Liberalization of Air Cargo: Regional and Global Approaches
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 – 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.
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?
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
“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?
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**...?
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, 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-to-B, B-to-C and E-commerce)?
END