

**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****STRENGTHENING OF INSTITUTIONAL FRAMEWORKS FOR AVIATION
GOVERNANCE IN LATIN AMERICA**(Presented by Costa Rica and sponsored by 5 LACAC Member States²)**EXECUTIVE SUMMARY**

This working paper presents the urgency of strengthening the institutional governance frameworks of Civil Aviation Authorities (CAAs) in Latin America to ensure the sustainability and competitiveness of regional air transport.

The CAAs in the region are facing critical weaknesses due to limited budgets and the fact that, as sub-agencies of other Ministries, CAAs have little administrative independence. Also, the adoption of technological innovations (such as Advanced Air Mobility (AAM) and digitalization) is delayed by interference from short-term political cycles and rigid regulatory approval frameworks.

It is therefore important to overcome institutional vulnerability by shielding aeronautical revenues for direct reinvestment in the sector and by professionalizing the management structures of regulators.

Action: The conference is invited to:

- take note of the analysis of the situation and the challenges facing institutional governance frameworks in the Latin American region as presented in this working paper;
- mandate the International Civil Aviation Organization (ICAO) to develop a Global Guide to Governance and Autonomy Models for Civil Aviation Authorities, to serve as a reference for Member States' legislative reforms;
- urge Member States to implement *ICAO's policies on charges for Airports and Air Navigation Services* (Doc 9082), ensuring by law the principle of direct reinvestment of the resources generated by industry to strengthen the aeronautical system itself; and
- promote the establishment of sandboxes, under the coordination of regional bodies such as the Latin American Civil Aviation Commission (LACAC) or Regional Safety Oversight Organizations (RSOOs), to facilitate the safe integration of new technologies into developing markets.

<i>Strategic Goal:</i>	This working paper relates to Strategic Goal: <i>The Economic Development of Air Transport Assures the Delivery of Economic Prosperity and Societal Well-Being for All.</i>
<i>Financial implications:</i>	N/A

¹ Spanish version provided by Costa Rica.

² Chile, Dominican Republic, Guatemala, Peru, and Venezuela (Bolivarian Republic of).

<i>References:</i>	Doc 7300, <i>Convention on International Civil Aviation</i>, signed at Chicago on 7 December 1944 and amended by the ICAO Assembly Articles 11, 12 and 15. Doc 9082, <i>ICAO Policies on Charges for Airports and Air Navigation Services</i> (Ninth Edition, 2012). Section I, Section II and Section III. Doc 9626 – <i>Manual on the Regulation of International Air Transport</i> (Third Edition, 2016). Chapter 2 (Institutional structures and economic regulatory functions of States) The Governance of Civil Aviation Authorities in Latin American Countries/ Evidence from ICAO's North American, Central American and Caribbean and South American Regions OECD Regulatory Policy/Working Papers September 2022 No.19
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1. INTRODUCTION

1.1 Air transport in Latin America and the Caribbean is not a luxury economic sector, but a critical cross-cutting, irreplaceable infrastructure for the physical integration, cross-border trade and socio-economic development of the region. Given the continent's particular geographical characteristics marked by dense tropical forests, extensive mountain ranges and island archipelagos, efficient air connectivity is, in many cases, the only viable alternative for territorial cohesion and access to global markets.

1.2 After overcoming the most severe global systemic disruptions in the recent history of civil aviation, the Latin American market has demonstrated remarkable dynamism. The rapid resilience of demand, coupled with the consolidation of high-efficiency and low-cost business models, has enabled an unprecedented democratization of air transport in the region. However, this accelerated growth in traffic and the complexity of the current operating ecosystem contrast with the stagnation and inertia of the institutional structures in charge of regulating and overseeing them.

1.3 Historically, the success of air transport has been measured through traffic indicators, investment in fleets, and airport infrastructure. Nevertheless, global experience shows that what truly underlies a safe and commercially sustainable civil aviation system are the robustness, predictability and agility of its institutional governance frameworks. Civil Aviation Authorities (CAAs) cannot continue to operate under centralized administrative arrangements that slow down technical decision-making.

1.4 The purpose of this working paper is to submit an analysis of the institutional strengths and regulatory gaps existing in Latin America for consideration by the Seventh Worldwide Air Transport Conference (ATConf/7). We seek to assist Member States in using this diagnosis to assess the urgency of establishing global International Civil Aviation Organization (ICAO) guidelines promoting CAA regulatory reform, providing them with the financial autonomy, technical stability and regulatory flexibility necessary to face the challenges of 21st century aviation.

2. DISCUSSION

2.1 Strengths and Platforms of the Regional Aviation Ecosystem

2.1.1 Latin America has a solid institutional base in the aviation sector that underpins the reform and connectivity processes in the region. This political and institutional framework is led by the Latin American Civil Aviation Commission (LACAC), a well-established intergovernmental body that acts as a strategic forum for political coordination, facilitating the adoption of open skies policies and the optimization of air transport among member countries.

