



ASSEMBLY — 38TH SESSION

ECONOMIC COMMISSION

Item 40: Economic Development of Air Transport - Policy

**PRIORITISATION OF WORK ON THE ECONOMIC REGULATION OF AIR TRANSPORT
FOR THE NEXT TRIENNIUM**

(Presented by the 22 (*) member States of the
Latin American Civil Aviation Commission)

SUMMARY

This paper analyses the mandates contained in the Consolidated statement of continuing ICAO policies in the air transport field (Assembly Resolution A37-20). It also highlights the main recommendations of the Sixth Worldwide Air Transport Conference (ATConf/6) held on 18 - 22 March 2013. Finally, it proposes the need for ICAO to prioritise its work in the air transport field, which is in line with the new strategic objective recognised by the Council: Economic development of air transport.

Action: The Assembly is invited to endorse the priorities proposed for the 2014-2016 triennium, as stated in paragraph 3 of this working paper, and to include them in the revised version of the Consolidated statement of continuing ICAO policies in the air transport field.

<i>Strategic Objectives:</i>	This working paper relates to Strategic Objective C – <i>Environmental Protection and Sustainable Development of Air Transport</i>
<i>Financial repercussions:</i>	It is foreseen that most measures of the ATConf/6 will be implemented using existing resources. However, some tasks may require additional resources.
<i>References:</i>	Doc 9958, Assembly Resolutions in Force (as of 8 October 2010) Doc 9975, Annual Report of the Council - 2011 Doc 10009, Report of the Sixth Worldwide Air Transport Conference C-WP/14044 dated 19/4/13

1. INTRODUCTION

1.1 The *Convention on International Civil Aviation* (Doc 7300) establishes the essential principles to be followed by governments to ensure the development of international air transport services in an orderly, regular, efficient, and sustainable manner. In this context, one of the purposes of ICAO is to support member States in the implementation of these principles so that these services can be provided based on equal opportunities and sound and cost-efficient operations. Accordingly, the guidelines and

¹ Spanish language versions provided by LACAC.

(*) Argentina, Aruba, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Dominican Republic, Uruguay, and Venezuela.

measures adopted by the Organization must help States to draft policies for promoting the sustainable development of international air transport and facilitating liberalisation.

1.2 Likewise, the 2011-2013 work programme in the air transport field is consistent with Resolution A37-20, *Consolidated statement of continuing ICAO policies in the air transport field* and with strategic objective C – *environmental protection and sustainable development of air transport*, the purpose of which is to foster harmonised and economically-feasible development of international civil aviation without harming the environment.

1.3 On the other hand, and to supplement the work being carried out by ICAO, the Sixth Worldwide Air Transport Conference adopted a broad and integrated set of conclusions and recommendations to guide future policies and actions of the States and the Organization. Major achievements include:

- a) air transport was considered as part of the civil aviation system;
- b) the liberalisation objective and ICAO's leadership role were reasserted;
- c) new paths were opened towards modernisation of the global regulatory framework; and
- d) the foundations were set for the adoption by ICAO of concrete action in its future work in the area of air transport. The recommendations of the Conference were divided into those to be adopted by the States and those to be adopted by ICAO.

1.4 Based on the above, and in line with the new objective approved by the Council, "*Economic development of air transport*", an enhanced regulatory environment is required in order to achieve a sustainable air transport, in addition to the development of innovative strategies for hiring and maintaining the next generation of aeronautical professionals, securing an adequate number of qualified aviation professionals for exploring, managing, and maintaining the international air transport system, in accordance with growth in the industry and, last but not least, reinforcing the new ICAO statistics programme. To this end, the main mandates of Assembly Resolution A37-20 must be reviewed in order to determine which should be preserved, linking them to the recommendations of the Sixth Worldwide Air Transport Conference (ATConf/6), thus prioritising the future work of ICAO in the air transport area.

2. APPLICATION OF ASSEMBLY RESOLUTION A37-20

2.1 In 2011, ICAO started a systematic application of the Resolutions adopted by the Assembly in its 37th Session. The *Annual Report of the Council* (Doc 9975) lists ICAO's achievements and challenges, mainly with respect to the three strategic objectives defined by that Assembly: safety; security; environmental protection and sustainable development of air transport.

2.2 Regarding sustainable development of air transport, the report indicates that the action taken included, *inter alia*, doubling efforts for the creation of a favourable world regulatory environment for the sustainable development of international air transport through a dialogue amongst member States, and providing innovative on-line data tools. At the same time, ICAO facilitated the conclusion of bilateral and multilateral air service agreements, while offering guidance for the adoption and application of policies aimed at advancing the sustainable development of international civil aviation.

2.3 In terms of air transport policies, the report highlights that the liberalisation of regulations on international air transport continued to evolve at bilateral and regional level. Various States concluded new bilateral air service agreements and "open skies" agreements, generally aimed at introducing more flexibility regarding designations, route rights, capacity, frequencies, code sharing, and fares and rates. Regarding the Latin American Civil Aviation Commission (LACAC), this organisation enacted a Multilateral Open Skies Agreement, which is gradually being signed by its member States, taking into

account that some of them, for political reasons, have not been able to do it yet. Nevertheless, this legal instrument is considered to be in accordance with ICAO Assembly Resolution A37-20. It would also be advisable for ICAO to conduct duly quantified economic studies on the contribution of liberalisation to the development of States and of international civil aviation in particular.

