

**CONFERENCE ON THE ECONOMICS OF AIRPORTS AND  
AIR NAVIGATION SERVICES**

(Montreal, 19 - 28 June 2000)

**Agenda Item 5.2: Elements for consideration with regard to ICAO policy**

**AIRPORT AND AIR NAVIGATION SYSTEM USE AND  
THE EQUITABLE TREATMENT OF USERS**

(Presented by the United States of America)

**SUMMARY**

This paper offers a recommendation by the United States to strengthen the guidance in Doc. 9082/5 regarding the issue of the non-discriminatory treatment of users. The United States suggests that the guidance material be modified to reflect a basic cost recovery principle that cross-subsidization among users should be avoided in general.

**1. Introduction**

1.1 One of the fundamental principles contained in ICAO guidance is that the derivation and application of system charges must be non-discriminatory. As ICAO notes, this principle applies equally to airports and air navigation service charges. With regard to airports, Doc 9082/5, paragraph 15 iii) reads as follows:

“The charges must be non-discriminatory both between foreign users and those having the nationality of the State of the airport engaged in similar international operations, and between two or more foreign users.”

Similarly, with respect to air navigation services, Doc 9082/5, paragraph 37 iii) reads as follows:

“The system of charges must be non-discriminatory both between foreign users and those having the nationality of the State or States providing the air navigation services and engaged in similar international operations, and between two or more foreign users.”

## 2. Discussion

2.1 While current guidance discourages discriminatory treatment among international users engaged in similar operations, it does not explicitly discourage the discrimination and cross-subsidization among users in general. For example, in some cases international and domestic system users receive identical service, but are charged very different rates. Depending on how costs are allocated among all users, international users may be placed in the undesirable position of cross-subsidizing domestic users of the system.

2.2 The United States recognizes that States are well within their right to subsidize any particular user group or groups in recognition of local, regional, or national benefits. However, the United States believes that it is inappropriate to require any one user group to subsidize another.

## 3. Action by the Conference

3.1 The Conference is invited to recommend that the Council revise Doc. 9082/5 paragraphs 15 iii) and 37 iii) as follows:

- a) change 15 iii) in its entirety to read: “The charges must not discriminate among users of an airport. Differences in charge rates (absent direct government subsidization) should be based on cost differences and the user’s financial contribution to the development of the airport”; and
- b) change 37 iii) in its entirety to read: “The system of charges must not discriminate among users receiving air navigation services. Differences in charge rates (absent direct government subsidization) should be based on cost differences in the provision of service”.

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