International Civil Aviation Organization

WORKING PAPER

SEVENTH WORLDWIDE AIR TRANSPORT CONFERENCE (ATCONF/7)

Montréal, HQ, 16 to 20 November 2026

Agenda Item 1: Overview of developments in the field of air transport

OVERVIEW OF DEVELOPMENTS IN THE FIELD OF AIR TRANSPORT

(Presented by the Secretariat)

EXECUTIVE SUMMARY

This paper provides an overview of key developments in international air transport since the Sixth Worldwide Air Transport Conference (ATConf/6) held in 2013. It examines progress across markets, industry structures, regulatory approaches and enabling conditions, and situates these changes within the context of the long-term outlook towards 2050 in line with the Strategic Plan of the International Civil Aviation Organization (ICAO). The paper is intended to support shared situational awareness among stakeholders and to provide a focused basis for consideration of challenges, emerging issues, future priorities and areas for continued cooperation at the Seventh Worldwide Air Transport Conference (ATConf/7).

Action: The Conference is invited to:

a) note the major developments in international air transport since ATConf/6;
b) recognize key emerging trends and technologies shaping the sector;
c) encourage States to take into consideration the highlighted emerging issues in paragraph 3.3 in their regulatory approaches, and collaborate with ICAO to develop appropriate economic regulatory frameworks to support emerging technologies; and
d) encourage States to support and collaborate with ICAO in achieving the objectives of its Strategic Plan 2026-2050.

Strategic Goal:	This working paper relates to Strategic Goal: *The Economic Development of Air Transport Assures the Delivery of Economic Prosperity and Societal Well-Being for All.*
Financial implications:	The activities referred to in this paper will be undertaken subject to the resources available in the 2026–2028 Regular Budget and/or from extra budgetary contributions, including the Voluntary Air Transport Fund.
References:	Doc 10009, *Sixth Worldwide Air Transport Conference: Sustainability of Air Transport. ICAO Headquarters, Montréal, 18–22 March 2013. Economic Development Report.* Doc10027, *Assembly 38th Session Montréal. 24 September – 4 October 2013. Economic Commission. Report* Doc10221, *Assembly 42nd Session. Montréal, 23 September–3 October 2025. Economic Commission. Report* ICAO Strategic Plan 2026-2050

1. INTRODUCTION

1.1 International air transport has evolved into a global system of economic cooperation, grounded in shared principles and institutional coordination under the *Convention on International Civil Aviation* (Chicago Convention), adopted in 1944 which is complemented by relevant air law instruments in the commercial domain[1]. It supports a globally interoperable system that facilitates mobility, tourism, trade and socio-economic exchange, that remains essential for the economic participation and social cohesion of many States and regions.

1.2 Within this framework, ICAO has convened global conferences on international air transport since the Special Air Transport Conference in 1977. Six Worldwide Air Transport Conferences have since been held, addressing evolving regulatory and market challenges. The Sixth Worldwide Air Transport Conference (ATConf/6), held in 2013 under the theme "*Sustainability of Air Transport*", marked a milestone effort in modernizing international air transport economic frameworks. Since then, the operating environment has become larger, more complex and more exposed to external shocks, raising new questions about whether existing policy approaches remain adequate and coherent.

2. DEVELOPMENT AND PROGRESS SINCE ATCONF/6

2.1 ATConf/6 policy outcomes and implementation

2.1.1 ATConf/6 adopted a coherent set of conclusions and recommendations aimed at modernizing the international air transport economic and regulatory framework. Endorsed at the 38th Session of the ICAO Assembly, these outcomes were implemented through a structured programme of work, with progress reported to successive Assemblies, most recently to the 42nd Session of the ICAO Assembly held in 2025.

