



WORKING PAPER

ASSEMBLY — 40TH SESSION

ECONOMIC COMMISSION

Agenda Item 32: Economic Regulation of Air Transport – Policy

**DEVELOPMENT OF A SPECIFIC INTERNATIONAL AGREEMENT TO FACILITATE
FURTHER LIBERALIZATION OF AIR CARGO SERVICES**

(Presented by United Arab Emirates)

EXECUTIVE SUMMARY

The United Arab Emirates (UEA) refers to A40-WP16/EC1 presented by the Council, which, inter alia, concludes that the work of the Air Transport Regulation Panel(ATRP) on the development of an international agreement to facilitate further liberalization of air cargo services should cease, and that the International Transport Agreement should be used as an interim solution in relation to such liberalization.

Action: The Assembly is invited to:

- a) note the views of the UAE on the proposal of the Council; and
- b) agree that in noting the Report of the Council, the Commission takes account the views of the UAE in paragraphs 3.1 and 3.2.

<i>Strategic Objectives:</i>	This working paper relates to the Strategic Objective – Economic Development of Air Transport.
<i>Financial implications:</i>	This working paper has no financial implications.
<i>References:</i>	WP16/EC/1 by the ICAO Council - Progress Report on the Development of International Agreements on the Liberalization of Market Access, Air Cargo and Air Carrier Ownership and Control. AT-WP/2169 by the Air Transport Committee – Report on the Fifteenth Meeting of the Air Transport Regulation Panel (ATRP/15) ATRP15 – Yellow Paper Cover Report.

1. INTRODUCTION

1.1 At the 217th Session of the Council, the Air Transport Committee (ATC) reviewed the Report of the Fifteenth Meeting of the Air Transport Regulation Panel on the assigned tasks (AT-WP/2169 refers). The Committee acknowledged that extensive work has been done by the ATRP on the examination and/or development of international agreements related to the liberalization on market

access, air cargo services and air carrier ownership and control. Concern was expressed that, apart from the development of a draft Convention on Foreign Investment in Airlines, the Panel remained divided on the issue of market access and air cargo services with no prospects of making significant progress in the short term.

1.2. The Committee, therefore, decided, *inter alia*, that the Panel ceases the work related to the development of an international agreement to facilitate further liberalization of air cargo services. The ICAO should take steps to build a better understanding of the benefits and challenges of liberalization and barriers to opening market access, both in terms of passenger and cargo services, and, in particular, to identify what States need to assist them in pursuing liberalization.

2. DISCUSSION

2.1. The UAE has been involved in the work of the ATRP since its inception and recalls that the Work Program of the ATRP was informed, to a great extent by the recommendations of ATConf/6, which were influenced by the strong commitment of the UAE to the liberalization of air transport. We therefore regard as a measure of success that the ATRP has been able to develop a draft Convention on Foreign Investment in Airlines, but we wish to highlight the contrasting results in relation to ATRP's work on the liberalization of air cargo.

2.2. In this regard, the UAE refers to paragraph 3.5 of Section 3 – Future Work WP/16-EC/1 which refers to the International Air Transport Agreement (currently in force among 11 signatory States). The Council advised that the main feature of this 1944 Agreement is that it allows the parties to exercise traffic rights on a multilateral basis for passenger and cargo services up to *5th Freedom of the Air*, and to use “substantially owned and effectively controlled” as airline designation criteria. Consequently, any “willing and ready” States could use this Convention for the liberalization of air cargo services, as an interim solution until a more comprehensive multilateral agreement is developed. “Upon signing the Agreement, States could make reservations, for example, in relation to passenger services and thus restrict the scope of the application of the Agreement only to air cargo services as far as they are concerned.”

2.3. The UAE has noted the suggestion of using the International Air Transport Agreement (ATA), 1944 as an interim solution, pending any progress towards liberalization of cargo services and wishes to express the view that this idea is quite useful. However, based on an examination of the history of this Agreement, we have concluded that it might prove to be somewhat impractical. (As at 6 March 1947, there were seventeen (17) signatories, at this time, the last signing took place on 19 January 1968, based on a number of denunciations, there are only 11 signatories). Consequently, it is critical that ICAO strongly promotes the existence of this Agreement and its potential for the liberalization of air transport, thus encouraging States to consider signature. Additionally, ICAO should examine this Agreement, in the context of understanding the apparent barriers to new signatories as well as the rationale for its denunciation by States.

3. CONCLUSION

3.1. In the event, the UAE urges that with respect to the development of an international agreement to facilitate further liberalization of air cargo services, the Commission's conclusions on the

Council's Report should not include a statement that the ATRP should cease its work on development of an international agreement to facilitate further liberalization of air cargo services.

3.2. The UAE also proposes that, with respect to the development of an international agreement to facilitate further liberalization of air cargo services, the Commission should conclude that:

- a) The ATRP will continue to support the activity of the Secretariat in its task of building a better understanding of the benefits and challenges of liberalization and barriers to opening market access in terms of cargo services.
- b) The ICAO be asked to:
 - i) strongly promote the existence of International Air Transport Agreement, 1944 and its potential for the liberalization of air cargo services; and
 - ii) review the ATA in context of understanding the apparent barriers to new signatories as well as the rationale for its denunciation by some States.

— END —