



| ICAO

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**ASSEMBLY
FORTIETH SESSION**

Montréal, 24 September – 4 October 2019

**ECONOMIC
COMMISSION**

REPORT

*Approved by the Economic Commission of the Assembly
and published by authority of the Secretary General*



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ASSEMBLY — 40TH SESSION

MONTRÉAL, 24 SEPTEMBER TO 4 OCTOBER 2019

REPORT OF THE ECONOMIC COMMISSION

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REPORT OF THE ECONOMIC COMMISSION TO THE ASSEMBLY

General

1. The Economic Commission held three meetings between 24 September and 4 October 2019.
2. Mr. Marc Rioux (Canada) was elected Chairperson of the Commission at the first Plenary meeting of the Assembly. The Commission, at its first meeting, elected Captain Gustavo Perez Morales (Panama) and Ms. Iryna Shevchuk (Ukraine) as First and Second Vice-Chairpersons, respectively.
3. The Secretary of the Commission was Mr. B. Djibo, Director of the Air Transport Bureau (ATB). The Deputy Secretary was Mr. T. Hasegawa, Deputy Director, Economic Development, ATB. The Assistant Secretaries, all staff of ATB, were Mr. P. Alawani, Ms. N. Bastug, Ms. S. Chen, Mr. A. Combes, Ms. J. Diaz de Leon, Mr. M. Gergely, Mr. C. Robinson, Mr. A. Sainarayan, Ms. X. Wang with Mr. C. Mustapha, as the Liaison Officer.

Agenda and working arrangements

4. Agenda Items 31, 32, 33, 34, 35, and 36 referred to the Commission by the Plenary were considered:
 - Item 31: Annual Reports of the Council to the Assembly for 2016, 2017 and 2018
 - Item 32: Economic Regulation of International Air Transport – Policy
 - Item 33: Economics of Airports and Air Navigation Services – Policy
 - Item 34: Aviation Data – Monitoring and Analysis
 - Item 35: Economic Development of Air Transport
 - Item 36: Other issues to be considered by the Economic Commission
5. The documentation considered by the Commission is available on the ICAO website (<https://www.icao.int/Meetings/a40/Pages/wp.aspx>). The Commission carried out all of its work in full session. The action taken by the Commission in respect of each item is reported on separately in the paragraphs which follow.

Agenda Item 31: Annual Reports of the Council to the Assembly for 2016, 2017 and 2018

31.1 The Economic Commission at its first meeting considered relevant sections of the Annual Reports of the Council for 2016, 2017 and 2018.

31.2 The sections included “The World of Air Transport”, which highlights the principal trends and developments in the aviation industry and the economy in general, as well as the sections related to air transport work programmes for the years 2016, 2017 and 2018 that covered the Strategic Objective — *Economic Development of Air Transport*. The section on Economic facts and figures was also considered as a relevant section.

31.3 The Commission noted ICAO’s air transport activities including on-going work on air transport policies and regulation, economics of airports and air navigation services, aviation data and economic analysis, and joint financing administration.

Agenda Item 32: Economic Regulation of International Air Transport — Policy***Liberalization and ICAO international agreements***

32.1 In WP/16, the Council presented a progress report on the examination of an international agreement by which States could liberalize market access; the development of an international agreement to liberalize air carrier ownership and control; and the development of a specific international agreement to facilitate further liberalization of air cargo services. The Assembly was invited to endorse the Organization’s work programme for advancing the liberalization of international air transport.

32.2 Through WP/278, Brazil and Chile, shared the experience of Brazil in the deregulation of its air transport industry and benefits of liberalizing air cargo up to 7th Freedom traffic right. The paper advocated for ICAO to continue the work on the development of a flexible and pragmatic international agreement to facilitate further liberalization of air cargo services.

32.3 In WP/279, Brazil and Chile with the support of the Latin American Civil Aviation Commission (LACAC)¹ Member States highlighted the efforts made by the Air Transport Regulation Panel (ATRP) to examine the possibility of developing a multilateral agreement to liberalize market access. The paper expressed support for ICAO to continue to work on achieving the highest possible level of liberalization of market access in line with its Long-Term Vision for International Air Transport Liberalization.

32.4 WP/420, presented by Colombia, recalled ICAO’s efforts on the development of international agreements on the liberalization of market access, air cargo services and air carrier ownership and control during the past triennium. The paper called for further work to be undertaken on the development of global frameworks for economic regulation in the area of international air transport and that this should be included as priority work in the ICAO Business Plan 2020-2022.

32.5 In WP/330, the Dominican Republic reported on the results, including the benefits, of liberal air transport policies in Latin American States, particularly in the Dominican Republic. The paper urged ICAO to include activities in its work programme for the next triennium that will continue to encourage the development of public air transport policies and to promote air transport liberalization.

¹ Belize, Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Paraguay, Peru, and Venezuela.

32.6 WP/470, presented by Peru and supported by LACAC Member States, reported on the Open Skies Multilateral Agreement for LACAC Member States, which entered into effect this year and brought significant advances in the liberalization of international air transport in the Latin America Region. The paper called on Member States to promote multilateralism in air services agreements with a view to optimising and developing air routes and the international air transport system.

32.7 In WP/181, Qatar presented its views and suggestions on the need to increase the momentum and support the future development of a multilateral agreement on market access among Member States. The paper highlighted the current challenges in the on-going effort by the ATRP to achieve the development of an agreement and advised that ICAO should conduct a comprehensive review of the efforts of various States and regional blocs to liberalize air transport.

32.8 WP/182, presented by Qatar, examined issues and a possible option in the development of an international treaty to liberalize air carrier ownership and control, taking into account the outcome of the work of the ATRP, ICAO's future work programme, and the continuation of the development of a Multilateral Convention on Foreign Investment in Airlines. The paper proposed five tiers for the liberalization of the traditional "ownership and control" requirements and proposed a draft text for consideration by the ATRP.

32.9 WP/249, presented by Singapore and co-sponsored by Brunei Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic, Marshall Islands, Nauru, New Zealand, North Macedonia, Palau, Thailand and Trinidad and Tobago, highlighted a series of successful multilateral air transport agreements concluded in the Caribbean, Europe, Latin America and Asia Pacific, which also encouraged wider collaboration on capacity-building, aviation safety and doing business issues. The paper urged States to adopt a smaller scale multi-party liberalization approach as a stepping-stone to achieving a global multilateral agreement on market access liberalization.

32.10 In WP/192, the United Arab Emirates highlighted the efforts and progress made by the ATRP on the examination and development of multilateral agreements on the liberalization of market access and air cargo services, as well as the decision of the Air Transport Committee on the work of the panel. The paper advised that the ATRP should continue its work on the development of an international agreement to facilitate further liberalization of air cargo services and that the *International Air Transport Agreement* of 1944 be used as an interim solution for advancing the liberalization of all-cargo services.

32.11 While recognizing that much work remains to address concerns expressed by some States – notably regarding so-called "free-riders"–, the United Kingdom expressed, in WP/252, strong support for the on-going efforts of the ATRP to develop a Convention on Foreign Investment in Airlines. The United Kingdom sought a broad international consensus on the relaxation of nationality-based airline ownership and control restrictions. The paper emphasized that an airline's safety, security, financial soundness, regulation and credibility of the individuals running it was more important than the nationality of who owns and controls the airline.

32.12 Through WP/186, Togo, on behalf of the 54 Member States and Members of the African Civil Aviation Commission (AFCAC)², provided information on the liberalization of air transport in Africa through the Single African Air Transport Market (SAATM) initiative, a flagship of the African Union Agenda 2063, which seeks to create one single air transport market in Africa and to drive economic integration. The paper called on ICAO to enhance collaboration with AFCAC, the Executing Agency of

² Algeria, Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cabo Verde, Central African Republic, Chad, Comoros, Côte d'Ivoire, Democratic Republic of the Congo, Republic of the Congo, Djibouti, Egypt, Equatorial Guinea, Eritrea, Eswatini, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Libya, Madagascar, Malawi, Mali, Mauritania, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Rwanda, São Tomé and Príncipe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, South Sudan, Sudan, Tanzania, Togo, Tunisia, Uganda, Zambia, and Zimbabwe.

