



WORKING PAPER

**ASSEMBLY — 37TH SESSION
ECONOMIC COMMISSION**

Agenda Item 53: Economic Analysis

ECONOMIC ANALYSIS

(Presented by the Council of ICAO)

EXECUTIVE SUMMARY

This paper reports key outputs and adjustments of ICAO's work programmes relating to statistics, forecasting and economic analysis, in accordance with Appendix B, C, G and H of Resolution A36-15: *Consolidated statement of continuing ICAO policies in the air transport field*. ICAO provides Member States, air transport industries and the civil aviation community at large with up to date and reliable national, regional and global civil aviation statistics, forecasts and economic studies. Various traffic forecasts were published as electronic documents, while forecasting and economic analysis support continued to be provided to various users. Studies on regional differences in international airline operating economics continued to be carried out. The Tenth Session of the Statistics Division (STA/10) recommended adjustments to enhance the Statistics Programme.

Action: The Assembly is invited to endorse the future tasks outlined in paragraph 6, which comprise the following:

- a) implementation of STA/10 Recommendations;
- b) development of various sets of forecasts;
- c) provision of economic studies;
- d) support of CAEP and TFGs by providing forecasts and economic analysis as necessary;
- e) revision of the *Manual on Air Traffic Forecasting* (Doc 8911) and the *Manual on the ICAO Statistics Programme* (Doc 9060); and
- f) delivery of workshops and training sessions on a cost-recovery basis.

<i>Strategic Objectives:</i>	This working paper relates to Strategic Objectives A, C and D as it addresses the means of measuring and monitoring performance and of identifying trends indicating the need for, and impacts of, ICAO's interventions.
<i>Financial implications:</i>	The activities referred to in this paper will be undertaken subject to the resources available in the 2011–2013 Programme Budget and/or from extra budgetary contributions.
<i>References:</i>	A37-WP/20, Consolidated statement of continuing ICAO's policies in the air transport field C-WP/12814, C-DEC 179/19 STA/10, Yellow Cover Report and STAP/14, Yellow Cover Report Doc 9917, <i>Caribbean/South American Regional Traffic Forecasts 2007-2027</i> Doc 9915, <i>Asia/Pacific Area Traffic Forecasts 2008-2025</i> Doc 9902, <i>Assembly Resolutions in Force</i> (as of 28 September 2007) Doc 9060, <i>Manual on the ICAO Statistics Programme</i> Doc 8991, <i>Manual on Air Traffic Forecasting</i>

1. INTRODUCTION

1.1 The statistics, forecasting and economic analysis programmes are considered a useful tool in building necessary metrics, high-level indicators (HLIs) used by the Organization to monitor its performance when achieving its Strategic Objectives under the ICAO Business Plan. For example, this data was used by the Group on International Aviation and Climate Change (GIACC) to help establish its aspirational goals. Should ICAO seek enhancement of its capabilities in order to be able to offer more accurate measures, to assess the effectiveness of its actions in safety, air navigation planning and environment, more targeted statistics are necessary.

2. STATISTICS PROGRAMME

2.1 The Integrated Statistical Database (ISDB) continued to be developed over the past three years and data processing functions were further automated. With the cooperation of States, ICAO improved the reporting rate of the latest available civil aviation data; approximately 93 per cent of total world scheduled traffic is now covered.

2.2 Officials of national administrations of Member States accessing aviation statistics on the ICAO secure website free-of-charge are now offered a web-based interface and standardized reports. Furthermore, ICAO provides air carrier data to the United Nations for their annual and quarterly publications, and continues to exercise leadership in the collection and distribution of aviation statistics in order to maintain uniform approaches and to reduce the burden of reporting for States.

2.3 Apart from intellectual contribution to various international fora, regional workshops were held notably in cooperation with the African Airlines Association and on-the-job training sessions in statistics have been given to participants from Bahrain, Brazil, Dominican Republic, India, Mexico, Nigeria, Romania and the Southern African Development Community States.

2.4 The Tenth Session of the Statistics Division (STA/10) was held in Montréal from 23 to 27 November 2009. The Division adopted twenty-two Recommendations regarding adjustment to the Statistics Programme as documented in the STA/10 Yellow Cover Report.

