International Civil Aviation Organization

WORKING PAPER

SEVENTH WORLDWIDE AIR TRANSPORT CONFERENCE (ATCONF/7)

Montréal, HQ, 16 to 20 November 2026

Agenda Item 3: Strengthening regulatory and institutional frameworks
3.2: Enhancing air connectivity through progressive economic and regulatory aviation frameworks for international air transport

AN OPEN AND FLEXIBLE REGULATORY FRAMEWORK FOR AIR CARGO

(Presented by the Global Express Association (GEA) and The International Air Cargo Association (TIACA))

EXECUTIVE SUMMARY

This paper discusses the importance of air cargo for a country's trade and development, the differences between passenger and cargo operations, and developments in trade and air cargo since the last Air Transport Conference over a decade ago. The world has changed significantly. The COVID-19 pandemic provided a litmus test of the vital role played by air cargo. The World Trade Organization (WTO) trading system faces important challenges. Trade keeps growing but lanes are shifting. Yet, the economic regulation of air cargo has not evolved to support growth and connectivity to their full potential. The Association of Southeast Asian Nations (ASEAN), the European Union (EU) and the Latin American Civil Aviation Commission (LACAC) have however undertaken initiatives to open market access for cargo operations and provide them with the necessary flexibility.

Action: The conference is invited to recognise the economic importance of air cargo operations and instruct ICAO to:

a) Draw lessons from contracting States' experiences in liberalising air cargo.
b) Based on them, provide guidance to contracting States who wish to explore new policies for cargo operations, including open capacity and increased operational flexibility.
c) Amend the TASA accordingly.

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:	
References:	

[1] English, Arabic, Chinese, French, Russian and Spanish versions provided by GEA and TIACA.

1. INTRODUCTION

1.1 The movement of air cargo is not as much about aviation as it is about trade and development. Air cargo operators are literally and figuratively a vehicle for economic growth.

1.2 Thirteen years have lapsed since the last Worldwide Air Transport Conference in 2013. In that time, the world economy has seen explosive growth in e-commerce, increased focus on supply chains and resilience, and technology innovations that help cargo carriers meet the needs of the worldwide economy. Although the world in which cargo carriers operate has changed significantly, the international economic regulation of air cargo has not evolved to support growth and connectivity to their full potential.

1.3 Since the Sixth Worldwide Air Transport Conference (ATConf/6), the value of world merchandise exports has grown by well over a third, from 19 trillion USD in 2013 to nearly 26 trillion USD in 2025, despite a pandemic that temporarily cut trade growth by over 7 per cent in a single year.

1.4 Global air cargo volumes grew from around 50 million tonnes in 2013 to 70 million tonnes in 2025 – a 40 per cent increase.

1.5 Air cargo still represents about 1 per cent of world trade by weight but about a third by value.

1.6 The dedicated freighter fleet grew from 1,690 airplanes in 2013 to 2,340 in 2023.

1.7 The COVID-19 pandemic demonstrated the – literally – vital role that air cargo plays. As passenger airlines stopped operations, over 40 per cent of the world's air cargo capacity was wiped off markets almost instantly. The later introduction of 'preighters' – passenger planes flying cargo only – compensated for some of that loss of capacity but did not drastically affect the overall availability of cargo capacity. All-cargo carriers kept critical health- and safety-related goods moving in addition to goods that supported continued economic activity. Yet, some countries saw their air cargo networks interrupted as they imposed regimes that conflated economic concerns and public health policies.

1.8 According to the Universal Postal Union, over a hundred countries experienced severe disruptions or interruptions of postal deliveries. Arguably, such disruptions hit landlocked countries and small islands particularly hard.

1.9 The lack of a liberalised air cargo service frameworks may have contributed to supply chain disruptions. Traditional and express cargo carriers however continued their operations throughout the pandemic, carrying urgently needed medical supplies and vaccines around the world. This was the ultimate proof of the different nature of cargo and passenger operations, which require different regulatory approaches.

1.10 Despite the pandemic and changes in the commercial environment, many countries still have restrictive cargo regimes in place. But there has been some progress, too.

