



ASSEMBLY — 38TH SESSION

ECONOMIC COMMISSION

Agenda Item 41: Economic Regulation of International Air Transport

COMMERCIAL AVIATION POLICY OF THE DOMINICAN REPUBLIC

(Presented by the Dominican Republic)

EXECUTIVE SUMMARY

This paper presents a brief report on the progress of the Dominican Republic in the air transport regulation area, highlighting the important steps taken by the country based on the guidelines issued by the Fifth Worldwide Air Transport Conference (ATConf/5), *Challenges and Opportunities of Liberalization*, held in Montréal, Canada, from 24 to 29 March 2003, and since 2004, to move toward a more liberalized process in its commercial aviation relationships with other States, resulting in the formal adoption in 2010 of the air transport policy of the Dominican Republic.

This policy resulted in a positive change in the air transport sector and the removal of restrictions impeding access to the Dominican market. It has also boosted and expanded the range of air services on offer.

This paper also includes a table showing the agreements reached by the country within the scope of the International Civil Aviation Organization's (ICAO) Air Services Negotiation Conferences (ICAN).

Action: The Assembly is invited to:

- a) consider the information contained in this information paper; and
- b) recognize the importance of ICAO's continuing leadership to guide States in formulating their internal regulations, thereby contributing to facilitating and supporting the liberalization process.

<i>Strategic Objectives:</i>	This working paper relates to Strategic Objective C— <i>Environmental Protection and Sustainable Development of Air Transport</i> .
<i>Financial implications:</i>	No financial implications.
<i>References:</i>	Guidelines from the Fifth Worldwide Air Transport Conference ATConf/5 (Doc 9819) Resolution A37-20 <i>Consolidated statement of continuing ICAO policies in the air transport field</i> .

¹ Spanish language version provided by the Dominican Republic.

1. INTRODUCTION

1.1 The aim of adopting Resolution A37-20, "Consolidated statement of continuing ICAO policies in the air transport field" at the 37th session of the ICAO Assembly in 2010 was to provide States with an appropriate guidance document for the preparation of economic regulation policies in the area of air transport, statistical data, economic analysis and planning, fixing duties and taxes and other related matters, in order to comply with ICAO's objective in terms of the reliable and sustained involvement of States in the international air transport system, with the aims and principles of the Convention on International Civil Aviation, to ensure that international air transport services are able to develop in an orderly, regular, efficient, economical, harmonious and sustainable manner, and are established on the basis of equal opportunities.

2. BACKGROUND

2.1 Around 2004, the Dominican Republic began a process to review the commercial aviation policies that had been implemented since the end of the 1940s. These policies were based on Bermuda-type air services agreements: protectionist government policy, granting rights up to the third and fourth freedoms of civil air transport for passenger flights, cargo flights or a combination of the two, restrictions on routes, sole designation, double approval or disapproval of tariffs and limitations on capacity. This approach resulted in poor and inadequate connections for the country, as well as limited access to the international airline market.

3. ADOPTION OF THE COMMERCIAL AVIATION POLICY OF THE DOMINICAN REPUBLIC

3.1 As the first step toward liberalization and under the guidelines issued by the Fifth Worldwide Air Transport Conference ATConf/5, *Challenges and Opportunities of Liberalization*, held in Montréal, Canada, from 24 to 29 March 2003, new Air Services Agreements reached by the Dominican State included clauses with an increasingly flexible approach, including those relating to the substantial ownership of companies, which allow the designation of airlines whose main domicile and regulatory control is in the hands of the Government of the designating party.

3.2 This new policy implemented by the Dominican Republic was formally adopted by the Resolution of the Civil Aviation Board *No. 180-(2010)*, of 23 August 2010.

4. RESULTS OF THE LIBERALIZED POLICY, COMMERCIAL AVIATION RIGHTS WITH OTHER STATES

4.1 Based on a liberalized approach, over the last six years, the Dominican Republic has exchanged bilateral traffic rights up to the sixth freedom for passenger and cargo flights with twenty six States and up to the seventh freedom for cargo-only flights, bringing the total number of Air Services Agreements (ASAs) signed during the country's entire commercial aviation history to forty four. In 2010, the Dominican Republic signed the Multilateral Open Skies Agreement for Member States of the Latin American Civil Aviation Commission (LACAC).