2.4 At multilateral level, the World Trade Organisation (WTO) continued reviewing the Annex on air transport services to the General Agreement on Trade in Services (GATS). The Secretariat followed closely the evolution within the WTO, where proposals to expand the scope of the Annex were still being analysed.

2.5 Likewise, the report mentions the fourth ICAO Air Services Negotiation Conference (ICAN/2011) held in Mumbai, where more than 120 agreements and bilateral arrangements were concluded in the area of air services.

3. PRIORITIES AND OUTCOMES FOR THE 2014-2016 TRIENNIUM

3.1 Having reviewed the main mandates contained in Resolution A37-20 and having assessed the recommendations of the Sixth Worldwide Air Transport Conference on the adoption of measures by ICAO, a proposal based on a regional consensus is being submitted to the Assembly on the prioritisation of tasks to be carried out under this new objective of the Organization, in order to obtain the results that the States demand for the next triennium.

3.2 High-priority tasks (1) are those of greater significance for the States; medium priority tasks (2) are those emanating from work in progress; while low-priority tasks (3) refer to those to be undertaken as resources become available and which could take longer time.

Note: 1= High priority, 2= Medium priority 3= Low priority

No.	Recommendation	Priority
1	Formulate, in the short term, a set of high-level, non-prescriptive basic consumer protection principles in line with the instruments in force, particularly the Convention for the unification of certain rules for international carriage by air, signed in Montreal on 28 May 1999 (new task)	1
2	Draft a specific international agreement to foster a higher level of liberalisation of air cargo services (new task)	1
3	Develop an international agreement for liberalisation of market access by the States (new task)	1
4	Prepare an international agreement to liberalise ownership and control by air carriers (new task)	1
5	Prepare a compendium of competition policies to be applied a national or regional level (new task)	1
6	Conduct a cost-benefit analysis of air transport connectivity (new task)	1
7	Cooperate with the associations of the industry to provide analytical advice and guidance to the States on the impact of taxes and other charges on air transport (new task)	1
8	Establish a multidisciplinary working group to analyse the challenges associated to the establishment of operational and economic incentives, such as service prioritisation, in order to obtain new technologies and procedures, as described in the aviation system block upgrades (ASBU) modules	1
9	Continue offering guidance and assistance to States to facilitate liberalisation of market access, using resources such as the ICAO Air Services Negotiation Conference (ICAN)	1
10	Establish a voluntary air transport fund in accordance with the relevant ICAO standards (new task)	1
11	Cooperate with international and regional organisations and with the industry in the	1

	monitoring of obstacles to a sustainable air transport system, and jointly define key strategies to overcome such obstacles	
12	Consideration should be given to the reestablishment of the ICAO statistics system, with the support of regional bodies. Likewise, it is necessary to define clear environmental variables. An analysis of the economic impact is being requested. All these aspects are of vital importance for the States.	
13	Conduct duly quantified economic studies on the contribution of liberalisation to the development of States and international civil aviation in particular (new task)	1
MEDIUM PRIORITY		
14	Develop tools--such as a forum for the exchange of ideas--to improve cooperation, dialogue and the exchange of information amongst member States to foster regulatory approaches more in line with international air transport (new task)	2
15	Explore the possibility of establishing new mechanisms--including user charges--to ensure sustainable funding for oversight functions at regional and State level, in accordance with ICAO's Policies on charges for airports and air navigation services (Doc 9082) (new task)	2
16	Consider other ways of enhancing ICAO policies on sustainable economic development of the air transport system, and assess the usefulness of a new Annex to the Chicago Convention to address this topic, or other acceptable solutions (new task)	2
17	Monitor the development of market access, consumer protection, competition, and safeguards; keep up-to-date its guidance on the policy on air transport regulation and liberalisation. In particular, continue updating air service agreement models, based on the evolution of regulations and liberalisation indicators. ICAO should continue creating relevant databases, such as the Database of the World's Air Services Agreements (Doc 9511) and conduct case studies on liberalisation experiences.	2
18	Disseminate ICAO policies and guidelines on infrastructure financing, and develop guidance material on the financing of safety oversight functions and aviation protection at State level, and control the financing of economic oversight function, making sure users are not charged multiple times for such functions.	2
19	Disseminate as much as possible the policies on user charges and its guidelines on governance and ownership, control and management of airports and air navigation service providers (ANSPs), and keep them relevant, current, and in line with any changes that may be introduced.	2
20	Closely monitor the evolution of airport and ANSP marketing and privatisation, collecting information from the States on the level of application of policies on airport and air navigation service charges, and publish periodic updates of that information in the form of a supplement to Doc 9082.	
LOW PRIORITY		
21	Continue drafting guidelines for the States on economic regulation of air transport and emerging issues of global significance, including business aviation	3
22	Provide assistance for the ratification of MC99, if so requested by any State	3

4. ACTION

4.1 The Assembly is invited to endorse the priorities proposed for the 2014-2016 triennium, in accordance with that stated in paragraph 3 of this working paper, and include them in the revised version of the Consolidated statement of continuing ICAO policies in the air transport field.