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

DRAFT REPORT

(16 pages)

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

Note: The Conference considered this Agenda Sub-Item in three parts: A) Connectivity and market access liberalization; B) Competition; and C) Liberalization of Air Cargo Services.

Part A: Connectivity and market access liberalization

3.2.1 DOCUMENTATION

3.2.1.1 In WP/5, the Secretariat examined the current state of global air connectivity and the factors influencing connectivity outcomes across international air transport markets. The paper reviewed key regulatory, operational, and market constraints affecting connectivity, as well as emerging trends influencing the sector's resilience and sustainability. It identified practical pathways for States to optimize connectivity through market access liberalization, strengthened regional cooperation, targeted measures to support underserved markets, and more responsive economic regulatory frameworks. The Conference was invited to consider recommendations encouraging States to enhance market access, strengthen regional and interregional cooperation, improve connectivity in underserved markets, and support ICAO's continued efforts to provide policy guidance and implementation support.

3.2.1.2 WP/170, presented by Argentina, highlighted the challenges faced by States in identifying and contacting the appropriate focal points responsible for bilateral and multilateral air services negotiations, noting that reliance on diplomatic channels may not always be efficient and that not all States participate in ICAO Air Services Negotiation (ICAN) events. Drawing on the experience of ICAN, the paper proposed that ICAO establish and maintain a digital directory of designated national focal points, including their names, positions and contact details, with information kept up to date, in order to facilitate communication and support more efficient air services negotiations among States.

3.2.1.3 In WP/79 Brazil, supported by 19 Latin American Civil Aviation Commission (LACAC)[1] Member States, compared regional air transport liberalization initiatives in South America, Africa and Europe, highlighting their contribution to enhanced connectivity, competition and economic integration. The paper emphasized that liberalization may be pursued through different models reflecting varying levels of regulatory integration and noted that regulatory differences may pose challenges for future interregional cooperation. It proposed that ICAO undertake a comparative study of regional liberalization initiatives to identify common principles, best practices and policy options to facilitate greater regulatory compatibility and future interregional integration. The paper also encouraged continued exchange of experiences among States and enhanced ICAO guidance and capacity-building activities in this area.

3.2.1.4 Through WP/80, Brazil, supported by 19 LACAC[2] Member States, examined the evolution of the international economic regulatory framework for international air transport and argued that, while the *Convention on International Civil Aviation* (Chicago Convention) continues to provide a strong foundation for safe, secure and orderly development of international civil aviation, the economic regulatory framework that has developed through bilateral air services agreements (ASAs) may constrain competition, investment, innovation and connectivity. Drawing a comparison with the liberalized commercial framework governing international maritime transport, the paper highlighted potential limitations

[1] Argentina, Belize, Bolivia (Plurinational State of), Chile, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Honduras, Jamaica, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela (Bolivarian Republic of).
[2] Argentina, Belize, Bolivia (Plurinational State of), Chile, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Honduras, Jamaica, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela (Bolivarian Republic of).

associated with restrictions on market access, foreign ownership and control, cabotage and airline designation. The paper proposed that ICAO examine factors within the current economic regulatory framework that limit the liberalization of international air transport and explore alternatives to support a more efficient, competitive and liberalized aviation sector.

3.2.1.5 WP/29, presented by China, highlighted the role of cross-sectoral collaboration in enhancing international air connectivity and inbound passenger services. Drawing on China's experience in supporting the recovery and expansion of international air services, the paper highlighted cross-sectoral cooperation involving the aviation, foreign affairs, immigration, customs, tourism, finance and transport sectors. The cooperation focused on improving flight connectivity, visa and transit arrangements, payment services, tourism development and air-rail intermodal transport. The paper emphasized that sustainable air connectivity depends not only on air transport services and traffic rights, but also on the broader travel ecosystem supporting passenger journeys. It proposed that ICAO, in cooperation with UN Tourism, the World Customs Organization (WCO), the International Air Transport Association (IATA), Airports Council International (ACI) and the International Union of Railways (UIC), develop a voluntary toolkit to support cross-sectoral coordination and enhanced air connectivity. The paper also encouraged States to explore voluntary connectivity cooperation packages and to undertake pilot initiatives tailored to their national circumstances, with support from ICAO Regional Offices, as appropriate.

