



WORKING PAPER

**SEVENTH WORLDWIDE AIR TRANSPORT CONFERENCE
(ATCONF/7)**

Montréal, HQ, 16 to 20 November 2026

Agenda Item 3: Strengthening regulatory and institutional frameworks

3.1: Strengthening regulatory oversight and evolving institutional frameworks

**OPERATIONAL CONTROL IN SHORT-TERM AIRCRAFT LEASING AGREEMENTS
(INTERCHANGE): A TOOL FOR EFFICIENT FLEET UTILIZATION**

(Presented by Chile and supported by 17 LACAC Member States²)

EXECUTIVE SUMMARY

A short-term aircraft leasing agreement (interchange) allows the same aircraft to be used successively by two operators based in different States, each under its own Air Operator Certificate (AOC), with its own crew and exercising its own traffic rights, thereby optimizing fleet utilization.

This paper explains why such agreements constitute a fundamental tool for operational flexibility and outlines the oversight mechanisms that allow authorities to exercise appropriate control without compromising safety, provided the responsibility of each company involved and at what point in time it becomes enforceable are clearly defined.

It is proposed that the Conference recognize the interchange agreement as a valid tool for efficient fleet utilization and request the International Civil Aviation Organization (ICAO) to develop guidelines to assist State authorities in determining and notifying the transfer of operational control between companies that are parties to such agreements.

Action: The conference is invited to:

- recognize that interchange agreements represent a legitimate tool for efficient fleet utilization and the exercise of agreed traffic rights, and invite States to include clauses in their air service agreements that expressly authorize them;
- invite ICAO to develop guidance material on how transfer of operational control in these operations is determined and notified; and
- invite States to ensure that the certification of foreign operators operating under interchange agreements is not subject to requirements beyond those set forth in Annex 6, *Operation of Aircraft* when in compliance with ICAO guidelines

*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.*

¹ Spanish version provided by Chile.

² Argentina, Belize, Bolivia (Plurinational State of), Brazil, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, Guyana, Honduras, Jamaica, Nicaragua, Panama, Paraguay, Peru and Uruguay.

<i>Financial implications:</i>	Development of proposed guidance material is expected to be accommodated within the regular work programmes of existing technical bodies.
<i>References:</i>	Doc 7300, <i>Convention on International Civil Aviation</i> , Articles 16, 30, 31, 32 and 83 bis. Annex 6, <i>Operation of Aircraft, Part I — International Commercial Air Transport — Aeroplanes</i> Annex 19, <i>Safety Management</i> Doc 8335, <i>Manual of Procedures for Operations Inspection, Certification and Continued Surveillance</i> Doc 9587, <i>Policy and Guidance Material on the Economic Regulation of International Air Transport</i> Doc 9626, <i>Manual on the Regulation of International Air Transport</i> Doc 9734, <i>Safety Oversight Manual — Part A</i>

1. INTRODUCTION

1.1 International air transport is an exceptionally capital-intensive activity, in which the return on investment depends almost linearly on the hours each aircraft spends in the air. This relationship is even more pronounced with wide-body aircraft used on long-haul routes, where ownership costs are incurred regardless of whether the aircraft is flying or parked. For carriers serving mid-sized markets, the structural difficulty is not demand itself, but rather its distribution: a route may support four or five weekly flights, but not seven, which means the aircraft remains idle for the remaining days.

1.2 Short-term aircraft leasing, also known as interchange, directly addresses this problem by enabling two or more operators, based in different States, to use the same aircraft in succession, each under its own Air Operator Certificate (AOC), with its own crew, on its own routes, and exercising traffic rights granted under its State's air services agreements. The Manual on the Regulation of International Air Transport (Doc 9626) describes interchange precisely as one of the mechanisms through which operation and market access rights are realized.

1.3 Chile has a direct long-standing interest in this matter. Due to its geographical location, it operates ultra-long-haul routes to all its key markets outside the region and traffic density rarely warrants year-long daily service. As a result, the possibility of sharing wide-body aircraft with operators in neighbouring States, within a rigorous oversight framework, has been crucial to maintaining connectivity that would otherwise not be economically viable.

