



ICAO

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North American, Central American and Caribbean Office
INFORMATION PAPER

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**Eleventh North American, Central American and Caribbean Directors of Civil Aviation Meeting
(NACC/DCA/11)**

Varadero, Cuba, 28-30 June 2023

Agenda Item 6: Enhancements to Air Transport in the Region

AIR TRANSPORT UPDATES

(Presented by the Secretariat)

EXECUTIVE SUMMARY	
	<ul style="list-style-type: none">• Updates on Economic and traffic forecasts at global and North American, Central American and Caribbean (NACC) levels; and• Updates on ICAO's work related to air transport policy and regulation as well as infrastructure management.
Strategic Objectives:	Strategic Objective 4 – Economic Development of Air Transport
References:	Resolution A41-27

1. Introduction

1.1 The Economic Development of Air Transport is one of the five Strategic Objectives of ICAO. It aims at fostering a sound and economically viable civil aviation system that:

- provides the freedom to travel affordably;
- enhances economic efficiency and transparency of international trade;
- facilitates access to funding and financing for aviation infrastructure development;
- promotes technology transfer and capacity building to support the growth of air transport for the benefit of all stakeholders; and
- provides various economic analyses required for air navigation capacity and infrastructure planning, environmental protection, and the efficiency of the air transport system.

1.3 The Organization has therefore continued to support States by ensuring that policy and guidance materials in the field of air transport economics remain current.

1.4 This paper presents information on the air traffic recovery trend from the COVID-19 pandemic and traffic forecasts at both global and NACC levels. It also provides an update on ICAO's work related to air transport policy and regulation as well as infrastructure management.

2. Discussion

Air traffic recovery from the COVID-19 pandemic and traffic forecasts

2.1 The year 2022 has been marked with much stronger recovery in air travel compared to 2021. In particular, international travel has gained significant momentum after a long period of traffic decline. According to ICAO's Economic Impact Analysis of COVID-19 on Civil Aviation (<https://www.icao.int/sustainability/Pages/default.aspx>), in 2022, seat capacity offered by airlines recovered to around 80 per cent of the pre-pandemic levels, and the number of passenger traffic recovered to over 70 per cent. Insert link to where the analysis referred above is posted.

2.2 Traffic recovery in the NACC region showed slightly more resilience compared to the world average pace in 2022, with total passenger traffic recovering to around 84 per cent of the pre-pandemic level. International and domestic passenger traffic in NACC recovered to approximately 72 and 80 per cent, respectively. The cargo traffic in 2022 recorded 107 per cent of the 2019 level.

2.3 Current estimates for air cargo in 2022 can be compared to 2021 levels, while showing a marginal growth compared to the pre-pandemic level. The pace of growth for air cargo is however expected to be lower in 2023, given the slowing global economic growth, although long-term air cargo growth remains in line with previously estimated trend that indicates a strong long-term growth.

2.4 ICAO forecasts that air passenger demand in 2023 will rapidly recover to pre-pandemic levels on most routes by the first quarter and that growth of around 3 per cent higher than 2019 figures will be achieved by year end. Looking further ahead, air passenger demand in 2024 is expected to be stronger, at around 4 per cent higher than 2019. In terms of Compound Annual Growth Rate (CAGR), this translates to a growth of 0.7 per cent over the 2019-2024 period.

2.5 Forecasted traffic for the NACC is presented in the Appendix 1. Revenue Passenger Kilometres (RPKs) between 2019 and 2023 from the region is expected to track the forecast of global recovery closely, reaching 97 per cent of 2019 levels by the end of 2023. RPKs for the region is forecasted to be 5.4 per cent higher than 2019 by the end of 2025, translating to 0.9 per cent CAGR for the 2019-2025 period. International traffic is expected to grow at a faster pace at 1.1 per cent compared to 0.5 per cent CAGR for domestic traffic during the same period.

Aviation data and analysis

2.6 **ICAO Big Data Dashboard.** The Aviation Data and Analysis Section of ICAO worked with the United Nations Global Big Data Group to develop business intelligence dashboards for data driven decision making. The online dashboards have been developed using the state-of-the-art Tableau platform, which provides visualization and querying capabilities. Each Member States has been provided with one free license (State letter 22/67 refers).

