

Second ICAO Air Cargo Development Forum:

*Achieving Global Liberalization
of Air Cargo Services*



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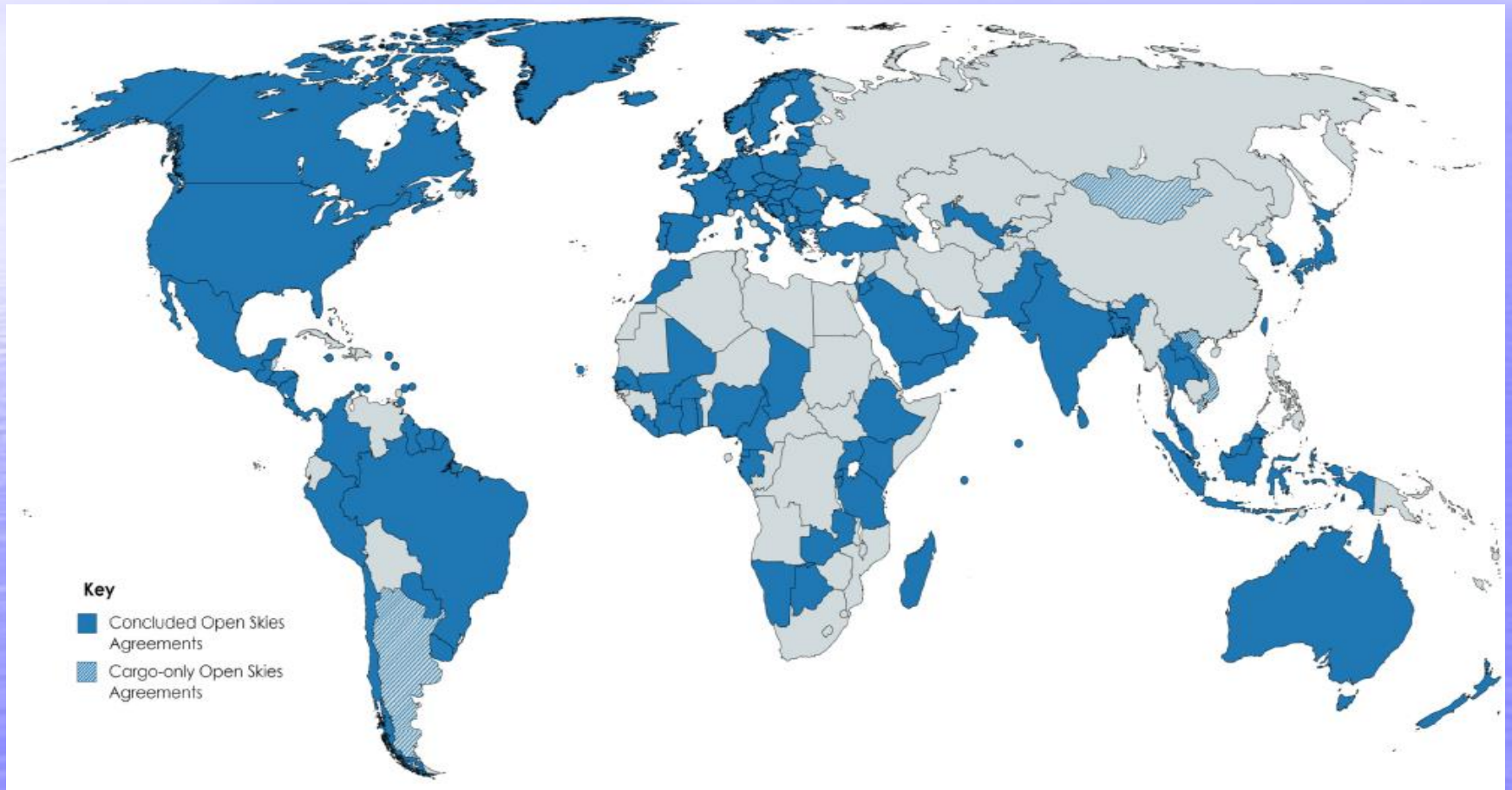
Underpinnings of U.S. International Aviation Policy

- Chicago Convention (1944)
- Deregulation of U.S. domestic Market (1978)
- DOT Final Order 92-8-13, "In the matter of Defining Open Skies" (5 August 1992)
- U.S.-Netherlands Open-Skies Agreement (1992)
- 60 *Federal Register* 21841, "Statement of U.S. International Aviation Policy" (3 May 1995)

Elements of U.S. Open-Skies Agreements

- Open Routes and Designations
- Unrestricted Routing Flexibility
- Unrestricted Capacity and Frequency
- Liberal Charter Regime
- Liberal Cargo Regime
- Open Code-Sharing
- Double-Disapproval Pricing
- Pro-competitive doing-business provisions
- Intermodal Rights
- Modern Safety and Security Provisions

State of the U.S. Open-Skies Initiative



49 *U.S. Code* § 40101(b)

All-Cargo Air Transportation Considerations. —In carrying out subpart II of this part and those provisions of subpart IV applicable in carrying out subpart II, the Secretary of Transportation shall consider the following matters, among others and in addition to the matters referred to in subsection (a) of this section, as being in the public interest for all-cargo air transportation:

- (1) encouraging and developing an expedited **all-cargo air transportation system** provided by private enterprise and responsive to—
 - (A) the present and future needs of shippers;
 - (B) the commerce of the United States; and
 - (C) the national defense.
- (2) encouraging and developing **an integrated transportation system** relying on competitive market forces to decide the extent, variety, quality, and price of services provided.
- (3) providing services without unreasonable discrimination, unfair or deceptive practices, or predatory pricing.

Key Operational Flexibilities

- operate flights in either or both directions;
- combine different flight numbers within one aircraft operation;
- serve behind, intermediate, and beyond points and points in the territories of the Parties in any combination and in any order;
- omit stops at any point or points;
- transfer traffic from any of its aircraft to any of its other aircraft at any point;
- serve points behind any point in its territory with or without change of aircraft or flight number and hold out and advertise such services to the public as through services;
- make stopovers at any points whether within or outside the territory of either Party;
- carry transit traffic through the other Party's territory; and
- combine traffic on the same aircraft regardless of where such traffic originates;

Key Commercial Flexibilities

- Establish offices
- Bring-in and maintain specialist staff
- Conduct own ground-handling service (*i.e.*, “self-handling”)
- Sell air transportation through preferred methods
- Convert and remit local revenues in excess of sums locally disbursed without taxation
- Pay for local expenses, including purchases of fuel, in local currency
- Enter into cooperative marketing arrangements (*e.g.*, code sharing, blocked space) with partners of their choice
- Offer intermodal transportation at a single, through price for the air and surface transportation combined
- Provide intermodal transportation by itself or through partners of their choice

Questions? Comments?

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