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3.1: Strengthening regulatory oversight and evolving institutional frameworks

ENSURING FAIR COMPETITION AND HIGH STANDARDS IN REGIONAL AVIATION LIBERALISATION

(Presented by International Transport Workers' Federation - ITF)

EXECUTIVE SUMMARY

Regional aviation liberalisation can strengthen connectivity, competition and economic integration. Achieving these benefits sustainably requires fair competition, level playing field, effective oversight, high safety, labour and social standards, and meaningful worker participation.

The Air Liberalisation Agreement for South America (ALAS) provides a timely example. Participating States are exploring deeper regional aviation integration, including regulatory harmonisation and a potential South American Single Sky. Aviation trade unions in the region support stronger connectivity and sustainable aviation development, but have raised concerns regarding fair competition, regulatory oversight, labour and social standards, safety-critical functions and worker participation in the emerging framework.

Deeper market integration should be accompanied by correspondingly effective regulatory coordination and enforcement. Harmonisation should seek convergence around consistently high standards rather than create incentives for competition based upon less stringent regulatory requirements. Meaningful, structured and permanent worker participation should also form part of the governance framework.

This paper highlights principles that can help ensure regional aviation liberalisation supports connectivity and economic development while maintaining fair competition, effective oversight and safe, sustainable and resilient aviation and strong employment standards.

1. INTRODUCTION

1.1 In July 2026, Argentina, Brazil, Chile and Paraguay signed a Memorandum of Understanding establishing the Air Liberalisation Agreement for South America (ALAS). Uruguay and

[1] English and Spanish versions provided by ITF.

Bolivia subsequently joined the initiative. The participating States established a working group to develop proposals for the gradual implementation of a South American Single Sky.[2]

1.2 The initiative represents an ambitious form of regional aviation integration. Areas identified for further work include market access, regulatory harmonisation, mutual recognition of certificates and licences, passenger rights, aviation safety and security, infrastructure and other aspects of economic and operational regulation. The initiative has also been described as drawing upon the experience of aviation integration in Europe.[3]

1.3 As a strategically important sector, aviation integration should also support the preservation and creation of local employment, strengthen national economies, and respect States' sovereignty and their ability to guide development in the public interest. While this initiative may facilitate a strong, sustainable and well-connected South American aviation sector unresolved issues concerning fair competition, regulatory oversight, taxation, operational harmonisation, maintenance and labour standards constitute significant risks to its success.[4] At present the entire process excludes any engagement with the aviation professionals that operate the industry and are important stakeholders in it.

1.4 These concerns illustrate a wider consideration for regional aviation liberalisation. Removing barriers to market access can generate important economic and connectivity benefits, but deeper market integration also requires adequate and appropriately developed aviation infrastructure and capacity across participating States, effective regulatory institutions, and mechanisms capable of ensuring fair competition, effective oversight, inspection and enforcement mechanisms, consistently high standards and institutionalised stakeholder engagement, including legitimate aviation workforce representatives.

2. DISCUSSION

2.1 Liberalisation requires a level regulatory playing field

2.1.1 Sustainable liberalisation should enable operators to compete through service quality, efficiency, connectivity and innovation. Regulatory frameworks should minimise opportunities to obtain competitive advantage primarily through weaker regulatory requirements, reduced social protection or the transfer of activities to jurisdictions offering lower employment and labour standards.

2.1.2 This does not require participating States to adopt identical regulatory or employment systems. Differences between national systems will continue to exist. The objective should instead be to establish sufficiently coherent common principles, oversight mechanisms, enforcement arrangements and safety standards to ensure deeper market integration does not create incentives for operators to organise activities primarily around jurisdictions with less stringent regulatory requirements.

2.1.3 As the scope of liberalisation expands, greater freedom to move aircraft, operations, capital and workers across borders can increase connectivity and flexibility but also make differences between national regulatory systems more commercially significant. Institutions governing integrated markets

[2] Brazil, Ministry of Ports and Airports, "Brasil assina memorando que promove integração aérea na América do Sul", 14 July 2026; and "Brasil amplia cooperação aérea na América do Sul com novas adesões ao Acordo Alas e resoluções sobre a 7ª Liberdade do Ar", 22 July 2026.

[3] Brazil, Ministry of Ports and Airports, No Paraguai, países sul-americanos assinam acordos para ampliar a conectividade aérea, 13 July 2026.

[4] Joint Statement on the Liberalisation of South American Aviation, aviation trade unions affiliated to the International Transport Workers' Federation in Brazil, Argentina, Chile, Paraguay and Uruguay, 2026.

therefore need mechanisms capable of identifying and addressing unintended regulatory and competitive consequences, including on employment standards.[5]

2.2 Harmonisation should support consistently high standards

2.2.1 Regulatory harmonisation is an important component of regional aviation integration. Mutual recognition of licences, certificates and regulatory approvals can reduce duplication and facilitate cross-border operations. Its effectiveness, however, depends upon confidence that participating regulatory systems provide consistently effective oversight and equivalent outcomes.