SAATM, on the implementation of the Joint Prioritized Action Plan for the sustainable development of air transport in Africa.

32.13 In its information paper WP/486, China presented the development and positive results of liberalization of regional air transport between China and Association of Southeast Asian Nations (ASEAN) States since the signing of the Air Transport Agreement in 2010 and its Protocols I and II which respectively opened up third and fourth freedom traffic rights and, partially, fifth freedom traffic rights. It was highlighted that China had taken measures to enhance the efficiency of its foreign airline permit system.

32.14 Through its information paper WP/388, the Republic of Korea informed on the need to have fair competition, safeguards and equal opportunity for air carriers in the liberalization of international air transport for a sustainable and sound development of the industry. The paper explained that government subsidies for some State-owned airlines, as well as mergers and acquisitions achieved through government grant, could distort the market and impede sound development of air transport.

32.15 In information paper WP/241, the Arab Civil Aviation Organization (ACAO) highlighted the need for Member States to respect the principle of States' sovereignty over their airspace as enshrined in the *Convention on International Civil Aviation* (Chicago Convention), by avoiding taking unilateral decisions that may affect international air transport such as the European Union (EU) Emission Trading Scheme and regulation on fair competition. The paper advised States to use dialogue and consultations to reach consensus on issues that may be included in their air services agreement.

32.16 Information paper WP/415 presented by Hermes Air Transport Organization underscored the need for decision-makers to create an environment, including relaxing ownership and control restrictions, which will allow airlines to access the capital necessary for effective competitiveness. The paper explained that carriers pursuing cost leadership and/or revenue generation models extending beyond national boundaries would dominate the industry in future.

32.17 Considering the report of the Council in WP/16, the Commission, while noting the progress of the tasks by the ATRP, endorsed in principle the proposed work programme of the Organization aiming to move forward the liberalization of international air transport. There was overwhelming support to build a better understanding of the benefits of liberalization and barriers to opening market access, enhance dialogue and exchange of information with States and industry through the existing tools, as well as promote multilateral air law treaties already developed by the Organization. In this regard, concern was expressed on the use of the *International Air Transport Agreement of 1944* to liberalize market access, in particular air cargo services, and to devote ICAO resources into this task. As to the work to finalize the draft Convention on Foreign Investment in Airlines, there was broad support for the continuation of this work; at the same time, some concerns were expressed that a number of outstanding issues would need to be resolved in order to progress this matter. Some States considered that these outstanding issues include fair competition, regulatory oversight, concerns on free-riders, as well as social and labour considerations, while other States were of the view that these issues of concern should not be listed in the report.

32.18 With respect to the proposals put forward in WPs/279 and 420, it was recalled that the Council made a decision to conclude the work related to the examination of an international agreement by which States could liberalize market access and to cease the work related to the development of an international agreement to facilitate further liberalization of air cargo services (WP/16 refers). Based on this, the Commission did not support to continue these two tasks; instead, it was reiterated that the Organization should focus on building a better understanding of the benefits and challenges of liberalization and barriers to opening market access, both in terms of passenger and cargo services, and, in particular, to identify what States need to assist them in pursuing liberalization.

32.19 The Commission welcomed the information provided in WPs/181, 186, 249, 330 and 470 concerning the progress of air transport liberalization at bilateral and regional levels, which, in addition to providing benefits on its own right, can contribute to building capacity for States. The Commission also recognized that States could adopt a smaller scale multi-party approach as a stepping-stone to achieving a multilateral agreement on market access liberalization at the highest possible level. In addition, support was expressed for ICAO to collaborate with AFCAC on air transport matters, especially the implementation of SAATM and the Prioritized Joint Action Plan on the sustainable development of air transport in Africa.

32.20 The Commission did not support the proposals as set out in WPs/192 and 278, especially to continue the work on the development of an international agreement to facilitate further liberalization of air cargo services. In this regard, the Commission was reminded of the Council's decision as reported in WP/16.

32.21 In reviewing WPs/182 and 252, the Commission reached consensus that the work on the development of a Convention on Foreign Investment in Airlines should continue through the ATRP, taking into account the outstanding issues. A view was expressed that any such Convention should be made available to Member States that wish to waive the traditional ownership and control criteria but shall not be binding on non-signatory States. States that do not agree to waive ownership and control criteria through the Convention are entitled to rely upon the existing criteria that are included in their air services agreements and may elect to waive such criteria on a case-by-case basis.

Consumer protection

32.22 Through WP/349, Dominican Republic highlighted the background and objective of the ICAO Core Principles on Consumer Protection, which is a living document, and the need to continue to work on the core principle. The paper proposed for consideration having an instrument or international convention that would set out for States the compensation amounts for passengers with respect to flight delays, cancellations, denied boarding and the damage or loss of checked baggage.

32.23 WP/92, presented by Finland on behalf of the EU and its Member States³ and other Member States of the European Civil Aviation Conference (ECAC)⁴, focused on the application of the ICAO Core Principles on Consumer Protection since its adoption in 2015 and the evolution of the passenger experience and expectations when using air transport. The paper underscored the importance for ICAO to facilitate the exchange of views and experiences, as well as to create a knowledge base that enables and fosters the development of guidance materials on passenger rights.

32.24 WP/234, presented by Guyana, explained some key issues affecting both airlines and aviation consumers due to lack of global uniformity in the application of consumer protection principles. The paper advocated for a unified global system through consensus and commonalities among States by developing a global consumer protection regulatory framework.

32.25 As regards WPs/92, 234 and 349, the Commission agreed to encourage States to apply the ICAO Core Principles on consumer protection in their regulatory practices, and urge States that are yet to be parties to the Montréal Convention of 1999 to sign and ratify the Convention. It was also agreed that ICAO should facilitate an exchange of views and good practices regarding the application of the ICAO Core Principles. However, the Commission considered it premature to go beyond the sharing of State experiences or discuss a legally-binding instrument. The harmonization of regulatory regimes at the global

³ Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxemburg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and United Kingdom.

⁴ Albania, Armenia, Azerbaijan, Bosnia and Herzegovina, Georgia, Iceland, Republic of Moldova, Monaco, Montenegro, North Macedonia, Norway, San Marino, Serbia, Switzerland, Turkey, and Ukraine.

level was not supported, considering the needs of States for flexibility given their differences in social, political and economic characteristics.

32.26 The Commission also took note of pro-active industry-led initiatives in the field, notably the Airports Council International (ACI) Airport Service Quality (ASQ) programme as a mean to monitor and oversee service quality provided by airport operators to their customers.

Taxation and slot allocation

32.27 WP/321, presented by the ACI, expressed concerns on the proliferation and negative impact of various taxes on air transport, which goes beyond the scope of ICAO's policies on taxation contained in Doc 8632 – *ICAO's Policies on Taxation in the Field of International Air Transport*. The paper urged ICAO with the appropriate support of the aviation industry, to engage more on the dialogue with tax authorities to enhance State awareness of ICAO policies on taxation.

32.28 Information paper WP/275, prepared by ACI, the International Air Transport Association (IATA) and the Worldwide Airport Coordination Group (WWACG), reported on the progress made regarding their joint Strategic Review of the Worldwide Slot Guidelines (WSG), and on the reform of its governance that now includes on an equal basis airport operators, airlines and facilitators/slot coordinators. The paper informed that it would result in a significant evolution of the WSG to keep pace with the rapidly evolving aviation industry.