2.1.2 Based on the conclusions and recommendations of ATConf/6, ICAO implemented a coordinated programme of work across international air transport economic regulation. The principal areas of progress are summarized below:

a) **Market access, ownership and control, and air cargo services.** Progressive liberalization has continued through bilateral, plurilateral and regional approaches, aligned with ICAO's *Long-Term Vision for International Air Transport Liberalization* developed following ATConf/6 and endorsed by the Council and the 39th Session of the ICAO Assembly. ICAO has supported these efforts through policy dialogue and air services negotiations, notably via the ICAO Air Services Negotiation (ICAN) events. Work on air carrier ownership and control has continued, including examination of a draft *Convention on Foreign Investment in Airlines*. However, consultations to date indicate that States currently prefer to address this matter through bilateral arrangements, supported by the review and strengthening of ICAO's Template Air Services Agreements (TASA), as reflected in Assembly Resolution A42-26. Air cargo has also assumed heightened importance, with policy dialogue emphasizing operational flexibility, which was particularly highlighted during the COVID-19 pandemic. Continued application of multilateral frameworks, including the International Air

[1] Montreal Convention of 1999, the Cape Town Convention and Aircraft Protocol of 2001 and the International Air Services Transit Agreement (IASTA) 1944.

Services Transit Agreement, has also contributed to facilitating international operations and supporting the development of global route networks and connectivity. However, achieving the objective of full liberalization of market access, ownership and control, and air cargo services has become increasingly important to support investment, innovation, the emergence of new technologies and new market entrants, as well as optimizing the socio-economic benefits of air transport.

b) **Consumer protection and fair competition.** ICAO has advanced non-binding Core Principles on Consumer Protection, supported by analytical studies and a repository of national and regional practices, providing common reference frameworks while preserving flexibility for national implementation. Transparency and information-sharing have also been promoted as primary tools for addressing competition-related issues, including through the Compendium of Competition Policies and Practices and continued exchanges under various ICAO fora such as the ICAO Air Transport Symposium (IATS) and ICAN.

c) **Taxation, charges and infrastructure financing.** ICAO has continued to promote awareness of its policies concerning taxation of international air transport and the potential impacts of non-aviation-related levies through guidance material and policy dialogue. At the same time, work has continued to support States implementation of ICAO policies on airport and air navigation services charges, cost recovery and infrastructure financing, as well as consideration of appropriate funding mechanisms for oversight functions (refer also to ATConf/7-WP/7).

d) **Implementation of ICAO policies and guidance.** Guidance materials have been reviewed and updated, with continued emphasis on raising awareness, implementation support and capacity-building, in response to uneven application of ICAO policies by States.

2.2 **Other key industry developments since ATConf/6**

2.2.1 **Market growth and structural complexity.** Following ATConf/6, international air transport experienced sustained growth accompanied by increasing structural complexity and market concentration. Airline business models converged and hybridized in response to intensified competition, digitalization and evolving passenger expectations and demands, while the expanded use of alliances, joint ventures and other cooperative commercial arrangements put pressure on traditional bilateral assumptions and challenged regulatory oversight and competition policy. Despite strong traffic growth, supported by the continued expansion of low-cost carriers and ultra-low-cost carriers and the increasing diversification of airline business models, industry profitability remained uneven and structurally fragile, characterized by persistent margin pressures, cost volatility and significant regional disparities. Over the same period, air cargo assumed heightened strategic importance, driven by the expansion of cross-border e-commerce and deeper integration into global value chains. While these developments enhanced connectivity, they also exposed growing misalignments between market developments, regulatory frameworks and institutional capacity.

2.2.2 **Systemic disruption and the resilience of the aviation ecosystem.** International air transport was subsequently exposed to a succession of severe and compounding global disruptions. The COVID-19 pandemic triggered an unprecedented collapse in demand, acute financial stress across the aviation value chain and significant workforce dislocation, followed by additional pressures stemming from geopolitical tensions, airspace disruptions, energy price volatility and broader macro-economic uncertainty. While traffic and financial performance later recovered at the global level, the experience revealed persistent structural vulnerabilities and uneven resilience across regions, market segments and States. These developments highlighted the depth of interdependencies within the aviation ecosystem and underscored the systemic nature of risk across the sector.

2.2.3 **Emerging trends, technologies and structural challenges.** Over the same period, accelerated digitalization, automation, advanced analytics and emerging aviation technologies, including unmanned aircraft systems (UAS), have reshaped operational, commercial and regulatory practices across the aviation ecosystem. At the same time, the recovery phase exposed reinforcing challenges, including infrastructure and capacity limitations, aircraft and spare-parts shortages, supply-chain disruptions and tighter financing conditions. These pressures were compounded by rising environmental compliance requirements, cybersecurity and data-governance risks, demographic change and widening skills shortages, revealing structural gaps in workforce sustainability, institutional preparedness and long-term planning.