1.11 In October 2022, the European Union (EU) and the Association of Southeast Asian Nations (ASEAN) signed a region-to-region Comprehensive Air Transport Agreement, the first of its kind. It allows airlines from either side to operate an unlimited number of cargo services, up to fifth freedom rights without limitation on the frequency of service.

1.12 In December 2023, a group of the Latin American Civil Aviation Commission (LACAC) countries made permanent a temporary Memorandum of Understanding (MoU) liberalising air cargo amongst themselves up to seventh freedom rights that they developed in response to the pandemic in December 2020. The agreement proved so successful that it has attracted new signatories.

1.13 The multilateral rules-based trading system that the World Trade Organization (WTO) embodies has faced serious challenges over the last few years. Tariffs and new border regulations, such as the demise in major markets of 'de minimis' thresholds for tax and/or duty-free imports, are now in place that were not there in 2013. The result has been a fundamental change to the way in which nations trade.

1.14 Trade continues to grow but trade lanes are shifting in response to increased friction. Air cargo routes need to follow suit. Some traditional lanes are witnessing drops in volume while others are seeing unprecedented growth. For instance, trade between EU and ASEAN grew 60 per cent since ATConf/6; it grew by two-thirds between India and the United Arab Emirates (UAE); it more than doubled between Vietnam and the EU.

1.15 The last thirteen years also witnessed a rise in trade among developing nations. In 2012, so-called South-South trade lanes represented 4.7 trillion USD. In 2024, it exceeded 6 trillion USD – a one-third increase.

2. DISCUSSION

2.1 The movement of air cargo differs from that of passengers. Unlike passenger airlines, for air cargo and express operators, cargo is their only business. Cargo flies one way. And demand in the air cargo market (which goods need to be carried, how many, from where to where) fluctuates constantly. This will only be exacerbated in the future as new trading patterns emerge among nations.

2.2 The combined effects of the pandemic and the changes in the trading system have forced industry to build more resilience and diversification in their supply chains. Exporters for their part seek to reduce their dependency on some markets, open new ones and spread the risk more evenly. They are opening or relocating production centres and diversifying distribution chains in a rapidly changing environment.

2.3 Air cargo will need to adapt to these demands. Capacity and flexibility will be crucial. This includes a broad range of traffic rights, including unlimited fifth and seventh freedom rights, so as to allow cargo operators to optimise the use of their fleets by picking up cargo where and when there is demand for their services, and carry it to wherever the client demands, through the most efficient routing.

2.4 It also requires full operational flexibility through:

- Operating flights in either or both directions;
- Combining different flight numbers with one aircraft operation;
- Changing gauge;
- Serving behind, intermediate and beyond points in any combination or order;
- Omitting any stops at any point on a route;
- Transferring cargo from any of its aircraft to any of its other aircraft (online transfers) at any point on a route to multiple destinations;
- Carrying out interline transfers on multiple carriers;

- Carrying transit traffic through a country;
- Commingling traffic on the same aircraft regardless of origin and destination, without any directional or geographic limitation and without loss of any permissible traffic rights; and
- Self- handling of operations (including loading, unloading, warehousing…).

2.5 In a rapidly changing world, countries with an open and flexible regime for air cargo will stand to gain.

2.6 It is high time the International Civil Aviation Organization (ICAO) focused on air cargo and its crucial economic implications. As more countries realise how vital a flexible air cargo regime is for their industry and development, they will seek guidance on what steps to take, which best practice to draw inspiration from, and on the effects of the various policies applied around the world.

2.7 Of course, it is for each country to decide what approach it wishes to take. However, there is a dearth of cargo – specific guidance in ICAO's Template Air Services Agreement (TASA). ICAO stands in a unique position to draw lessons from the policies applied by its contracting States in the last decade and structure them in a way that provides detailed guidance to those who wish to try out more liberal approaches to air cargo market access and increase operational flexibility.

3. **CONCLUSION**

3.1 The Conference is invited to:

a) Acknowledge the crucial importance of air cargo for trade and economic development;

b) Instruct ICAO to develop guidance based on the experience of contracting States that have adopted liberal air cargo policies since the last Worldwide Air Transport Conference, particularly as to open capacity and enhanced operational flexibility for cargo operations; and

c) Revise the TASA accordingly.

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