32.29 Recognizing that ICAO's policies on taxation are not standards but policy recommendations, each State reserves the right to determine its tax policies. The Commission agreed to urge States to clearly distinguish taxes and charges in accordance with ICAO's policies and conduct appropriate cost-benefit analysis before the introduction of taxes on air transport, given the potential risks and negative impact on aviation activities.

Economic regulation of unmanned aircrafts

32.30 In information paper WP/468, Japan stated the need to consider developing economic policies regarding the operations of unmanned aircraft, with the increasing use of drones for delivery services and the fact that unmanned scheduled international air services may commence in the near future. The paper explained that while ICAO is addressing the technical, security, environment and legal aspects of the operations of unmanned aircraft, economic consideration has not been given to the operations of unmanned aircraft.

32.31 An intervention was made to request the ATRP to explore the issues raised in WP/468 and share information with other ICAO panels that are working on unmanned aircraft systems (usually referred to as remotely-piloted aircraft systems). Some States supported the suggestion to refer the matter to the ATRP while one State was of the view that this matter was premature to be discussed in the ATRP and should not be raised in this meeting because it was presented as an information paper. The Commission noted this discussion.

Agenda Item 33: Economics of Airports and Air Navigation Services — Policy

33.1 In WP/17, the Council presented a comprehensive, holistic and transformative approach to addressing challenges of financing aviation infrastructure development, based on the outcomes of the third and fourth ICAO World Aviation Fora (IWAF). The paper explained ICAO's work in developing policies, guidance and online tools to facilitate States' efforts in financing aviation infrastructure, and also presented ICAO's plan for future work in this area, aiming at providing assistance to States in closing infrastructure gaps for the achievement of optimal air transport potential.

33.2 Through WP/18, the Council reported on major work accomplished by ICAO on economic aspects of airports and air navigation services, carried out pursuant to the decisions of the 39th Session of the Assembly. The paper also presented ICAO's plan for future work in this area as part of the economic regulatory framework and technical assistance work programmes, focusing on the continued update and development of relevant policies, guidance and tools, and raising awareness of their implementation by States and services providers.

33.3 WP/183 presented by Ukraine drew attention to the need for sufficient and sustainable funding of Civil Aviation Authorities (CAAs) for carrying out functions such as aviation safety, security and economic oversight. The paper highlighted ICAO's existing policy and guidance material on various mechanisms for funding aviation oversight functions and provided examples of CAA funding practices in the Ukraine and the EU in accordance with such policies (such as the user charges approach). The paper invited ICAO to consider dedicated workshops/seminars to raise awareness of ICAO's policies and guidance related to funding of oversight functions and to share best practices among States.

33.4 In WP/246, the United Arab Emirates presented its Global Investment in Aviation Summit, an initiative for participating States to exhibit information on their aviation investment opportunities and economic conditions with a view to attracting investors for aviation infrastructure development. The United Arab Emirates invited States to participate in the future sessions of the Summit, and proposed an Assembly Resolution on boosting investment and funding in aviation.

33.5 Through information paper WP/350, the Dominican Republic shared its experience in establishing public-private partnerships in the management of airports through concession contracts to private companies for their administration, expansion, maintenance and operation. The paper also described the associated benefits such as better infrastructure, greater capacity to react to growing demand, higher quality of service, and raising rates of return on investment.

33.6 In information paper WP/381, India presented information on the key role of ground handling in improving efficiency of airport operations. The paper highlighted the development of the framework for implementation of ground handling services as described in its National Civil aviation policy 2016 using technology and effective monitoring.

33.7 In its information paper WP/549, Indonesia presented the development of its smart airport implementation for creating a passenger-oriented and technology-driven airport experience using mobile technologies and innovative thinking to ensure ease, comfortable and sophisticated services.

33.8 In considering the report of the Council presented in WP/17, the Commission acknowledged the approach adopted by the third and fourth IWAF on tackling financing challenges; and supported the development of policies, guidance and tools to facilitate State's efforts in financing quality aviation infrastructure. The Commission endorsed the work programme of the Organization concerning aviation infrastructure/system financing.

33.9 With respect to the work of ICAO in the area of economics of airports and air navigation services reported in WP/18, broad support was expressed on the work accomplished by the Organization, especially on new guidance to address economically non-viable airports. The Commission endorsed ICAO's work programme in this field. A suggestion was made that a possible cost-recovery mechanism for the provision of air navigation services to unmanned aircraft systems should not only be fair and equitable but also transparent; and such mechanisms and their modalities should be left to Member States.

33.10 On the subject of adequate funding for CAAs to perform safety, security and economic oversight functions, the Commission noted the issues faced by States described in WP/183, particularly those with limited financial resources and insufficient air traffic volume for cost recovery. It was also noted that the level of funding for CAAs is often below the industry level of financing. The Commission agreed that ICAO should conduct regional workshops and seminars to raise awareness and knowledge by States of the relevant ICAO policies and guidance on infrastructure funding and oversight, and to enhance their implementation.

33.11 Concerning WP/246 which proposed an Assembly Resolution on boosting investment and funding in aviation, the Commission noted that there is already an existing Assembly Resolution on aviation infrastructure management and financing, as well as ICAO's ongoing work presented in WPs/17 and 18. Therefore, the Commission decided that no stand-alone resolution would be required.

33.12 The Commission noted the information contained in WPs/350, 381 and 549.

Agenda Item 34: Aviation Data — Monitoring and Analysis

34.1 In WP/19, the Council reported on the modernization of the ICAO Statistics Programme and its associated benefits, as well as activities related to big data, including details of the data sets and on-going analyses carried out in collaboration with other United Nations (UN) agencies, international organizations, academia, etc. This paper also presents ICAO's plan for future work related to the Statistics Programme and big data analytics (a part of aviation data and analysis work programme), which aims to support States and aviation stakeholders in using a data-driven decision- and policy-making approach to improving safety, as well as operational and economic efficiency of air transport.

34.2 In WP/20, the Council reported on activities in the area of forecasting and planning pursuant to Assembly Resolution A39-15, which requested the Council to update the single set of long-term traffic forecasts. This paper also presented ICAO's plan for future work related to forecasting and planning which will focus on the continued update of the existing forecasts with further refinements of econometric methodologies and data sets using big data, and on the enhancement of the online analytical tool for the development of more detailed and customized forecasts, to meet the varied needs of States and other stakeholders.

34.3 In WP/21, the Council presented a methodological framework of the Aviation Satellite Account (ASA), which can be used for the measurement of the direct economic contribution of aviation to national economy, in line with the internationally-agreed standard of the System of National Accounts, 2008 (2008 SNA). The paper also presented ICAO's future work in this area, focusing on the finalization and validation of the ASA methodological framework, obtaining the endorsement of the ASA methodological framework by the UN Statistical Commission (UNSC), raising the awareness of the ASA and promoting its acceptance by States, and providing assistance for the ASA implementation by the Member States.

34.4 In WP/184, the 54 States, Members of the AFCAC presented information about the African Programme on Aviation Data (AfPAD). The project included the collection and analysis of statistical data in the context of the liberalization of air transport in Africa through the full implementation of the Yamoussoukro Decision (YD) and the Single African Air Transport Market (SAATM).

34.5 In information paper WP/499, Argentina presented the improvements and advancements taken in the collection of aviation data and statistics and development of a civil aviation statistics programme. This initiative consists in the collection and dissemination of civil aviation data, for use by the State, including passenger and cargo traffic, load factor, traffic by route and market shares.

34.6 In information paper WP/551, Dominican Republic presented a case study developed jointly by the State, ICAO Secretariat and the Inter-American Development Bank to highlight the importance of policy initiatives in civil aviation to boost traffic and bring benefits to the national economy.

