

ECONOMIC OVERSIGHT

Item 2 b

(Chap. 2 of the Manuals)

STATES' RESPONSIBILITIES

- Articles of the Convention (11, 15, 28, 68)
- Air services agreements
- ICAO's Policies on Charges (Para. 13-15)

NEED FOR ECONOMIC OVERSIGHT

- Competition vs monopoly
- Monopolistic situation of airports and ANSPs

OBJECTIVES

- Protect against overcharging and anti-competitive practices
- Ensure transparency
- Protect against discrimination
- Address efficiency
- Address adequacy and consistency of service standards and quality
- Encourage appropriate investment
- Ensure effective consultation with users
- Provide for a dispute resolution mechanism

POSSIBLE FORMS

- Minimum government intervention and regulatory cost
- Maximum intervention with significant cost implications

Forms of economic oversight 1

- Competitive forces (market regulation)
 - Incentive to moderate charges
 - Threat of more direct regulation (Fallback regulation)

Forms of economic oversight 2

- Institutional arrangements - checks and balance:
 - Consultation providers/users
 - Stakeholder membership
 - Joint ownership
 - Debt financing
 - Not-for-profit financial status

Forms of economic oversight 3

- Third party advisory commission
- Contract regulation

Forms of economic oversight 4

- Economic measures/regulatory body
 - Rate of return regulation
 - Price caps
- Regulatory body
 - Competition watchdog commission

DISPUTE RESOLUTION

- Two-stage dispute settlement procedure
- “First-resort” mechanism
- Ombudsman office
- Right of appeal to a higher tribunal

Discussion

- Is economic regulation implemented in your State?
- What forms does it take?