2.1.2 Furthermore, technical integration and operational standardization are effectively channelled through the Regional Safety Oversight Cooperation System (SRVSOP), and the Central American Corporation for Air Navigation Service (COCESNA) operates as a Regional Safety Oversight Organization (RSOO) that mitigates the shortage of specialized personnel through the exchange of technical inspectors, validating its regional capabilities through ICAO's Global Aviation Safety Oversight System (GASOS) assessment system.

2.1.3 Added to this institutional scaffolding is a highly competitive and resilient airline industry which has been able to optimize its operations in complex macroeconomic environments, historically characterized by exchange rate volatility and inflation. Airlines and operators in the region have led the way in fleet modernization, positioning Latin America with some of the youngest and most efficient aircraft in the world.

2.2 **Diagnostic of Critical Weaknesses in CAA Governance**

2.2.1 *Political Dependence and Institutional Vulnerability:* In a considerable proportion of Latin American States, CAAs operate as directorates reporting directly to Ministries of Transport or Public Works, or in some cases, to Defence portfolios. The lack of legal personality and management autonomy means that the aviation regulator remains dependent on short-term political cycles and the electoral agendas of central governments. The immediate consequence is an alarming turnover of the CAA leadership and senior management. The absence of mechanisms for appointment on the basis of technical merit hampers the continuity of long-term strategic plans.

2.2.2 *Crisis in Human Talent Retention:* Since the authorities are subject to the rigid salary scales of the general public administration, they cannot compete with private industry remuneration. This leads to a constant loss of qualified operations and airworthiness inspectors to airlines or maintenance, repair and overhaul organizations (MROs). The resulting insufficiency in the number and experience of inspectors reduces the State's ability to conduct continuous safety oversight.

2.2.3 *Regulatory Rigidity in the Face of Technological Disruption:* The traditional legislative and regulatory process in the region is slow and overly bureaucratic. Advanced concepts such as large-scale Unmanned Aircraft Systems (UAS), Advanced Air Mobility (AAM), electric vertical take-off and landing (eVTOL) and the use of Sustainable Aviation Fuels (SAF) lack clear legal frameworks in most Latin American States, stifling innovation or allowing operations without adequate oversight.

2.3 **Violation of ICAO Policies on Charges and the Diversion of Resources**

2.3.1 In multiple CAAs in the region, the main source of institutional weakness lies in the violation of the economic governance principles established by ICAO.

2.3.2 States should ensure that best practices for good corporate governance are used in airports and by air navigation services providers (ANSPs), as applicable. Consideration should be given to the objectives and responsibilities of the entities; shareholders' rights; responsibilities of the Board; the role and accountability of management; and the roles of the interested stakeholders and the dissemination of information.

2.3.3 Revenues collected from overflight charges, security charges and certification fees are absorbed into various administrations in the region and integrated into the single coffers of the national treasuries.

2.3.4 By not having budgetary autonomy or ring-fenced self-financing schemes, the CAAs find their operational capacity diminished. The reform of institutional frameworks in Latin America is therefore not

a political option, but rather an indispensable legal mechanism for restoring the validity of and strict compliance with *ICAO Policies on Charges for Airports and Air Navigation Services* (Doc 9082) in the region.

3. CONCLUSION

3.1 An analysis of the situation in Latin America shows that the traditional model of civil aviation governance has reached a point of saturation and exhaustion. The current and future challenges for global air transport – shaped by the imperative need to decarbonise the sector by 2050, the accelerated digitalization of operations, and the emergence of new forms of air mobility – cannot be managed safely or efficiently by regulatory institutions weakened by political instability, lacking budgetary autonomy, or devoid of specialized technical staff.

3.2 Regulatory reform and institutional strengthening of CAAs in the region no longer constitute a purely technical or operational debate. Instead, they represent a national economic necessity and a strategic imperative for global connectivity. A State that does not guarantee a robust and autonomous Aeronautical Authority condemns its local airline industry to a loss of competitiveness, discourages foreign direct investment in infrastructure, and increases country risk in terms of operational safety.

3.3 For Latin America, the structural solution lies in the transformation of its CAAs into modern institutional models: decentralized public agencies or corporations, with their own legal personalities, independent assets, and systems for protecting professional technical careers with governing boards that are selected according to technical criteria and independent of governmental political cycles. Likewise, it is necessary to move towards agile and performance-based regulation, replacing bureaucratic rigidity with proactive mechanisms such as sandboxes or supervised experimental test environments.

3.4 ATConf/7 can be seen as a historic, multilateral platform, ideal for addressing these global issues with a coordinated response. It is essential for ICAO to demonstrate proactive leadership, elevating institutional governance to the same level of strategic priority as safety, aviation security, and environmental protection. By providing Member States with harmonized guidelines and global guidance for institutional autonomy, ICAO will be equipping Member States with the tools to correct regional asymmetries and differences, protect the sector's resources, and ensure that aviation remains the engine of global progress in an equitable, sustainable, and secure manner for decades to come.

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