34.7 In reviewing the ICAO Statistics Programme and big data analytics, the Commission reaffirmed the importance of a comprehensive and reliable set of aviation data and analysis, which is required for effective data-driven policy-making by States. The Commission endorsed the work programme of the Organization as presented in WP/19. It was also noted that many States requested ICAO to make statistics available free of charge to Member States.

34.8 The Commission also reviewed the report on the updated single set of long-term traffic forecasts presented in WP/20. While noting the forecast results, the Commission endorsed ICAO's work programme related to forecasting for the next triennium. The planned work would include the regular update and refinement of the long-term traffic forecasts and methodologies. A comment was provided that a forecast model using a constant income elasticity of demand may lead to the overestimation of traffic volume, especially for developing countries whose gross domestic product (GDP) per capita will reach maturity after a certain period.

34.9 Concerning the ASA methodological framework, the Commission agreed to the proposed future work as presented in WP/21. In this regard, a view was expressed that the accuracy of the estimated result of direct economic impacts should be validated specifically by vetting the framework with stakeholder experts using aviation specific data to measure the economic impact of aviation in countries where such data is available, before presenting the ASA framework to the Air Transport Committee (ATC). Consequently, the proposed Assembly Resolution would be amended to reflect this view. Comments and suggestions provided during the deliberations will be considered in refining the methodologies (for instance, inclusion of aircraft manufacturing in the scope of measurement of civil aviation industry).

34.10 As regards WP/184, the Commission agreed that ICAO should share aviation data submitted by African States with AFCAC to avoid duplication of efforts and reduce burden on States. It was also agreed that ICAO should cooperate with AFCAC on the AfPAD.

34.11 The Commission noted the information contained in WPs/499 and 551.

Agenda Item 35: Economic Development of Air Transport

35.1 In WP/22, the Council presented a revised *Consolidated statement of continuing ICAO policies in the air transport field* for consideration and adoption by the Assembly, which would replace Resolution A39-15. The proposed revisions to the Resolution were designed to remove outdated contents and incorporate developments since the last Assembly including the outcome of the fifteenth meeting of the ATRP/15. In addition, the paper also reported the decision by the Council concerning the work related to the development of the concept of the possible Global Air Transport Plan.

35.2 Through WP/185, the 54 States, Members of the AFCAC reported on the outcome of the First ICAO/World Tourism Organization (UNWTO) Ministerial Conference on Air Transport and Tourism in Africa held in Cabo Verde in March 2019. The paper called for the support of ICAO, in collaboration with other relevant agencies, in carrying out follow-up activities and actions in the Ministerial Declaration (Sal Declaration) and Framework for a Plan of Action for Air Transport and Tourism Development in Africa adopted by the Conference.

35.3 In its information paper WP/379, India described its Regional Connectivity Scheme (RCS) formulated and implemented to promote regional air connectivity to make flying more accessible and affordable to the people.

35.4 In information paper WP/380, India shared information on the policy initiatives it has taken in the context of its National Civil Aviation Policy (2016) and the resultant growth of its civil aviation sector. The paper presented the economic trends in the air transport industry of India since 2013.

35.5 Through information paper WP/498, Indonesia outlined the critical role of aviation in the social and economic development of Indonesia as well as the increasing growth of its air travel market forecasted to become the fourth largest market in the world by 2030. The paper requested ICAO to consider the development of global standards on water aerodrome operations.

35.6 The Commission reviewed the draft resolution on the *Consolidated statement of continuing ICAO policies in the air transport field* contained in the Appendix to WP/22. Some further amendments were agreed during the deliberations to the introductory section, Sections I and II of Appendix A, Section II of Appendix C and Section II of Appendix E. The Commission recommended to the Plenary to adopt the attached resolution which would supersede Resolution A39-15.

35.7 Concerning the outcome of the First ICAO/UNWTO Ministerial Conference on Air Transport and Tourism in Africa presented in WP/185, the Commission agreed that ICAO will provide technical expertise, resources and support in collaboration with other relevant agencies for the implementation of the Sal Declaration as stipulated in the Framework for a Plan of Action. The Commission also agreed that the Organization will continue to coordinate, prioritize, facilitate and implement assistance programmes and projects for the development of air transport, especially in Least Developed Countries (LDCs), Landlocked Developing Countries (LLDCs) and Small Island Developing States (SIDS) in Africa.

35.8 The Commission noted the information contained in WPs/379, 380 and 497.

Resolution 35/1: Consolidated statement of continuing ICAO policies in the air transport field

Whereas the *Convention on International Civil Aviation* establishes the basic principles to be followed by governments to ensure that international air transport services may be developed in an orderly, regular, efficient, economical, harmonious and sustainable manner and it is therefore one of the purposes of ICAO to support principles and arrangements in order that international air transport services may be established on the basis of equality of opportunity, sound and economic operation, mutual respect of the rights of States and taking into account the general interest;

Whereas air transport is of fundamental importance to the sustainable development of the economies of States by promoting and facilitating tourism and trade;

Whereas it is increasingly difficult, particularly for developing countries, to secure the necessary resources required to optimize the opportunities and meet the challenges inherent in the development of air transport, and to keep pace with the challenges posed by demands on air transport;

Whereas the Organization prepares guidance, studies and statistics on the development of air transport for Member States on a continuing basis and these should be kept current, focused and relevant and should be disseminated to Member States through the most effective means;

Whereas Member States are required to provide accurate and factual statistical data and other information in order that the Organization may prepare relevant guidance and studies;

Whereas the Organization is moving towards management by objectives with more focus on implementation of air transport policies and associated guidance in line with the *No Country Left Behind* (NCLB) initiative, rather than considering setting standards under this Strategic Objective;

Whereas guidance developed by the Organization, and action taken by the Organization in implementing its Strategic Objective – *Economic Development of Air Transport*, should assist Member States in developing policies and practices that facilitate the globalization, commercialization and liberalization, as well as the creation of a favourable environment for the sustainable development of international air transport; and

Whereas it is important for Member States to participate in the work of the Organization in the air transport field;

The Assembly:

1. *Resolves* that the Appendices attached to this resolution and listed below constitute the consolidated statement of continuing ICAO policies in the air transport field, as these policies exist at the close of the 40th Session of the Assembly:

Appendix A — Economic regulation of international air transport

Appendix B — Taxation

Appendix C — Airports and air navigation services economics

Appendix D — Aviation data and statistics

Appendix E — Forecasting, planning and economic analyses

2. *Urges* Member States to have regard to these policies and their continuing elaboration by the Council and by the Secretary General in the relevant ICAO documents;

3. *Urges* Member States to make every effort to fulfil their obligations, arising from the Convention and Assembly resolutions, to support the work of the Organization in the air transport field, and, in

particular, to provide complete and prompt statistical and other information requested by the Organization for its air transport work;

4. *Urges* Member States in their regulatory functions to have regard to the policies and guidance material developed by ICAO on economic regulation of international air transport, such as those contained in Doc 9587, *Policy and Guidance Material on Economic Regulation of International Air Transport*;

5. *Requests* the Council to attach particular importance to financing challenges of aviation infrastructure and capacity development, commensurate with the level of predicted traffic growth, especially in developing countries;

6. *Requests* the Council, when it considers it of benefit to the work on any air transport issue, to consult expert representatives from Member States by the most appropriate means, including the establishment of panels or Secretariat study groups of such qualified experts, who would meet or work by correspondence and subsequently report to the Air Transport Committee in accordance with Doc 9482, *Directives for Panels of the Air Transport Committee and the Committee on Unlawful Interference*;

7. *Requests* the Council to convene Conferences or Divisional meetings, in which all Member States may participate, as the principal means of progressing the resolution of issues of worldwide importance in the air transport field, when such meetings are justified by the number and importance of the issues to be dealt with and where there is the likelihood of constructive action upon them;

8. *Requests* the Council and the Secretary General to disseminate and promote ICAO's air transport policies and associated guidance to and amongst Member States;

9. *Requests* the Council and the Secretary General to take necessary action to implement Assembly resolutions and decisions concerning the Organization's air transport activities, and to monitor and assist the implementation by States of ICAO's policies in the air transport field;

10. *Requests* the Council to keep the consolidated statement of ICAO's air transport policies under review and advise the Assembly when changes are required to the statement;

11. *Requests* the Council to keep ICAO's policies and guidance material in the air transport field current and responsive to changes and the needs of Member States while preserving the core principles on which they are based; and

12. *Declares* that this resolution supersedes Resolution A39-15.