3. TRAFFIC FORECASTING

3.1 The Secretariat implemented a new air traffic forecasting methodology in order to ensure a better alignment with ICAO Strategic Objectives and to enhance the value of the forecasts to their users. The new long term air traffic forecasts, for the period 2010 to 2030, have been published in a new format. These forecasts were prepared using econometric modelling based on a bottom-up approach. Medium-term forecasts for a three-year period were prepared for world scheduled airline passenger traffic only, and by region of registration, and published for the years 2008-2010, 2009-2011 and 2010-2012.

3.2 The Secretariat continued to provide assistance to the regions in the development of forecasts and other planning parameters required by the respective Planning and Implementation Regional Groups (PIRGs). Six TFG meetings have been held in the Asia/Pacific, Middle East, Caribbean/South American and African Regions. The work of these TFGs has been published in electronic form in *Asia/Pacific Area Traffic Forecasts 2008-2025* (Doc 9915), *Caribbean/South American Regional Traffic Forecasts 2007-2027* (Doc 9917), and *African-Indian Ocean Regional Traffic Forecasts 2008-2028*. Traffic forecasts for Asia/Pacific Area and Caribbean/South America will be updated and published in

2010 following the meetings of the two respective TFGs. Regional workshops on forecasting and economic planning were held in Nairobi for States in the Eastern and Southern African region and in Mexico for the benefit of States in the Caribbean and South American region.

3.3 Forecasting and economic analysis support continued to be provided to the CAEP, in particular to its Forecast and Economic Analysis Support Group (FESG). During the triennium, this support included leading the development of global traffic and fleet forecasts up to the year 2026 and 2036, preparing a scoping document on alternative forecasting options for CAEP and reviewing the lessons learned from analysis of existing environmental trading systems.

4. ECONOMIC ANALYSIS

4.1 Conducted on an annual basis, studies on regional differences in international airline operating economics provide a global, unique and impartial source of data and analysis which is used by international government and airline organizations and individual States alike for analyzing airline operating economics and, more generally, for the evaluation of the impact of regulatory change, environmental planning and assessment of effectiveness of measures for the implementation of the ICAO Strategic Objectives. In addition, data from these studies continued to provide the basis for establishing factors to prorate the airline revenue from interline passenger journeys and to calculate the basic air mail conveyance rate. ICAO is generating revenues with these studies from the International Air Transport Association (IATA) Prorate Agency and the Universal Postal Union (UPU).

4.2 The re-engineering of the underlying software systems to conduct the studies started towards the end of this triennium with a view to carrying them out in a more expeditious manner. The re-design of the process has been completed and will be implemented subject to availability of funding.

4.3 Extensive support was provided to GIACC in terms of aviation fuel consumption and traffic data and analysis. These data and analysis provided the basis for the Group's deliberations in order to establish and agree on global short-term, medium-term and long-term aspirational goals on aviation fuel efficiency.

4.4 In support of the transition to the new Communication, Navigation, Surveillance/Air Traffic Management (CNS/ATM) Systems, two workshops on the development of business case for the implementation of CNS/ATM Systems were held in Lima and in Antigua for the benefit of States in the Caribbean and South American region.

4.5 As requested by the ICAO Council, a study was launched in 2008 to assess global and regional licensed personnel requirements as well as the corresponding training capacity. In line with the strong development of air transport between 2004 and 2007, the demand for licensed personnel has dramatically increased and is likely to follow an exponential trend. The study aims at estimating potential shortages over the next twenty years based on 2008 data and projections provided by the Member States on the training capacity of their certified training organizations.

5. REVENUE GENERATING ACTIVITIES (RGA)

5.1 Results of customer surveys conducted in 2009 (as shown in the Appendix), among both internal and external users of the ICAO Statistics Programme, acknowledged in the "free comment" section that this programme is a unique and trustworthy source of data collection. Since the commercialization of the ISDB by outsourcing sales to third party users, the number of subscribers has

grown, and the sales of ICAO statistics generated miscellaneous income for ICAO in the order of US\$ 400 000 per year.

5.2 Finally, ICAO in collaboration with the Air and Space Law Institute of McGill University is convening a conference, *Air Transport: What Route to Sustainability?*, on 26 and 27 September 2010, which is expected to be attended by about 400 participants.

5.3 Efforts to promote the new products, such as long-term traffic forecasts and licensed aviation personnel requirements, will be intensified to increase extra-budgetary revenues. Organization of air transport commercial events will be planned as ICAO Member States are keenly interested in forecasting activities in these times of challenging economic conditions affecting civil aviation development. In an increasingly commercialized environment, services that are presently provided free-of-charge (such as tailored training courses), could be priced according to the comparative services offered by other civil aviation organizations. Moreover, participation in offering consultancy services for forecasting studies is being proposed.

