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INFORMATION PAPER

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Placencia, Belize, 9-11 July 2024*

Agenda Item 8: Challenges to Air Connectivity in the Americas Panel

PANEL CONFORMATION AND METHODOLOGY

(Presented by the Secretariat)

EXECUTIVE SUMMARY

This information paper details the conformation and methodology to be used in panel on challenges to Air connectivity, sharing the results of the ICAO/LACAC NAM/CAR/SAM *Capacity Building Workshop on Economic Regulation and Oversight* (Panama City, Panama, 21 to 23 May 2024, to discuss proposals to encourage greater air connectivity, especially intra-regional connectivity.

Strategic Objectives:

- Economic Development of Air Transport

References:

- Declaration to promote connectivity through the development and sustainability of air transport in the Pan-American region – Vision 2020-2035
- Doc 9082 ICAO's Policies on Charges for Airports and Air Navigation

1 Introduction

1.1 Aviation connects people and business across the globe, and it is a major contributor to economic growth and development worldwide. A sound, economically viable and sustainable aviation industry is essential for socio-economic development, facilitating tourism and trade, creating jobs and business opportunities and further enhancing consumer benefits and choices.

2 Considerations for Air Transport Development

2.1 Despite Air Transport being a critical component of the global society, the growth of aviation still faces many challenges such as economic uncertainties, regulatory fragmentation, insufficient financing for infrastructure development and lack of effective economic regulation and oversight. These challenges present a substantial threat to the sustainable development of air transport, which could lead to higher costs of operation, hindering air connectivity improvement as well as restricting traffic growth.

2.2 Additionally, high taxes and charges affect the ability of aviation to meet demand as well as impede economic growth. Concerns have been raised on excessive taxation imposed on aviation, the proliferation of interchangeability of taxes in the form of charges. ICAO has therefore developed relevant policies and guidance on taxes and charges on aviation and has been continuously updating them over the years.

2.3 Nevertheless, in some States, national regulation on charges and taxes are not compliant with ICAO's Policies, while in some others, the ICAO key charging principles of non-discrimination, cost relatedness, transparency and consultation with users have not been implemented effectively and in a comprehensive manner, thus posing a serious challenge to the growth and economically viable and sustainable development of air transport.

2.4 To realize and maximize the benefits of aviation, there is a need for a robust regulatory framework and effective economic oversight to ensure that taxes and charges do not impede the development of air transport and the revenues raised do not outweigh the economic benefits that could be generated from increased demand.

2.5 Furthermore, in the current context of a globalized world and commercial openness, a State deprived of policy measures that stimulate appropriate air connectivity finds its opportunities for social and economic development limited. Therefore, it is crucial to keep in mind that economic policies and regulation by State authorities, in favour of the liberalization of the air transport market, as well as ensuring regulatory predictability to the sector, are the key factors to promote the sustainable economic development of the aviation system. Such actions can lead States to a sustainable and robust overall economic growth to maximize the benefits of international air transport to their citizens.

2.6 The liberalization of air transport in the CAR Region brings numerous benefits to States and to their citizens. These benefits are fundamental for the increase in passenger and cargo traffic, greater connectivity and competitiveness on routes, the entry of new air operators, a decrease in the price of air tickets, a greater contribution to GDP, an increase in tourism and income received, among others.

2.7 To cover these considerations, ICAO conducted a Capacity Building on Economic Regulation and Oversight Workshop, in Panama Ciudad, 21 to 23 May 2024. The workshop, in its Summary of Discussion (<https://www.icao.int/SAM/Pages/MeetingsDocumentation.aspx?m=2024-AT-CAPACITYBLDG&t=1>.) offered several recommendations for States, Aviation Stakeholders and ICAO.

3 Panel Conformation and Methodology

3.1 The Secretariat will present the evolution of air transport in the NACC region, following the recovery from the COVID-19 Pandemic, highlighting the current tendencies and development of air operations.

3.2 The panel for this topic will discuss the current challenges on aviation recovery situation in the region - flight connectivity and frequency, air cargo operations -, exchanging what can each States and aviation State holder can contribute towards developing air transport in the CAR Region in a competitive and sustainable matter with particular focus in intraregional flights.

3.3 Some topics for consideration for the Panel are:

- a) Identify challenges for optimizing air Transport in the CAR Region
- b) Status of Liberation of International Air Transport
- c) Effective implementation of ICAO's policies on charges for airport and air navigation services vs taxes
- d) adequate economic policies and regulatory predictability in favour of a robust and liberalized air transport market

3.4 The Secretariat will announce the composition of Panel, who will have a Moderator and several panelists. The Panel will invite questions and interventions from the Meeting as time permits.

3.5 At the end of the discussions, the moderator will briefly on the Panel outcomes and main recommendations for the Meeting consideration.