1.4 Although many States include operational flexibility provisions in their bilateral agreements that expressly permit interchange, we believe that doubts remain regarding who is responsible for the operation at any given time and how the transfer of responsibility from one operator to another should be documented.

2. OPERATIONAL CONTROL: THE FIRST SAFEGUARD

2.1 The concept governing the entire matter is that of operational control, which is defined in Annex 6, *Operation of Aircraft, Part I — International Commercial Air Transport — Aeroplanes*, as the exercise of authority over the initiation, continuation, diversion or termination of a flight in the interest of the safety of the aircraft and the regularity and efficiency of the flight. Possession of this authority determines, for each flight, which operator is responsible and which aviation authority answers for it.

2.2 In this context, the interchange agreement should not affect the safety oversight role among two or more authorities, since operational control is exercised at any given time by only one of the operators, so that there is only one respective responsible authority.

2.3 The crucial point, then, is not who holds control –this is always clear– but rather at what point it is transferred, and this is documented by a certificate of acceptance signed by the primary operator and the secondary operator that is duly recorded in the aircraft’s journey logbook and previously recorded in the operations specifications. Thus, an interchange operation is auditable retrospectively, on a flight-by-flight basis.

2.4 The remainder of the framework rests upon the above-mentioned premise, since the same aircraft is specified in the AOC, and in the operations specifications of both operators issued by their respective States, which presupposes that each authority has independently certified and approved the operator under its own oversight, in full compliance with the Annex 6 standard. No authority recognizes or accepts the certification of the other; each fully exercises its own jurisdiction.

2.5 Conversely, permanent responsibility for maintenance control does not alternate but rests with the State of Registry, which may agree to share oversight with the State of the other operator while the aircraft operates under this regime. This means that the aircraft continues to operate under a single certificate of airworthiness and a single continuing airworthiness regime. What rotates is operational control, not the technical management of the aircraft.

2.6 Entering into dual oversight agreements between the authorities of the States concerned may also help to coordinate the oversight programmes of the parties, conduct joint inspections, exchange information on safety and incident reporting, resolve potential regulatory differences in advance, and establish control procedures.

3. THE CHILEAN EXPERIENCE

3.1 Some Chilean airlines regularly operate their aircraft under interchange arrangements with airlines from other States, each one holding its own AOC.

3.2 Operators sign an interchange agreement with respect to each aircraft in the form of a dry lease that details the responsibilities of each party; this agreement is submitted to the respective aviation authorities for approval. The authorities separately review its conformity with all operational, airworthiness, and maintenance requirements applicable during the period of utilization. Aircraft are brought under each operator’s AOC and operational specifications and the procedure for transferring operational control is approved.

3.3 In practice, this allows a single aircraft to operate a long-haul route to a common destination in a third State from each of the two States of origin in a single week, in each case under the AOC and using the traffic rights of the respective operator, thereby optimizing the utilization of the aircraft, without either carrier needing to support exclusive traffic density on its own.

3.4 Consequently, the interchange agreement does not create an unresolved conceptual problem, nor does it require any State to relinquish its oversight responsibilities, since a properly documented operational transfer makes the responsible authority unmistakable, verifiable, and auditable at any given time and a third State applying strict certification standards will have no trouble managing it.

4. CONCLUSION

4.1 The interchange agreement is a proven tool for the efficient use of aviation equipment. It is particularly valuable for countries whose own markets cannot by themselves generate long-haul traffic density. Its legitimacy rests on the fact that, throughout the operation, there is only one operator exercising operational control, only one AOC, only one responsible authority, and the point in time at which operational control changes hands is recorded in writing.

4.2 The Chilean experience shows that this model is not only consistent with international oversight obligations but verifiable by third States and manageable even under the most stringent certification systems.

4.3 In light of the foregoing, Chile invites the Conference to note the information contained in this paper, particularly for States less familiar with this type of agreement and its effects, and encourages the International Civil Aviation Organization (ICAO) to provide States with a standard benchmark, in order to contribute to the efficiency of international air transport, connectivity for regions that rely on shared fleets and the legal certainty of the system as a whole.

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