

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

COMMENTS ON THE APPLICATION IN PRACTICE OF ICAO'S CHARGING POLICY PRINCIPLES

(Presented by Albania, Armenia, Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Moldova, Monaco, Netherlands, Norway, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, The former Yugoslav Republic of Macedonia, Turkey, Ukraine, United Kingdom)

INFORMATION PAPER

SUMMARY

This paper outlines serious concerns which the Member States of ECAC and of the European Union have about certain charging practices of the Russian Federation which are made a precondition for granting overflight rights, particularly across Siberia on routes between Western Europe and the Far East. Europe's willingness to join in searching for a constructive solution with long-term benefits for the Russian aviation system is reiterated. The Conference is invited to note this paper.

1. Article 15 of the Convention on International Civil Aviation

1.1 Article 15 of the Chicago Convention sets out the following three basic principles:

- uniform conditions shall apply to the use of airport and air navigation facilities 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 facilities 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 thereon.

2. **Statements by the Council of ICAO on Charges for Air Navigation Services**

2.1 Additional and more detailed policy guidance in the area of airport and air navigation services charges is provided in the *Statements by the Council to Contracting States on Charges for Airports and Air Navigation Services*, the current edition of which is contained in Doc 9082/5. A general principle expressed in the Statement on air navigation services is that where these services are provided for international use, the providers may require the users to pay their share of the related costs, but international civil aviation should not be asked to meet costs which are not properly allocable to it (paragraph 32); also that the cost to be shared is the full cost of providing the air navigation services, including interest on capital investment and depreciation (paragraph 34 (i)). Moreover, 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), supplemented where necessary pursuant to recommendations made by the relevant ICAO Regional Air Navigation Meeting, as approved by the ICAO Council. Any other facilities and services, unless provided at the request of operators, should be excluded (paragraph 34 (ii)).

3. **European concerns**

3.1 For a number of years, ECAC on behalf of its Member States and the European Commission on behalf of the Member States of the European Union, have made known their serious concerns about the continuing practice of the Russian aeronautical authorities of making compensation payments to Aeroflot a precondition for granting European airlines permission to overfly Siberia, using the Transsiberian route system. Under this policy, European airlines have, for a number of years, paid in the region of 220 million Euros per year and there does not seem to be a transparent accounting of the use to which this money is put. The Council of the European Union adopted on 11 December 1997 the Conclusions reproduced in the **Annex**

3.2 ECAC and the European Union fully accept the long-established ICAO policy of airlines being required to pay their share of the costs associated with the provision of air navigation services, be it on Transsiberian or other routes. However, it is difficult to see how the current Russian Federation practice can be regarded as consistent with ICAO policy or in line with Article 15 of the Chicago Convention.

3.3 ECAC and the European Union believe that European airlines are not the only ones required to make compensatory payments. Some Far East and United States airlines are also expressing concern.

4. **Towards a more regular charging regime**

4.1 In presenting this Information Paper, ECAC and the European Union appeal for a co-operative, joint approach with the Russian Federation in a constructive attempt to find a mutually acceptable way forward. Their firm intentions are that such a solution would provide long term benefits for the Russian aviation system and at the same time facilitate

a transition towards an equitable, transparent and non-discriminatory charging system based on internationally agreed principles and policy.

5. Action by the Conference

5.1 The Conference is invited to note this paper.

- - - - -

ANNEX

Conclusions of the Council of the European Union (adopted on 11 December 1997)

The Council of the European Union:

- wishes to express its serious concern about the continuing practice contrary to the Chicago Convention, of the Russian aeronautical authorities making so-called “compensation” payments to the Russian airline Aeroflot a precondition to granting European airlines permission for flying across Siberia between Western Europe and North-East Asia;
- calls on the government of the Russian Federation to co-operate:
 - a) in bringing this “compensation” system to an end while developing an equitable, transparent and non-discriminatory charging system in conformity with international standards; and
 - b) to fully implement the freedom of transit of air transport across their respective territories, given the fact that an efficient and dynamic global air transport system is a matter of major importance world-wide;
- expresses herewith its willingness to look jointly with the Russian Federation for solutions which would bring positive economic effects for the development of Russian aviation and other aviation related activities.

- END -