/length of stay
 - Free parking time locally determined

Aviation Security Charges

- Consultation in advance
- Recovery in a fair and equitable manner
- Direct relation to costs incurred
- No charging for general security
- No discrimination between users
- Cost-recovery method discretionary
- Charges can be added to other charges or be separate, but must be explained/justified

Airports may charge additional costs for extra levels of security

Emission- related charges

- Currently:
 - applied to local air quality only
 - imposed at few European airports
- ICAO's *Guidance on Aircraft Emissions Charges Related to Local Air Quality* (Doc 9884)
- Extension to GHG emissions – Market Based Method including Voluntary Measures/emission trading

Developing non- aeronautical revenues

- 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

The cost basis for air navigation services charges

- **Principles:**

- ✓ The cost to be allocated is the full cost of providing the air navigation services
- ✓ The costs to be taken into account should be those assessed in relation to the facilities and services, including satellite services, provided for and implemented under the ICAO Regional Air Navigation Plan(s)
- ✓ The costs of supporting services such as aeronautical meteorological services (MET), aeronautical information services (AIS) and other ancillary services should also be identified separately
- ✓ Costs for certain security measures of a preventive nature for the provision of air navigation services, which are specifically related to civil aviation and performed on a routine basis, may be included in the
- ✓ Air navigation services may produce sufficient revenues to exceed all direct and indirect operating costs and so provide for a reasonable return on assets (before tax and cost of capital)
- ✓ Costs directly related to oversight functions (safety, security and economic oversight) for air navigation services may be included in the ANSP's cost basis, at the State's discretion.

Route air navigation services charges

Approach and aerodrome control charges

- ✓ single element of the landing charge or a single charge per flight
- ✓ Could Consider aircraft weight into account but less than in direct proportion

The Route air navigation charge could be based essentially on:

- ✓ The distance flown within a defined area. Distance scale using great circle distances
- ✓ The aircraft weight -less than in direct proportion

ICAO's capacity building support to States

Online training

Air Transport Regulation online course

Air Transport Regulation Issues online course

Air Transport Economics online course

Air Transport Economics for Airport Professionals online course

Classroom/Virtual training

Joint ICAO-ACI training on Airport User Charges

Regional workshop/seminar

Joint regional workshop on Aviation User Charges in collaboration with partner organizations such as IATA/AFCAC/AFRAA/CANSO/ACI



QUESTIONS?
Thank You!