6. FUTURE WORK

6.1 ICAO's statistical databases, its forecasting capabilities and its resources in economic analysis are valuable in supporting the development of results-oriented programmes, through the ability to monitor trends and developments on the basis of independent, accurate and up-to-date quantitative information.

6.2 Support to environmental analysis will continue to be provided by collecting, generating, analyzing, and disseminating accurate aviation-related data, notably fuel consumption. In the context of the support given to CAEP, and in order to ensure harmonization as concluded in the recently held CAEP/8, the CAEP will be requested to review the new ICAO forecasting methodology with the aim of producing and adopting one set of ICAO's long-term traffic forecast.

6.3 In the same context, assistance will continue to be provided to the TFGs in the development of regional forecasts and other planning parameters as requested by the respective PIRGs, by taking into account the need for pooling resources, while maintaining a single harmonized set of ICAO forecasts for both global and regional use. The revision of the *Manual on Air Traffic Forecasting* (Doc 8991) will be required.

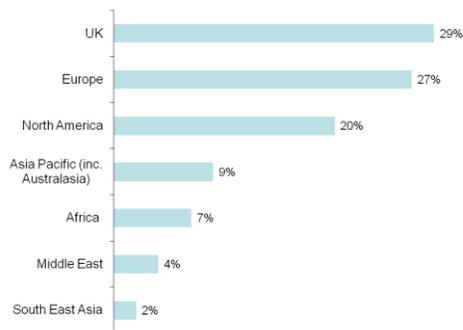
6.4 In terms of budgetary implications, and as approved by the Finance Committee (FIC), the cost-benefit analysis conducted showed that the implementation of STA/10 Recommendations will be cost-neutral and will also start to generate net profits in 2013. To this extent, regional training workshops and on-the-job training sessions will need to be planned in order to provide technical assistance to States in the reporting process, while a new edition of the *Manual on the ICAO Statistics Programme* (Doc 9060) is required. Subject to the Air Transport Committee (ATC) approval, the Fifteenth Meeting of the Statistics Panel (STAP/15) will be convened in 2012 to review the implementation status of STA/10 Recommendations.

APPENDIX

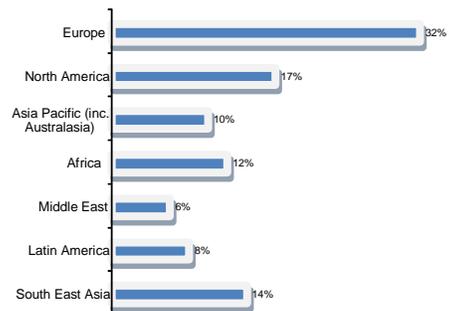
RESPONDENT PROFILE

Region respondent works in

External Users

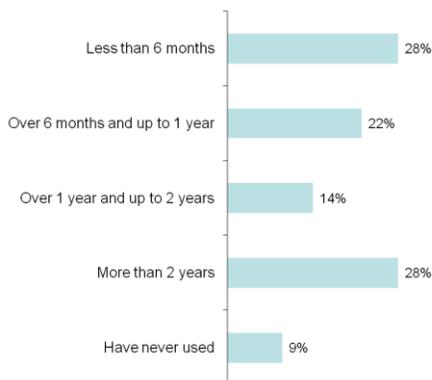


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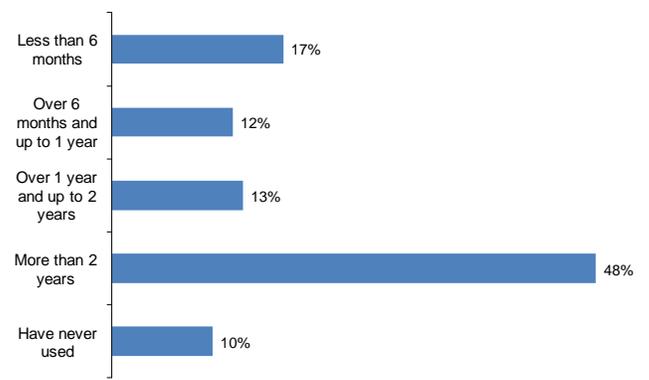