2.7 **Global aviation gender equality.** ICAO's latest global survey on the status of licensed aviation personnel by gender reveals that the participation of women holding positions as pilots, air traffic controllers, and maintenance technicians has increased on an overall basis from 4.5 per cent globally in 2016, to 4.9 per cent in 2021. ICAO has published new analytical dashboards on the participation of licenced female aviation personnel in the workforce, and it is expected that countries access to and

awareness of the new data will lead to better informed targets and policy making to help reduce the still significant aviation gender gap¹.

Air transport liberalization

2.8 **ICAO’s Long-term Vision for International Air Transport Liberalization.** The recently held 41st Session of the ICAO Assembly (A41), urged all Member States to give regard to, and apply, the *ICAO Long-term Vision for International Air Transport Liberalization* in their policy-making and regulatory practices. ICAO has therefore embarked on enhancing dialogue and exchange of information amongst Member States and industry on liberalization of market access for passenger and air cargo services through various fora, including the annual ICAO Air Services Negotiation Event (ICAN) and the World Air Services Agreement (WASA) database (<https://data.icao.int/wasa>).

2.9 **Liberalization of air carrier ownership and control.** At the Sixteenth Meeting of the Air Transport Regulation Panel (ATRP/16) held in April 2022, the Panel discussed a revised draft Convention on Foreign Investment in Airlines to liberalize air carrier ownership and control. Based on the Panel’s recommendations and the Air Transport Committee’s (ATC) endorsement of those recommendations, the A41 subsequently requested for the continuation of the work to progress the development of the Convention on Foreign Investment in Airlines. Consequently, the ATRP Working Group 1 conducted an in-person meeting on 25-26 October 2022 in Stockholm, Sweden to address the outstanding issues of concern in order to progress the task.

2.10 **Specific agreement to further liberalize air cargo services.** The ATRP/16 also deliberated on operational flexibility for air cargo operations. Based on the panel’s recommendation and ATC’s endorsement, the A41 subsequently requested for the examination of whether there is a need to consider the development of a specific international agreement to further facilitate the liberalization of air cargo services. The task is currently being addressed by the ATRP through its Working Group 2. An in-person meeting of the Working Group was held from 17 to 18 November 2022 in Brasilia, Brazil to deliberate on this assigned task.

2.11 **The operations of unmanned aircraft.** The economic regulation for international operations of unmanned aircraft was also discussed at ATRP/16. Pursuant to the recommendation of the Panel and endorsement of ATC, the A41 requested for an in-depth assessment to be conducted on whether there is a need to develop guidance for economic regulation of international operations of unmanned aircraft systems and for the ATRP to liaise with other ICAO Panels and expert groups on relevant aspects of the subject matter. The ATRP Working Group 3, as part of its efforts in addressing this task, held an in-person meeting from 7 to 8 February 2023 in Singapore.

2.12 **Response to international crisis.** At the 41st Session of the ICAO Assembly, the Council was requested to prepare guidelines in order to provide States with the flexibility to temporarily respond to international crises, whilst protecting the integrity of air services agreements, and facilitating the continuation of traffic during a crisis and ensuring a return to “normal” thereafter. The task is currently being addressed by the ATRP Working Group. An in-person meeting of the ATRP Working Group to work on this task would be held during the 3rd quarter of 2023.

¹ <https://public.tableau.com/app/profile/icaodataanalytics/viz/RegionalPersonnelByGenderAnalysis/PersonnelbyGender>

Competition

2.13 **Compendium of Competition Policies and Practices.** As recommended by the Sixth Worldwide Air Transport Conference (ATConf/6) and by the ATRP, ICAO produced the Compendium on Competition Policies and Practices, which is available online (<https://www.icao.int/sustainability/Compendium/Pages/0-default.aspx>). The Compendium contains useful information on States' competition policies, laws and regulatory practices in the field of competition. It contains information on competition cooperation engaged by regional organisations. In encouraging effective information sharing, States and regional organizations are encouraged to share with ICAO, updates on their respective competition policies and practices.