APPENDIX A

Economic regulation of international air transport

Section I. Basic principles and long-term vision

Whereas the basic principles of sovereignty, fair and equal opportunity, non-discrimination, interdependence, harmonization and cooperation set out in the Convention have served international air transport well and continue to provide the basis for and contribute to its future development;

Whereas multilateralism to liberalize international air transport, especially the exchange of commercial rights, including traffic rights, on a multilateral basis to the greatest possible extent continues to be an objective of the Organization;

Whereas within the framework of the Convention, Member States have many differing regulatory goals and policies but share a fundamental objective of participation through reliable and sustained involvement in the international air transport system;

Whereas there is a need to adapt to the changing regulatory and operating environment in the air transport field and the Organization has accordingly developed policy guidance for the regulation of international air transport, including model clauses and template air services agreements;

Whereas there is need to build further understanding of the challenges and benefits associated with market access liberalization, both in terms of passenger and cargo services;

Whereas the provision of regular and reliable air transport services is of fundamental importance to the development of the economies of States, especially the developing States, including those dependent on tourism;

Whereas the Organization has adopted the long-term vision for international air transport liberalization which states: *We, the Member States of the International Civil Aviation Organization, resolve to actively pursue the continuous liberalization of international air transport to the benefit of all stakeholders and the economy at large. We will be guided by the need to ensure respect for the highest levels of safety and security and the principle of fair and equal opportunity for all States and their stakeholders;*

Whereas the compliance of Member States with provisions of the Convention and the universal adherence to the *International Air Services Transit Agreement (IASTA)*, the *Convention for the Unification of Certain Rules for International Carriage by Air (Montréal Convention of 1999)*, the *Convention on International Interests in Mobile Equipment (Cape Town Convention)* and its Protocol on Matters Specific to Aircraft Equipment and other ICAO instruments governing international air transport can facilitate and contribute to the achievement of the objectives of the Organization; and

Whereas consumer interest should be given due regard in the development of national or regional policies and regulations of international air transport;

The Assembly:

1. *Urges* all Member States to give regard to, and apply, the *ICAO Long-term Vision for International Air Transport Liberalization* in policy-making and regulatory practices;
2. *Encourages* Member States to pursue liberalization of market access at a pace and in a manner appropriate to needs and circumstances, giving due regard to the interests of all stakeholders, the changing business environment and infrastructure requirements, as well as to the principles pertaining to safeguard measures designed to ensure the sustained and effective participation of all States, including the principle of giving special consideration to the interests and needs of developing countries;
3. *Urges* Member States to avoid adopting unilateral and extraterritorial measures that may affect the orderly, sustainable and harmonious development of international air transport and to ensure that domestic policies and legislation are not applied to international air transport without taking due account of its special characteristics;
4. *Urges* Member States that have not yet become parties to the IASTA, the Montréal Convention of 1999, the Cape Town Convention and its Protocol and other ICAO instruments governing international air transport to give urgent consideration to so doing;

5. *Urges* all Member States to register all agreements and arrangements relating to international civil aviation with ICAO in accordance with Article 83 of the Convention and the *Rules for Registration with ICAO of Aeronautical Agreements and Arrangements*, to enhance transparency;
6. *Urges* Member States to keep the Council fully informed of serious problems arising from the application of air services agreements or arrangements and of any significant developments in the liberalization process;
7. *Urges* Member States to give due regard to the distinct features of air cargo services when exchanging market access rights in the framework of air service agreements and grant appropriate rights and operational flexibility so as to promote the development of air cargo services, including those enabling e-commerce;
8. *Urges* Member States, in dealing with the issues related to slot allocation and night flight restrictions, to give due consideration to the needs and concerns of other States and make every effort to resolve any concerns through consultation between the parties concerned, in a transparent and non-discriminatory manner, and to respect and follow the ICAO Balanced Approach principle in regulatory action on aircraft noise management at airports;
9. *Urges* Member States and concerned stakeholders to give regard to, and apply, the ICAO high-level, non-binding, non-prescriptive core principles on consumer protection in policy-making and regulatory and operational practices, including in case of massive disruptions impacting aviation, and to keep ICAO informed of the experiences gained or issues encountered in their application;
10. *Requests* the Council to strongly support the exchange of views and good practices on the application of the ICAO core principles on consumer protection as this effort could help encourage compatibility among national or regional regimes, taking into account the needs of States for flexibility given their social, political and economic characteristics;
11. *Encourages* Member States to continue to make use of and benefit from the ICAO Air Services Negotiation (ICAN) facility, which facilitates and improves the efficiency of their air services negotiations and consultations;
12. *Requests* the Council to undertake further work to build a better understanding of the benefits and challenges of liberalization and barriers to opening market access, so that further consideration could be given to the development of a multilateral approach at the appropriate time;
13. *Requests* the Council to continue to enhance dialogue and exchange of information with Member States and industry, taking into account the goals of the *ICAO Long-term Vision for International Air Transport Liberalization*, concerning the past experience and achievements of States, including existing liberalization agreements concluded at bilateral, regional and multilateral levels, as well as the applicability and relevance of the existing multilateral air law treaties, and the various proposals presented during the Sixth Worldwide Air Transport Conference (ATConf/6);
14. *Requests* the Council to continue to cooperate with regional and subregional bodies in the examination and development of measures of cooperation, including liberalized arrangements, and the results of these measures, in order to see whether similar or other measures should at the appropriate time be recommended to Member States for application on a wider basis; and
15. *Requests* the Council to continue the comparative and analytical study of the policies and practices of Member States in the regulation of international air transport, including the provisions of air services agreements, and to share such information with Member States.

Section II. Air carrier ownership and control

Whereas the strict application of the criterion of substantial ownership and effective control for the authorization of an airline to exercise route and other air transport rights could deny many States a fair and equal opportunity to operate international air services and to optimize the benefits to be derived therefrom;

Whereas airline designation and authorization for market access should be liberalized at each State's pace and discretion progressively, flexibly and with effective regulatory control in particular regarding safety and security;

Whereas the broadening or the flexible application of the criteria for airline designation and authorization could help create an operating environment in which international air transport may develop and flourish in a stable, efficient and economical manner, and contribute to the participation objectives of States in the liberalization process, without prejudice to States' obligations for aviation safety and security;

Whereas the realization of developmental objectives among States is increasingly being promoted by cooperative arrangements in the form of regional economic groupings and functional cooperation symbolic of the affinity and community of interest; and

Whereas discussions in the Air Transport Regulation Panel indicate wide support for on-going work to develop a multilateral instrument on the liberalization of air carrier ownership and control;

The Assembly:

1. *Urges* Member States to continue to liberalize air carrier ownership and control, according to needs and circumstances, through various existing measures such as waivers of ownership and control restrictions in bilateral air services agreements or designation provisions recognizing the concept of community of interest within regional or subregional economic groupings, and those recommended by ICAO;
2. *Urges* Member States to accept such designations and allow such airlines to exercise the route rights and other air transport rights of a State or States, in particular developing States, within the same grouping, under mutually acceptable terms and conditions including air transport agreements negotiated or to be negotiated by the parties concerned;
3. *Urges* Member States to recognize the concept of community of interest within regional or subregional economic groupings as a valid basis for the designation by one State or States of an airline of another State or States within the same regional economic grouping where such airline is substantially owned and effectively controlled by such other State or States or its or their nationals;
4. *Urges* Member States to give consideration to the use of alternative criteria for airline designation and authorization, including those developed by ICAO, and to adopt a flexible and positive approach to accommodate other States in efforts to liberalize air carrier ownership and control without compromising safety and security;
5. *Invites* Member States with experience in various forms of joint operation of international air services to submit to the Council, on a continuing basis, information concerning their experience, so that the Organization may have information that might be of assistance to Member States;

6. *Requests* the Council to address the remaining issues of concern to be able to make progress towards a Convention on Foreign Investment in Airlines, which aims to liberalize air carrier ownership and control on a multilateral basis in line with the *ICAO Long-term Vision for International Air Transport Liberalization*; and

7. *Requests* the Council to give assistance, when approached, to Member States that take the initiative in developing cooperative arrangements for the joint ownership and operation of international air services, directly among themselves or whose airlines develop such arrangements, and to promptly circulate to States information concerning such cooperative arrangements.

Section III. Cooperation in regulatory arrangements and competition

Whereas certain economic, financial and operational constraints unilaterally introduced at the national level affect the stability of, and tend to create unfair discriminatory trading practices in international air transport and might be incompatible with the basic principles of the Convention and the orderly and harmonious development of international air transport; and

Whereas the Organization has developed policy guidance for States to foster harmonization and compatibility of regulatory approaches and practices for international air transport, including on competition matters;

The Assembly:

1. *Urges* Member States to take into consideration that fair competition is an important general principle in the operation of international air transport services;

2. *Urges* Member States to develop competition laws and policies that apply to air transport, taking into account national sovereignty and to consider ICAO guidance on competition;

3. *Urges* Member States to encourage cooperation among regional and/or national competition authorities when dealing with matters relating to international air transport, including in the context of approval of alliances and mergers;

4. *Encourages* Member States to incorporate the basic principles of fair and equal opportunity to compete, non-discrimination, transparency, harmonization, compatibility and cooperation set out in the Convention and embodied in ICAO's policies and guidance in national legislation, rules and regulations, and in air services agreements;

5. *Requests* the Council to develop tools such as an exchange forum to enhance cooperation, dialogue and exchange of information on fair competition between States with a view to promoting compatible regulatory approaches towards international air transport; and

6. *Requests* the Council to continue to monitor developments in the area of competition in international air transport and update, as necessary, its policies and guidance on fair competition.

Section IV. Trade in services

Whereas the General Agreement on Trade in Services (GATS) adopted by the World Trade Organization (WTO) has included certain aspects of international air transport; and

Whereas ICAO has actively promoted an understanding by all parties concerned of the provisions of the *Convention on International Civil Aviation* and of the particular mandate and role of ICAO in international air transport;

The Assembly:

1. *Reaffirms* the need for ICAO to continue to explore future regulatory arrangements and develop recommendations and proposals to meet the challenges facing international air transport, responding to the internal and external changes affecting it;
2. *Recognizes* that such arrangements should create an environment in which international air transport may develop and continue to flourish in an orderly, efficient and economical manner without compromising safety and security, while ensuring the interests of all Member States and their effective and sustained participation in international air transport;
3. *Reaffirms* the primary role of ICAO in developing policy guidance on the regulation of international air transport;
4. *Urges* Member States that participate in trade negotiations, agreements and arrangements relating to international air transport to:
 - a) ensure internal coordination in national administrations and, in particular, the direct involvement of aeronautical authorities and the aviation industry in the negotiations;
 - b) ensure that representatives are fully aware of the provisions of the *Convention on International Civil Aviation*, the particular characteristics of international air transport and its regulatory structures, agreements and arrangements;
 - c) take into account rights and obligations vis-à-vis those of ICAO Member States which are not members of the WTO;
 - d) examine carefully the implications of any proposed inclusion of an additional air transport service or activity in the GATS, bearing in mind, in particular, the close linkage between economic, environmental, safety and security aspects of international air transport;
 - e) promote a full understanding of the role and mandate of ICAO in developing policy guidance on economic regulation, including liberalization of international air transport, and consider using this guidance; and
 - f) file with ICAO under Article 83 of the Convention copies of any exemptions and specific commitments pertaining to international air transport made under the GATS;
5. *Requests* the WTO, its Member States and Observers to accord due consideration to:
 - a) the particular regulatory structures and arrangements of international air transport and the liberalization taking place at the bilateral, subregional and regional levels;

- b) ICAO's constitutional responsibility for international air transport and, in particular, for its safety and security; and
 - c) ICAO's existing policy and guidance material on the economic regulation of international air transport and its continued work in the field; and
6. *Requests* the Council to:
- a) continue to exert a global leadership role in facilitating and coordinating the process of economic liberalization while ensuring safety, security and environmental protection in international air transport;
 - b) pursue in a proactive manner developments in trade in services that might impinge on international air transport and inform Member States accordingly; and
 - c) promote continued effective communication, cooperation and coordination between ICAO, the WTO, and other intergovernmental and non-governmental organizations dealing with trade in services.

APPENDIX B

Taxation

Whereas the imposition of taxes on international air transport, such as on aircraft, fuel, and consumable technical supplies, on the income of international air transport enterprises, and on the sale or use of such services, may have an adverse economic and competitive impact on international air transport operations;

Whereas ICAO's Policies on Taxation in the Field of International Air Transport as contained in Doc 8632 make a conceptual distinction between a charge and a tax in that "a charge is a levy that is designed and applied specifically to recover the costs of providing facilities and services for civil aviation, and a tax is a levy that is designed to raise national or local government revenues which are generally not applied to civil aviation in their entirety or on a cost-specific basis";

Whereas it is a matter of great concern that taxes are increasingly being imposed by some Member States in respect of certain aspects of international air transport and that levies imposed on air traffic, several of which can be categorized as taxes on the sale or use of international air transport, are proliferating;

Whereas the matter of aircraft engine emission-related levies is addressed in Assembly Resolution A40-17, *Consolidated statement of continuing ICAO policies and practices related to environmental protection — General provisions, noise and local air quality* (Appendix H, *Aviation impact on local air quality*); and

Whereas the ICAO policies on taxation in Doc 8632 supplement Article 24 of the Convention and are designed to recognize the nature of international civil aviation and the need to accord tax-exempt status to certain aspects of the operations of international air transport;

The Assembly:

1. *Urges* Member States to follow the *ICAO's Policies on Taxation in the Field of International Air Transport* as contained in Doc 8632, and to avoid imposing discriminatory taxes on international aviation;
2. *Urges* Member States to avoid double taxation in the field of air transport; and
3. *Requests* the Council to continue to promote ICAO's policies on taxation, monitor developments, and update its policies as required.

