

CONFERENCE ON THE ECONOMICS OF AIRPORTS AND AIR NAVIGATION SERVICES

(Montreal, 19 - 28 June 2000)

Agenda Item 5.2.2: Air navigation services charging principles

FINANCIAL PROGRESS OF CAAC ATC SERVICE

(Presented by China)

INFORMATION PAPER

1. It's already 50 years since the establishment of the General Administration of Civil Aviation of China (CAAC). In the past years, CAAC air traffic management system as air traffic service provider of the Chinese Government has achieved great progress. During the Eighth Five-Year Plan (1991-1995), the Chinese Government made considerable investment in improving and reforming the air traffic management system and successively established a medium and high speed automatic data transmission network and a dedicated civil aviation satellite communication network, with Beijing as the center and spreading all over the country, thus establishing a nationwide common airport network. In accordance with the universal standard, ground-air HF and VHF communication equipment has been updated. In the field of air navigation equipment, 144 sets of VOR and 169 sets of DME have been installed and 121 sets of ILS have been installed in 98 airports of the whole country. In the field of ATC, 96 sets of primary and secondary radars and 35 sets of automatic control center facilities have been installed, thus realized the radar coverage above 6000 meters in the eastern region. In the field of meteorological facilities, civil aviation meteorological data bank and satellite fax broadcast system have been built, thus forming a meteorological wide area network with the Beijing Meteorological Center as the hub. Airport meteorological observation is basically automatic. The overall meteorological supporting ability has reached international standard. In aeronautical information facilities, in accordance with the ICAO standard, automatic civil aviation aeronautical information processing system has been established. At present, radar control is being effected along the Beijing-Guangzhou air route and the three major area control centers of Beijing, Shanghai and Guangzhou are now under construction. When the three major area control centers and their auxiliary facilities are completed, they will contribute a great deal in upgrading the automatic ATC level which will guarantee air traffic safety and effective use of air space resources.

2. Along with the development in other fields of civil aviation, the financial management of CAAC ATC system also achieved certain progress towards the scientific and standard approach. In order to recover the investment cost in a correct way so as to establish a good cycle of economic work of air traffic management, we are now undertaking a study to implement the ICAO initiated price policy based on cost. We

are effectively consolidating and verifying the air traffic management cost, so as to conform to the standard of international accounting principles. We also maintain extensive contact with some of the IATA members. We plan to keep close relationship of cooperation with IATA members in developing the policy of recovering investment cost and in determining charges. This practice has been started and will be pursued.

3. In recent years, in collecting en route navigation fees and other relevant charges, the CAAC Air Traffic Management Bureau has utilized in China the most advanced technology to improve revenue accounting. We have already built air route fee collection system based on computer data processing. In our future plan, we are going to combine the fee collection system of CAAC air traffic management service with the automatic system of area control centers under construction to realize the automation of revenue management, data collection and account opening system.

4. In the management structure, we began with the standardization of management structure of ATC revenue management and gradually integrate the decentralized management into a centralized ATC revenue management system. This restructuring will reduce repetition and scattered processing by IATA members in dealing with the air traffic service fees of China, thus creating conditions to reduce cost and enhance efficiency.

5. The centralization and integration of CAAC ATC finance management is conducive to the collection of complete and accurate information relating to ATC cost, and will also help us to take diversified measures to lower ATC cost, to determine air route charges based on cost and provide more economical services to IATA members with the prerequisite of safety and efficiency.

6. In accordance with ICAO requirement, following the “open, fair and equitable” principles initiated by ICAO and relying on advanced scientific and technical measures, CAAC will determine its policy on air traffic service charges in a scientific and rational way so as to provide excellent and efficient services for IATA member airlines.