3. ACCCELERATING AVIATION INDUSTRY TOWARDS 2050

3.1 **Long-term outlook and strategic context.** As the sector transitions towards a longer-term planning horizon, international air transport policy is shifting beyond post-crisis recovery to focus more on the structural foundations required to sustain global growth. Long-term traffic projections indicating passenger growth of approximately 12.4 billion by 2050 imply a system of markedly greater scale, complexity and interdependence. The emergence of new entrants, such as remotely piloted aircraft systems (RPAS), UAS, advanced air mobility (AAM), higher airspace operations (HAO), as well as increased space transport operations through airspace, adds further structural complexity, requiring integrated approaches to airspace management, regulatory development and global interoperability. Experience since ATConf/6 has demonstrated that growth, resilience and sustainability are closely interconnected and must be addressed in an integrated manner. In this context, ICAO's Strategic Plan 2026-2050 provides a common strategic framework for guiding air transport economic development, strengthening institutional capacity and promoting global interoperability, while accommodating diverse national circumstances.

3.2 **Policy frameworks and economic enablers for sustainable growth.** Accommodating projected growth toward 2050 will require policy frameworks and economic enablers that reflect evolving market structures, intensified cross-border cooperation, higher expectations for regulatory coherence and appropriately modernized infrastructure. While existing instruments continue to provide stability, they are increasingly tested by these dynamics, highlighting the need for more consistent, interoperable and coordinated policy approaches supported by enhanced regulatory cooperation and institutional capability. Sustainable long-term development will also depend on achieving the aspiration of full liberalization of market access, ownership and control, and air cargo services through provisions that enable the entry into service of new technologies, emerging aviation services and new entrants, as well as robust economic frameworks for infrastructure planning and financing, cost recovery and the effective funding of oversight functions. In this regard, ATConf/7 provides a timely opportunity to assess how current frameworks can be further modernized to support orderly, inclusive and resilient growth of international air transport, as well as highlight the growing importance of revenue mobilization and voluntary donor financing in closing implementation gaps for developing States, consistent with *No Country Left Behind* (NCLB) Strategic Goal. Supporting projected growth will also require legal and institutional frameworks that facilitate investment and access to capital through broader and more effective implementation of the Cape Town Convention and Aircraft Protocol providing enhanced legal certainty and support for aircraft financing and fleet modernization. The conference is an opportunity to put in place instruments and mechanisms to facilitate investments and access to capital in other critical areas, including infrastructure development and air traffic management modernization, cleaner energy solutions, and the development and deployment of new technologies and emerging aviation services.

3.3 **Innovation, emerging technologies and system readiness.** Looking towards 2050, accelerating aviation growth will depend on the effective and coordinated integration of innovation, emerging technologies and human capital. Digitalization, automation, advanced analytics and new aviation services, including UAS, will increasingly shape operational efficiency, market structures and regulatory oversight, while offering significant opportunities for digital transformation to support accelerated and more efficient growth of international air transport. Ensuring that these developments support the orderly growth of international civil aviation requires forward-looking, inclusive and system-wide policy approaches, together with sustained investment in workforce development, skills formation and institutional capacity. In this context, initiatives such as the Next Generation of Aviation Professionals (NGAP) and the NCLB Strategic Goal play a central role in supporting balanced, resilient and future-ready aviation development.

4. CONCLUSION

4.1 Developments since ATConf/6 demonstrate both continuity and adaptation in international air transport governance. While the policy foundations established remain broadly relevant, evolving market structures, accelerated technological change, and systemic disruptions have heightened the importance of institutional capacity, workforce sustainability and system-wide resilience. Future policy development may also benefit from continued efforts to promote implementation of international air law instruments that strengthen connectivity, legal certainty, passenger protection and aviation investment. As the sector transitions beyond recovery towards a significantly more complex and interdependent system, ATConf/7 provides an important opportunity for States to consider whether existing aviation legal instruments and policy frameworks remain fit for purpose and how they may continue to support orderly, inclusive and resilient development towards 2050.

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