2.2.2 Harmonisation should therefore seek convergence around appropriately high standards rather than create incentives to favour less stringent requirements. This is particularly important in areas directly affecting aviation safety and workforce capability, including training and qualifications, fatigue management, working time, maintenance, safety management and safety-critical functions.

2.2.3 This approach is consistent with the position of aviation trade unions from the States participating in ALAS, which have stated that regulatory harmonisation should "raise standards, not weaken them." Their position highlights the importance of maintaining confidence among workers as well as regulators and operators as regional integration develops.

2.3 Integrated markets require effective institutions and oversight

2.3.1 The experience of other integrated aviation markets demonstrates that liberalisation involves more than removing restrictions on traffic rights. Deeper integration requires regulatory coordination, common or mutually recognised standards, effective oversight, cooperation between national authorities, structured engagement with workers and their representatives both at national and regional level and mechanisms capable of addressing cross-border regulatory issues.

2.3.2 The European experience is informative. The European Union (EU) single aviation market combines market access with common regulatory architecture, including common rules in areas such as licensing, safety and security and employment standards while its wider aviation policy links market opening with regulatory convergence and fair competition.[6] Additionally, the EU has evolved feedback and decision- making mechanisms that recognise tripartite social partners- States, industry employers and workers on matters of safety, fair competition, employment standards and conditions.

2.3.3 As South American States consider progressively deeper integration, the institutional framework and supporting social and economic regulatory infrastructure should develop alongside market liberalisation. Regulatory responsibilities must remain clear, oversight effective, and infrastructure capacity sufficient to support increased connectivity and traffic across participating States.

2.4 Labour and social considerations form an essential part of sustainable liberalisation

2.4.1 Aviation markets and employment are increasingly organised across national boundaries. Deeper regional integration can further increase the mobility of aircraft, operators and workers, making it important that labour and social considerations evolve alongside economic and operational regulation.

2.4.2 Labour protections and aviation regulation also intersect directly. Safety-critical workers must be able to exercise professional judgement, report fatigue and safety concerns, maintain appropriate qualifications and perform their duties within working arrangements that support safe operations. The

[5] ICAO, Basic Principles of Fair Competition, ATConf/6-WP/51, 2013, paras. 3.1–3.2.

[6] European Commission, Directorate-General for Mobility and Transport, Internal Market — Air Transport. European Commission, Social Issues in the Air Transport Sector

workforce implications of increased cross-border competition and organisational flexibility should therefore be assessed with the meaningful participation of workers and their representatives to avoid unintended negative consequences of structural reforms.

2.4.3 Fair competition does not require harmonisation of wages or national collective bargaining systems. It does require that deeper market integration does not undermine applicable national labour protections or collective bargaining agreements or create incentives to transfer activities primarily to take advantage of materially weaker regulatory requirements.[7]

2.5 Worker participation should form part of the governance framework

2.5.1 Workers and their representatives possess operational knowledge relevant to the design and implementation of aviation regulation. Pilots, cabin crew, air traffic controllers, maintenance personnel, ground workers, airport workers and other aviation professionals experience directly how regulatory and operational changes function in practice.

2.5.2 Trade unions from the States should be recognised as meaningful stakeholders and have structured and permanent participation throughout the development of the initiative. This is consistent with ICAO's recognition of personnel representative organisations in similar forums such as the Air Transport Regulation Panel (ATRP), as well as other important open skies initiatives such as the United States of America (USA)-EU open skies, EU-Association of Southeast Asian Nations (ASEAN) open skies etc. Such engagement can help policymakers identify unintended consequences, assess practical implications of proposed regulatory changes and build confidence in implementation.

2.5.3 Structured social dialogue should therefore be embedded in the governance of regional liberalisation, not regarded simply as consultation with groups affected by it. Worker participation brings essential operational expertise to regulatory design and contributes to effective oversight, safety, workforce sustainability and successful implementation.

3. CONCLUSION

3.1 Regional aviation liberalisation can deliver significant benefits through greater connectivity, competition and economic integration. Those benefits are most sustainable when market opening is accompanied by regulatory institutions capable of maintaining fair competition, effective oversight and consistently high standards.

3.2 The development of ALAS provides an opportunity to build these principles into an emerging regional framework from the outset. Regulatory harmonisation should support convergence around high standards; institutions should be capable of addressing cross-border regulatory and competitive issues; and labour and social considerations should develop alongside economic and operational integration.

3.3 Meaningful, structured and permanent participation by trade unions and other worker representatives is fundamental to this process. It brings operational knowledge into regulatory design and implementation and helps ensure that regional integration strengthens the foundations of safe, sustainable and resilient aviation.

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[7] ITF, *Addressing Labour Regulatory Gaps in Liberalised Aviation*, Information Paper (ATConf/7-WP/190) presented to ATConf/7, 2026.