Consumer protection and Emergency Response Planning

2.14 **The Convention for the Unification of Certain Rules for International Carriage by Air (Montréal Convention of 1999) and ICAO Core Principles on Consumer Protection.** At the 41st Session of the ICAO Assembly, Member States that had not yet become parties to the Montréal Convention were urged to consider doing so. To date, 139 States are signatories to the Montréal Convention. States and concerned stakeholders were also encouraged to give due regard to and apply the ICAO Core Principles on Consumer Protection in policy-making, regulatory and operational practices, including in case of massive disruptions impacting aviation. Member States were also encouraged to keep ICAO informed of the experiences gained or issues encountered in their application.

2.15 **Compendia on consumer protection.** In promoting information sharing among Member States, ICAO continues to update the Compendium on Consumer Protection (<https://www.icao.int/sustainability/Pages/ConsumerProtectionRules.aspx>) and Compendium on States' Emergency Response Plan (<https://www.icao.int/sustainability/ERP/Pages/Compendium.aspx>). Both Compendia respectively contain information on national regulatory regimes related to consumer protection and best practices in the matter of response to and coordination of massive airport/airline disruption.

Infrastructure management

2.16 ICAO continues to make efforts in aviation infrastructure development, including developing and updating policies and guidance on the charging for airports and air navigation services and the funding and financing of aviation infrastructure. The Eighth Joint Meeting of the Airport Economics Panel and the Air Navigation Services Economics Panel (AEP-ANSEP/8), held in December 2021, has further progressed the work on these aspects.

2.17 **Update of ICAO guidance on air navigation services economics.** A comprehensive review was made to the *Manual on Air Navigation Services Economics* (Doc 9161), aiming at providing updated guidance on the charging for air navigation services and economic and financial management.

2.18 **New guidance and tools to support investment decisions on financing aviation infrastructure.** A new standalone *Manual on Economic and Financial Analyses for Aviation Infrastructure Projects* (Doc 10170) was developed to provide detailed guidance on how to conduct economic and financial analysis for the evaluation of costs and benefits of aviation infrastructure projects.

2.19 **Development of guidance on funding for the provision of services to civil aviation.** Work is ongoing to address the cost recovery for the provision of aeronautical meteorological (MET) services and the provision of space weather information services. Work is also ongoing to assess the economic aspects of the unmanned aircraft systems (UAS) and explore possible funding mechanisms to support its operation.

2.20 **Modernization of *Tariffs for Airports and Air Navigation Services (Doc 7100)*.** Continuous enhancement is made to the online application of Aero Tariffs (<https://data.icao.int/aerotariffs>), which converts the paper-based Doc 7100 into a web tool. The application provides an analytical platform in the formulation and benchmarking of airports and air navigation services charging scheme.

2.21 **Review of ICAO's Policies on Charges for Airports and Air Navigation Services.** Work is ongoing on the review of ICAO's policies on charges contained in Doc 9082 through a Working Group established at the AEP-ANSEP/8. An in-person meeting of the Working Group was held from 22 to 25 May 2023 at the ICAO EUR-NAT Office.

2.22 Conclusion

2.23 The Meeting is invited to note the information provided.

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APPENDIX

Forecasted traffic for the NACC by RPK CAGR

Route Group	2019 - 2025	2019 - 2030
Central America/Caribbean	-0.4%	1.2%
Central America/Caribbean - Africa & Middle East	1.1%	2.4%
Central America/Caribbean - Europe	-0.5%	1.5%
Central America/Caribbean - North America	0.8%	1.4%
Central America/Caribbean - South America	1.3%	2.9%
Intra Central America/Caribbean	0.5%	1.7%
North America	0.6%	1.0%
North America - Africa	-0.9%	0.0%
North America - China	3.7%	3.7%
North America - Europe	0.8%	1.4%
North America - Middle East	0.8%	1.2%
North America - North Asia	0.8%	1.2%
North America - Pacific South East Asia	0.1%	1.5%
North America - South America	2.1%	2.0%
North America - South West Asia	2.4%	2.8%
Intra North America	0.7%	1.1%
NACC Overall	0.9%	1.4%

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