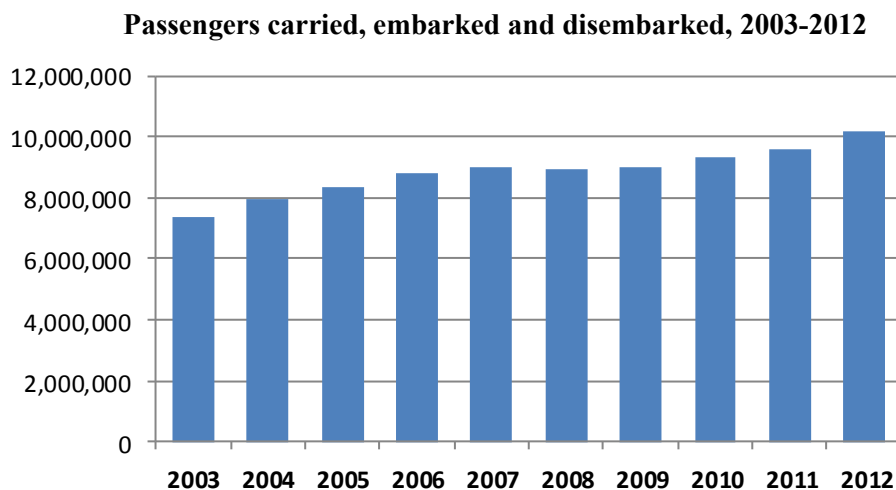
4.2 The implementation of a liberalized air transport policy by the Dominican Republic means that fifty-three foreign airlines are now permitted to operate regular flights. The airlines originate from

various markets and their fleets include high-capacity aircraft. Around 100 foreign airlines operate charter flights. The country has fifteen national medium-capacity airlines that share the regional market with foreign operators. The domestic market is operated exclusively by national airlines, however, it is feasible that these airlines could reach code-sharing agreements with foreign airlines.

4.3 In terms of connections, the Dominican Republic now offers 220 regular routes and approximately 430 charter routes, thereby offering a wider range of options to the traveling public.

5. GROWTH IN THE VOLUME OF PASSENGERS, STATISTICAL REPORTS

5.1 One of the most significant results of the adoption of this new policy has been the growth observed in the passenger flows to and from the Dominican Republic over the last ten years, despite this period coinciding with the severe economic downturn that has devastated the major world economies, affecting both the aviation industry and the tourism sector in other regions, including the Caribbean. In general terms, passenger flows increased over this period by an average of more than 5 per cent.



6. RESULTS OF THE ICAO AIR SERVICES NEGOTIATION CONFERENCES (ICAN)

6.1 As part of the ICAO Air Services Negotiation Conferences (ICAN), the Dominican Republic held consultation meetings with a number of States. Following these consultations, it signed air services agreements with various States as part of its liberalized approach, granting up to the sixth freedom for combined flights, and the seventh freedom for cargo-only flights. A comparative table of the progress achieved is presented below.

COUNTRIES	ICAN 2009 Istanbul, Turkey	ICAN 2010 Montego Bay, Jamaica	ICAN 2011 Mumbai, India
1. United Arab Emirates	Signing of MOU, under the heading of ASA, 10/01/2009		
2. France			Signing of MOU, 10/18//2011
3. United States of America	Consultation Meeting	Consultation Meeting	Consultation Meeting
4. India		Consultation Meeting	Signing of MOU, under the heading of ASA, 10/19/2011
5. Iceland	Signing of MOU, under the heading of ASA, 10/01/2009		
6. Jordan	Signing of MOU, under the heading of ASA, 10/28/2009		Signing of MOU (amendment), 10/18/2011
7. Kuwait		Signing of MOU, under the heading of ASA, 07/01/2010	
8. United Kingdom of Great Britain and Northern Ireland			Signing of MOU, 10/18//2011
9. Turkey	Signing of MOU, under the heading of ASA, 10/01/2009		

7. CONCLUSIONS

7.1 The adoption of a liberalized air transport policy has generated a substantial increase in the volume of passengers carried and allowed the country to expand its connections.

7.2 Like other Latin American countries, the Dominican Republic has taken steps toward liberalization, abandoning former practices of protecting the domestic market. Statistical reports show that the major generators of incoming traffic originate from countries with more robust economies.

7.3 To conclude, it should be noted that, as a fundamental support to tourism, air transport has become an economic mainstay of the country.

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