

**59TH CONFERENCE OF
DIRECTORS GENERAL OF CIVIL AVIATION
ASIA AND PACIFIC REGIONS**

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AGENDA ITEM 6: ECONOMIC DEVELOPMENT OF AIR TRANSPORT

**RELATIONSHIP BETWEEN THE FREEDOMS OF THE AIR AND THE
ECONOMIC DEVELOPMENT OF AIR TRANSPORT**

(Presented by The Philippines)

SUMMARY

This paper discusses that by enhancing connectivity, fostering tourism and trade, and attracting investment, the Freedoms of the Air stimulate economic growth and infrastructure development in various regions.

RELATIONSHIP BETWEEN THE FREEDOMS OF THE AIR AND THE ECONOMIC DEVELOPMENT OF AIR TRANSPORT

1. INTRODUCTION

1.1 The Freedoms of the Air, established by the International Civil Aviation Organization (ICAO), are the cornerstone of international aviation agreements. These freedoms facilitate various aspects of air travel and commerce, impacting the economic development of air transport on a global scale.

2. DISCUSSION

2.1 The Freedoms of the Air, particularly the Third, Fourth, Fifth, and Sixth Freedoms, significantly enhance global connectivity. They allow airlines to establish new routes and link more destinations, facilitating the movement of people and goods. Enhanced connectivity fosters tourism, international trade, and cultural exchange, contributing to the overall economic development of the regions involved. Airlines can penetrate new and emerging markets, offering direct flights and improved service options. This not only benefits the airlines but also stimulates economic activity in underserved regions. The opening of new markets promotes investment in aviation infrastructure, such as airports and maintenance facilities, leading to job creation and economic growth.

2.2 The exercise of the Freedoms of the Air can attract foreign investment in the aviation sector. International airlines investing in local markets bring capital, expertise, and technology, boosting the overall industry. Joint ventures and strategic alliances between airlines facilitate knowledge transfer and operational synergies, enhancing the global competitiveness of the aviation sector.

2.3 The aviation industry has a significant multiplier effect on the broader economy. Increased air traffic leads to higher demand for goods and services, stimulating sectors such as tourism, hospitality, and retail. Infrastructure development, including airport expansion and modernization, generates employment, and support local economies.

2.4 The Freedoms of the Air enable the growth of international tourism by providing efficient and affordable air travel options. Tourism contributes to foreign exchange earnings, job creation, and cultural exchange. Regions with strong tourism appeal benefit from increased visitor numbers, boosting local businesses and promoting economic diversification. Efficient air cargo services facilitated by the Freedoms of the Air support global trade. Businesses can access international markets more easily, promoting exports and imports.

2.5 The Freedoms of the Air are instrumental in driving the economic development of air transport by enhancing connectivity, promoting competition, attracting investment, and supporting broader economic activities. These freedoms contribute significantly to global economic growth. However, to fully realize these benefits, it is essential to address regulatory, infrastructure, and environmental challenges through international cooperation and sustainable practices.

2.6 One of the primary regulatory challenges is that airlines often require bilateral and multilateral agreements to exercise these freedoms, but inconsistencies in regulations and protectionist policies can hinder their efforts. Additionally, disparities in market access between developed and developing countries can lead to inequitable air transport opportunities, which airlines from nations with weaker negotiating power facing stricter limitations.

2.7 Infrastructure challenges further complicate the exercise of air freedoms, as they depend heavily on the availability and quality of airport infrastructure. Many airports, particularly in developing regions, suffer from congestion, outdated facilities, and operational inefficiencies, limiting their ability to support increased international flights. Furthermore, the rising demand for international air travel, especially under Fifth and Sixth Freedoms, places additional strain on air traffic control systems, creating the need to manage congested airspaces while ensuring both safety and efficiency.

2.8 Lastly, in terms of environmental challenges, increase in flights resulting from the liberalization of the Third to Sixth Freedoms could exacerbate environmental issues, particularly carbon dioxide emissions and noise pollution which makes the aviation industry a significant contributor to greenhouse gas emissions.

2.9 Addressing the regulatory, infrastructure, and environmental challenges associated with the Third, Fourth, Fifth, and Sixth Freedoms of the Air requires robust international cooperation and the adoption of sustainable practices. By aligning regulatory frameworks, investing in sustainable aviation infrastructure, adopting greener technologies, and promoting open skies agreements, the global aviation industry can meet the growing demands of international air transport while balancing environmental and security concerns. International organizations like ICAO, in partnership with national governments and airlines, play a central role in ensuring that these freedoms are exercised equitably, efficiently, and sustainably.

2.10 As the aviation industry continues to evolve, the strategic use of the Freedoms of the Air will remain a key driver of economic progress and development in the air transport sector.

3. ACTION BY THE CONFERENCE

3.1 The Conference is invited to:

- a) encourage the creation of multilateral agreements that allow for a more uniform application of the Third to Sixth Freedoms of the Air as this would help reduce inconsistencies and remove barriers that result from protectionist policies and fragmented regulations across different countries;
- b) encourage to strengthen regulatory harmonization between Asia Pacific countries, especially between developed and developing nations which could include standardized safety, operational, and environmental regulations, helping airlines from all regions access markets equitably; and,
- c) call on Member States to implement and enforce environmental regulations to mitigate the impact of increased air traffic on the environment, such as carbon offset programs and noise pollution controls to encourage sustainable aviation practices.