

Liberalization of Air Cargo: Regional and Global Approaches



ICAO

Aviation in General Perspective

Aviation is more global than ever... and growing exponentially:

Enables connectivity regionally and extra-regionally:

- Connects people, facilitate cultural exchanges and diversification...
- Supports trade, business and commerce; movement of services...
- Creates access to foreign markets....strengthens international relations...



Aviation in General Perspective

Aviation is more global than ever... and growing exponentially:

- Creates employment: Supports over 5.2 mil. jobs in Latin American and Caribbean Regions.
- Promotes economic and social development: Contributes USD\$167 bil. to GDP in Latin American and Caribbean Regions.
- Encourages investment and stimulates tourism...



Aviation in General Perspective

At a Glance:

- Passengers transported (scheduled services) rose to 4.1 billion in 2017 (7.2 % increase from 2016)
- Departures reached 36.7 million in 2017 (3.1 % increase from 2016)

Forecasts :

- 2035: passengers travel expected to double: 3.8 bil. to 7.2 bil. worldwide...
- South American markets: Passengers expected to grow by 3.8% annually ...
- 2035: aviation will provide 99 mil. jobs & generate USD 5.9 tril. in GDP

However...the reality is....Air Cargo market is also growing very fast...



Air Cargo – Value

Air Cargo – Demand is limited by cost

- 4 to 5 times the cost of road transport
- 12 to 16 times the cost by sea.

VALUE

- Constitute 34.6 % of world trade by value.
- Increase industrial production and consumer confidence.



Air Cargo – Crucial to Regional Development

Air Cargo – Contributes to Regional Economic & Social Development: A Driver of Global trade and E-Commerce

- E-commerce/Online shopping - Facilitates access to wide variety of goods.
 - Brings businesses and customers together.
 - Increases reach to global market place; reduces waiting time.
 - Connects distant nations with global supply chain networks.
 - Provides fast just-in-time services for high-value goods, perishables, agricultural supplies, etc. “Same day or Next day”
 - Facilitates competitive advantage in trade.
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Air Cargo – Global and Regional Performance

Air cargo services promote economic growth and trade development...

- Annual Growth – Global:

- During 2017 - Air Freight Traffic: +9.5% Freight Tonne-Kilometers compared to 3.6% in 2016.

- Annual Growth – Latin America and Caribbean:

- During 2017 - Air Freight Traffic: +5.1% Freight Tonne-Kilometers compared to -1.9% in 2016.

However, is there need for Air Cargo Liberalization?



Air Cargo – Constraints

Well....Air Cargo Services are constrained by:

- Different operational requirements from passenger service...
- Limited freedoms existing under traditional bi-lateral agreements (ASAs)...
- Focus of ASAs is generally on Passenger Services and Combination Services
- Operational restrictions:
 - ✓ Night curfews...
 - ✓ Limited ground-handling rights; limited slots
 - ✓ Burdensome customs requirements
 - ✓ Overwhelming Security Measures



Air Cargo Liberalization – What next?

“Liberalization of Markets expected to:

- Increase trade; and expand global air cargo market annually by 5.2 %...
- Revisit agreements... consider the inclusion of other freedoms...
- Remove restrictions on air trade within the regions...
- Promote single market economy provisions (regionally)...
- Improve operational efficiencies of air cargo services...
- Give air cargo services more business-oriented recognition and treatment...
- Grant more operational flexibility...

Questions?



Air Cargo Liberalization – What next?

What more should be done to support the development of international agreements for air cargo liberalization?

Should:

- Economic and social benefits from Air Cargo liberalization be ascertained and forecasted?
 - Specific agreements be developed for the regions to facilitate liberalization of air cargo services?
 - Model clauses be included in agreements to provide specific traffic rights for air cargo services?
 - The distinct features of air cargo services be considered when exchanging market access rights?
 - **What is meant to grant more operational flexibility...?**
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Air Cargo Liberalization – What next?

1. What are some regional accomplishments regarding Air Cargo Liberalization?
2. Should Air Cargo Services:
 - Be considered for Global liberalization?
 - Demand more commercial freedom such as 7th freedom; and, is this achievable?

Can regional efforts at air cargo liberalization lay the foundation for a global approach?



Air Cargo Liberalization – What next?

Air Cargo Liberalization, apart from facilitating:

- Increase reach or access to the global market place...
- Significantly reducing waiting time and delays...
- Better integrating the global supply chain network...
- Better facilitating just-in-time services....
- **How else will Air Cargo Liberalization contribute to the growth and success of Trade (inclusive of B-toB, B-to-C and E-commerce)?**



The background of the slide is a faded, light blue image of an airplane engine and several large cargo pallets wrapped in white plastic and secured with metal strapping. The engine is on the right, and the cargo is in the foreground. The overall tone is professional and industrial.

END