Length of time using ICAOData.com

External Users

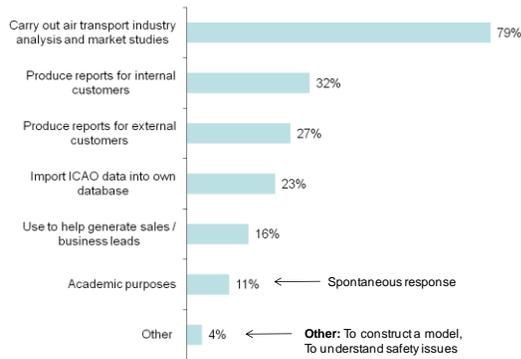


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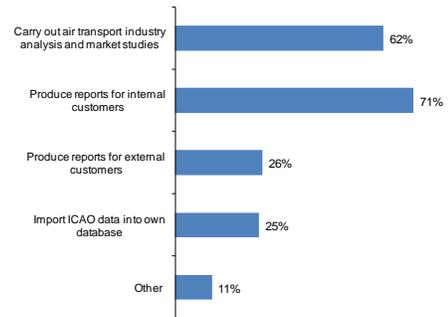


USAGE OF ICAODATA.com

External Users



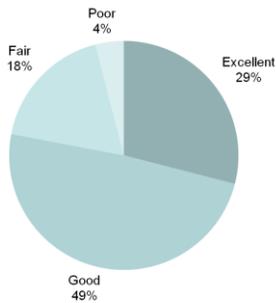
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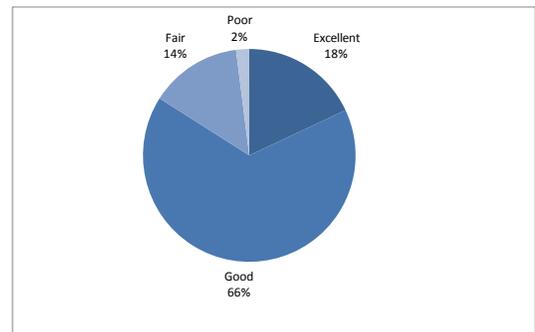
OPINION OF ICAODATA.com

General rating

External Users

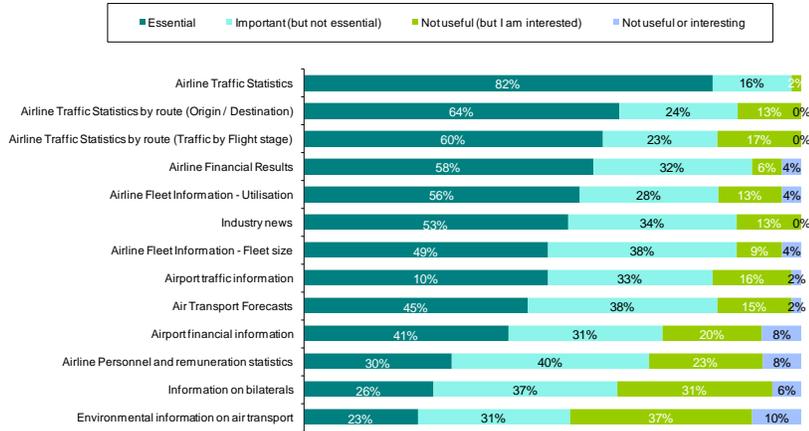


Internal Users

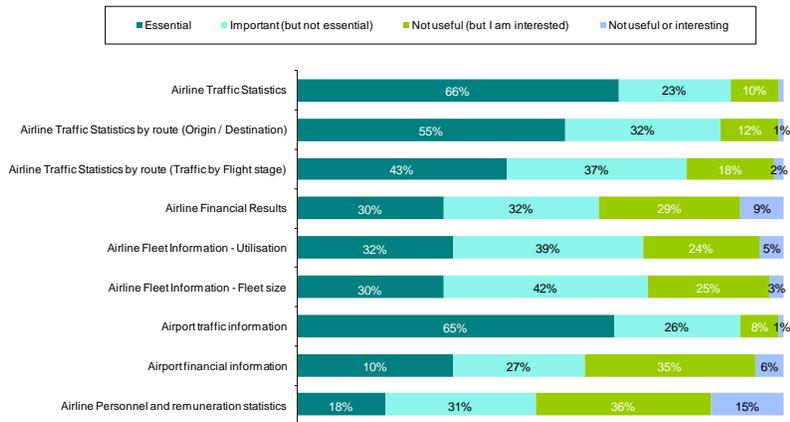


Rating of different types of information according to importance

External Users



Internal Users



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