APPENDIX C

Airports and air navigation services economics

Section I. Charging policy

Whereas Article 15 of the Convention establishes the basis for the application and disclosure of charges for airports and air navigation services;

Whereas ICAO's Policies on Charges for Airports and Air Navigation Services as contained in Doc 9082 make a conceptual distinction between a charge and a tax in that "a charge is a levy that is designed and applied specifically to recover the costs of providing facilities and services for civil aviation, and a tax is a levy that is designed to raise national or local government revenues which are generally not applied to civil aviation in their entirety or on a cost-specific basis";

Whereas the matter of aircraft engine emission-related levies and market-based measures is addressed separately in Assembly Resolution A40-17, *Consolidated statement of continuing ICAO policies and practices related to environmental protection — General provisions, noise and local air quality* (Appendix H, *Aviation impact on local air quality*), and in Assembly Resolution A40-18, *Consolidated statement of continuing ICAO policies and practices related to environmental protection — Climate change*;

Whereas the Council has been directed to formulate recommendations for the guidance of Member States with regard to the principles on which providers of airports and air navigation services for international civil aviation may charge to recover the costs of their provision and derive other reasonable revenue therefrom, and with regard to the methods that may be employed to that effect;

Whereas Member States have called on the Organization to provide advice and guidance aimed at promoting equitable recovery of airport and air navigation services costs consistent with ICAO's policies while maintaining a balance between the respective financial interests of providers of airports and air navigation services on the one hand and air carriers and other users on the other; and

Whereas the Council has adopted policy guidance on the allocation of Global Navigation Satellite System (GNSS) costs to ensure an equitable treatment of all users who can actually derive benefits from GNSS services;

The Assembly:

1. *Urges* Member States to ensure that Article 15 of the Convention is fully respected;
2. *Urges* Member States to base the recovery of the costs of the airports and air navigation services they provide or share in providing for international civil aviation on the principles set forth in Article 15 of the Convention and ICAO's policies as contained in Doc 9082, regardless of the organizational structure under which the airports and air navigation services are operated;
3. *Urges* Member States to ensure that airport and air navigation services charges are applied towards defraying the costs of providing facilities and services for civil aviation;
4. *Urges* Member States to make every effort pursuant to Article 15 of the Convention to publish and communicate to the Organization any charges that may be imposed or permitted to be imposed by a Member State for the use of air navigation facilities and airports by the aircraft of any other Member State;
5. *Urges* Member States to adopt the principles of non-discrimination, cost-relatedness, transparency and consultation, as set out in Doc 9082, in national legislation, regulation or policies, as well as in air services agreements, to ensure compliance by airports and air navigation services providers;
6. *Urges* Member States to ensure that the current ICAO policies for cost recovery of security measures and functions at airports and by air navigation services providers, as set out in Doc 9082, are implemented so that security user charges are reasonable, cost-effective and foster harmonization worldwide;
7. *Urges* Member States to cooperate in the recovery of costs of multinational air navigation facilities and services and to consider the use of the ICAO policy guidance on the allocation of GNSS costs;
8. *Requests* the Council to continue to update, as required, ICAO's policies on user charges and related guidance material with a view to contributing to increased efficiency and improved cost-effectiveness in the provision and operation of airports and air navigation services and a sound cooperation between providers and users;
9. *Requests* the Council to continue to update, as required, guidance on funding of appropriate oversight functions and on the allocation of GNSS costs, as well as to address the cost recovery for provision of aeronautical meteorological (MET) service for international civil aviation; and
10. *Requests* the Council to continue to promote ICAO's policies on user charges and related guidance material in order to increase the awareness of, and implementation by, Member States and their airports and air navigation services entities.

Section II. Aviation infrastructure management and financing

Whereas Member States are placing increased emphasis on improving efficiency and cost-effectiveness in the provision of airports and air navigation services;

Whereas Member States are increasingly assigning the operation of airports and air navigation services to commercialized and privatized entities, which may have less awareness and knowledge of States' obligations specified in the Convention and its Annexes and of ICAO's policies and guidance material in the economic field, and are using multinational facilities and services to meet the commitments they have assumed under Article 28 of the Convention;

Recognizing the need to make substantial investments over the long term in the development and modernization of quality aviation infrastructure commensurate with the level of predicted traffic growth, including the future needs of new entrants;

Whereas the aviation industry has been paying for a vast majority of its own infrastructure costs, rather than being financed through taxation, public investment or subsidies;

Whereas the development of air transport infrastructure and the global plan for Aviation System Block Upgrades (ASBUs) requires necessary business case justification to secure funding and financing to support implementation; and

Recalling that the *Declaration and Framework for a Plan of Action for Development of Aviation Infrastructure in Africa* was adopted within the framework of the Lomé Plan of Action (2017-2019) of the African Union at the Third ICAO World Aviation Forum (IWAF/3) in Abuja, Nigeria in November 2017;

The Assembly:

1. *Reminds* Member States that with regard to airports and air navigation services they remain responsible for the commitments they have assumed under Article 28 of the Convention, regardless of what entity or entities operate the airports or air navigation services concerned;
2. *Encourages* Member States to consider the establishment of autonomous entities to operate airports and air navigation services providers, taking into account economic viability as well as the interests of the users and other interested parties;
3. *Urges* Member States to establish good governance, for example, the creation of enabling institutional, legal and regulatory frameworks, the use of a data-driven approach, and the cooperation and compatible decision-making among transport authorities and other ministries in charge of related portfolios, which can provide a strong impetus to boost investment in aviation infrastructure;
4. *Urges* Member States to develop national and/or regional aviation infrastructure programmes and plans, which should be aligned and integrated with an appropriately-balanced development of transport modes, linked with national and/or regional development frameworks and strategies, and harmonized with the international economic and financial frameworks;
5. *Encourages* Member States to establish a transparent, stable and predictable investment climate to support aviation infrastructure development, for example, by engaging stakeholders, diversifying funding sources and elevating the role of private sector, including through private investment, business reform, private finance initiatives, public-private partnership and various incentive schemes;
6. *Requests* the Council to continue to develop and update, as required, guidance and tools on financing for the development and modernization of quality aviation infrastructure, including mechanisms to support operational improvements as described in the ASBU modules; and

7. *Requests* the Council to continue to conduct and support relevant follow up work to implement the *Declaration and Framework for a Plan of Action for Development of Aviation Infrastructure in Africa* under existing arrangements, especially under the ICAO Comprehensive Regional Implementation Plan for Aviation Safety in Africa (AFI Plan).

APPENDIX D

Aviation data and statistics

Whereas ICAO's Aviation Data and Statistics Programme provides an independent and global foundation for the purpose of fostering the planning and sustainable development of international air transport;

Whereas each Member State has undertaken that its international airlines shall file the data and statistics requested by the Council in accordance with Article 67 of the Convention;

Whereas the Council has laid down requirements for data and statistics on domestic airline operations, international airports, and international route facilities, pursuant to Articles 54 and 55 of the Convention;

Whereas the Council has also laid down requirements for data and statistics collection on civil aircraft on register pursuant to Article 21 of the Convention;

Whereas there is a need for the Organization to collect data and statistics from States on annual aviation fuel consumption to monitor and report the potential impact of economic measures linked to the operational aspects of the international aviation services and related infrastructure;

Whereas the Council has adopted a policy of management by objectives which requires collection of pertinent data, statistics and analysis to measure the performance of the Organization as a whole and of its constituent parts in meeting the Strategic Objectives of the Organization;

Whereas cooperation amongst international organizations active in the area of collection and distribution of aviation data and statistics may enable expansion of scope, coverage and quality of data, avoidance of duplication of efforts and reduction in the burden on States;

Whereas ICAO's role in processing and disseminating aviation data and statistics allows States to use it as a significant tool for the safe and orderly growth of international civil aviation services that are operated soundly and economically;

Recognizing that aviation data analytics is under transformation with velocity and quantity of data growing and new technologies evolving to analyse such data; and

Recognizing that ICAO has continued its effort to make the processes involving aviation data and statistics efficient and effective through the development of a set of electronic tools and to build expertise on emerging technologies to leverage big data potential in order to meet the evolving needs of Member States;

The Assembly:

1. *Urges* Member States to nominate focal points for aviation data and statistics, and to make every effort to provide it to ICAO on time and electronically whenever possible;

2. *Encourages* Member States to use the available electronic tools when providing and accessing aviation data and statistics;
3. *Requests* the Council, calling on national experts in the relevant disciplines as required, to examine on a regular basis the data and statistics, including big data, collected by ICAO in order to meet more effectively the needs of the Organization and its Member States, to establish the necessary metrics to monitor the performance of the Organization in meeting its Strategic Objectives, and to improve the uniformity of the data and statistics and the content of analyses; and
4. *Requests* the Council to:
 - a) continue to explore ways of closer cooperation with the UN, its agencies and other international organizations in the collection and distribution of aviation data, statistics and analysis, including big data as required;
 - b) make arrangements, on an appropriate basis, for assistance to be given upon request to Member States by ICAO for the improvement of aviation data, statistics and analysis and statistical reporting to the Organization;
 - c) continue to collect, process and analyze aviation data, including big data, while ensuring the harmonization of aviation data and statistics from different sources in order to facilitate the provision of accurate, reliable and consistent data required for informed decision-making by States; and
 - d) disseminate and share with Member States aviation data that are of common interest in the air transport field in accordance with the principles and provisions as contained in the Convention and relevant decisions of the Organization.

APPENDIX E

Forecasting, planning and economic analyses

Section I. Forecasting and planning

Whereas Member States require global and regional forecasts of future civil aviation developments for various planning and implementation purposes;

Whereas the Council, in carrying out its continuing functions in the air transport economic field, must foresee future developments likely to require action by the Organization and must initiate such action in good time; and

Whereas the Organization requires specific forecasts for airports and air navigation systems planning and environmental monitoring and planning purposes;

The Assembly:

1. *Requests* the Council to develop and update forecasts of future trends and developments in civil aviation, and to make these available to Member States;

2. *Requests* the Council to continue to update one single set of long-term traffic forecast, from which customized or more detailed forecasts can be produced for various purposes, such as air navigation systems planning and environmental analysis; and
3. *Requests* the Council to keep improving the accuracy of forecasts through the refinement of forecasting methodologies and use of big data.

Section II. Economic analysis

Whereas there is a continuing interest among Member States, international organizations, financial institutions, as well as aviation, tourism, and trade industries, in the economic analysis of air transport, including aviation's contribution to global, regional and national economies;

Whereas there is an acute shortage of reliable economic information on the increasingly important role of aviation in national economies worldwide;

Whereas the economic studies conducted by ICAO on international air transport costs and revenues have promoted neutrality and have resulted in a more equitable system of revenue sharing of airlines; and

Whereas ICAO requires economic analyses to assist the Council in assessment of the effectiveness of measures proposed for the implementation of the Strategic Objectives of the Organization, and for environmental planning, investment studies and other purposes;

The Assembly:

1. *Requests* the Council to continue the development of the ASA methodological framework and validate the reconciliation of various data to measure the direct impact of aviation activity on national economy in line with the System of National Accounts, including aviation's contribution to gross domestic product (GDP), the number of jobs created by aviation, aviation consumption, and the impact of aviation on balance of payments;
2. *Requests* the Council to issue periodically a study on regional differences in the level of international air transport operating costs, analysing how differences in operations and input prices may affect their levels and the impact that changes in costs may have on air transport tariffs;
3. *Requests* the Council to develop methodologies and procedures for the measurement of indirect and induced impacts of aviation activity on national economy, and guidance on business case, cost-benefit analysis, economic impact analysis and cost-effectiveness analysis to meet the needs of the Organization, the regional air navigation planning groups, and other activities of the Organization; and
4. *Requests* the Council to monitor developments, conduct studies on major issues of global importance, and share its analyses with States, international organizations and the industry.

Section III. Air mail

Whereas air mail is an integral component of international air transport, which is increasingly affected by e-commerce;

The Assembly:

1. *Urges* Member States to take into account the effects on international civil aviation whenever policy is being formulated in the field of international air mail, and particularly at meetings of the Universal Postal Union (UPU); and
2. *Directs* the Secretary General to furnish to the UPU, on request and as stipulated in relevant cooperation arrangements between UPU and ICAO, information of a factual character which may be readily available.

Agenda Item 36: Other issues to be considered by the Economic Commission

36.1 In WP/247, the United Arab Emirates explained the need for independent and detailed measure of aviation sector performance by State, which will assist policy makers in identifying areas for improvement or prioritization. The paper proposed the establishment of a Global Aviation Competitiveness Index that determines the ability of a State to create and maintain value based on six fundamental pillars of productivity. The use of this index can structurally drive outcomes and be a core lever for policy interventions.

36.2 In WP/387, Qatar provided information on the risks associated with States prohibiting the use of international air routes in their airspace, which includes crowded alternative routes. This results in, long flight detours, extended flight hours and increase in fuel consumption. The paper called on States from the Middle East to refrain from politicizing the use or the closure of international air routes over their airspace.

36.3 In WP/469, Cuba reaffirmed that unilateral and extraterritorial actions impede the sustainable economic development of international air transport and, in particular, have a great impact on developing countries. The paper also stated that ICAO has a role to play in upholding the principles of sovereign equality of States, non-discrimination, mutual respect, equality of opportunity and the freedom of international trade and navigation, enshrined in the Chicago Convention and the Charter of the United Nations.

36.4 Through information paper WP/475, Iran (Islamic Republic of) provided information on the effects of the 30 years of economic, commercial and financial sanctions imposed unilaterally by the United States on its aviation industry. The paper explained the difficulties faced by the Iran Civil Aviation Organization and the Iran Airport Holding Company to purchase and operate CNS/ATM equipment and facilities to enhance safety of international air navigation.

36.5 In its information Paper WP/476, Iran (Islamic Republic of) provided information on some States refusing to provide aviation fuel to Iranian airlines' aircraft at their airports thereby preventing the airline from gaining access to international markets and endangering international aviation safety. The paper highlighted that refusing to provide fuel to Iranian aircraft contradicts the principles of the Chicago Convention.

36.6 In information paper WP/487, the Bolivarian Republic of Venezuela reported that it has been subject to various economic sanctions, which resulted in a series of negative consequences directly impacting its commercial air transport relations with other States, damaging the interests of its designated airlines, and undermining free competition that should characterize international civil aviation operations for the benefit of users.

36.7 The Commission agreed that the proposal put forward in WP/247 to establish the Global Aviation Competitiveness Index be considered by the appropriate panels of the Organization. Doing so, previous work by other organizations should be taken into account to avoid duplication of efforts.

36.8 The Commission considered WP/387 on the closure of airspace and its impact on international air traffic, in which Qatar called for the prevention of politicizing the use of airspace, particularly international routes. Despite some support, a group of States objected to the paper and requested the Commission not to open discussions on this subject, which is currently pending before the International Court of Justice. Reference was made to Article 86 of the Chicago Convention and Council Decision 216/6 providing, *inter alia*, the suspension of its consideration until the International Court of Justice renders its decision.

36.9 As regards WP/469 presented by Cuba on the imposition of unilateral and extraterritorial measures by the United States, some States expressed their support and cautioned against such sanctions due to their negative impact on the right of a State to develop civil aviation as enshrined in the Chicago Convention. In response to this, the United States affirmed its position on this matter that: ICAO is not the proper venue to debate United States' sanctions; that United States' sanctions target specific behaviour and will be enforced until those behaviours stop; and that the United States continues to uphold all of its international obligations to ensure the safety and security of international aviation. In reference to this response, Cuba emphasized that ICAO is the forum to discuss these issues and recalled the reports provided annually to the Secretary General of the United Nations.

36.10 The Commission noted the information contained in WPs/387 and 469, as well as the views and positions expressed during the discussion. Recognizing that the issues raised in these papers were delicate, political and sensitive, on which the concerned States were holding strong views, the Commission was not in a position to resolve them. Consequently, the report of the Commission should reflect the discussions and report them to the plenary meeting. It was also decided that these matters would be brought to the attention of the President of the Council, whose "good offices" had been involved in these issues in the past.

36.11 The Commission noted the information contained in WPs/475, 476 and 487.

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