3.2.1.6 Through WP/130, the Democratic People's Republic of Korea (DPRK) raised concerns regarding measures that, according to the paper, adversely affect the ability of certain States to participate fully in international civil aviation activities and benefit from technical cooperation programmes and services. Referring to the principle of non-discrimination under the Chicago Convention, the paper argued that such measures may hinder air connectivity, economic development and resilience. The paper also highlighted efforts undertaken by the DPRK to modernize its civil aviation infrastructure and capabilities. The paper invited the Conference to note the issues raised, reflect in its declaration concerns regarding practices that may hinder global air connectivity and the development of international civil aviation, and recommend that the ICAO Assembly and Council consider measures aimed at addressing such practices.

3.2.1.7 Through WP/151, El Salvador, supported by 17 LACAC[3] Member States, highlighted the role of regional connectivity arrangements in enhancing air transport connectivity, affordability and resilience. Drawing on experience gained through the implementation of the Regulations for the Development of Air and Airport Operations (CA-4) by El Salvador, Guatemala and Honduras, under which intraregional routes receive domestic-like treatment, international airport charges are eliminated, and greater flexibility in traffic rights is permitted, the paper highlighted the absence of ICAO guidance on integrated regional air transport frameworks, particularly on fees and charges, passenger data management and coordinated accessibility and crisis management arrangements. The paper invited the Conference to recognize the need for ICAO guidance on common aviation markets and seamless skies arrangements, encouraged the study of intraregional corridor models as potential best practices and requested updates to Doc 9626 and Doc 9957, as well as the Traveller Identification Programme (TRIP), to support the implementation of common aviation markets, regional single-window data systems and intraregional accessibility protocols.

3.2.1.8 In WP/149, Equatorial Guinea, Nigeria, the International Business Aviation Council (IBAC), Aviation Services Association (ASA World), International Council of Aircraft Owner and Pilot Associations (IAOPA) and International Coordinating Council of Aerospace Industries Associations (ICCAIA) emphasized the importance of diverse and complementary forms of air transport to a resilient and inclusive international air transport system. The paper outlined the contribution of regional and

[3] Belize, Bolivia (Plurinational State of), Chile, Costa Rica, Cuba, Dominican Republic, Ecuador, Guatemala, Guyana, Honduras, Jamaica, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela (Bolivarian Republic of).

community air services, business and general aviation, charter and all-cargo operations, and Advanced Air Mobility (AAM), noting that these forms of aviation serve different markets and operational needs, including remote and underserved communities, and contribute to system resilience during disruptions. It underscored the need for proportionate and fit-for-purpose economic and regulatory approaches that reflect differing operational characteristics, while supporting operational access and enabling infrastructure. The paper called on ICAO to promote such approaches in its policy guidance and to develop guidance for States that supports operational access, enabling infrastructure and regulatory frameworks that enhance connectivity, resilience and sustainable economic development, consistent with the No Country Left Behind (NCLB) goal.

3.2.1.9 WP/156, presented by Paraguay and supported by 18 LACAC[4] Member States, presented the South American Air Liberalization Agreement (ALAS) as a framework for advancing a Single South American Sky through the progressive liberalization of air services, institutional facilitation and regulatory harmonization. The paper described ALAS as a flexible and phased approach, tailored to the legal and institutional circumstances of participating States, aimed at enhancing connectivity, promoting fair competition and strengthening regional air transport resilience. The paper invited the Conference to note ALAS as evidence of South American States' commitment to regional liberalization, recommend that ICAO develop a voluntary model instrument to support regional air transport integration and regulatory harmonization, and invite ICAO to establish a voluntary capacity-building initiative for States interested in regional liberalization, including training, technical assistance and peer-to-peer cooperation. The paper also encouraged the sharing of expertise, lessons learned and best practices among States.

3.2.1.10 Through WP/95, the Russian Federation expressed concerns regarding the impact of unilateral measures on international air transport, arguing that such measures may adversely affect air connectivity, fair competition, tourism, economic development and the liberalization of international air transport. The paper emphasized the importance of maintaining a non-discriminatory and equitable framework for the development of international air transport, consistent with the principles of the Chicago Convention, and preserving ICAO's role as an impartial and technical organization free from politicization. The paper requested the Conference to invite ICAO to assess and analyze the effects of such measures on international air transport and develop related findings and recommendations. It further proposed the establishment of a task force to support this work by evaluating their impact on the sustainable development and liberalization of international air transport, fair competition and consumer rights.

3.2.1.11 Through WP/54, presented by Togo on behalf of the African Civil Aviation Commission (AFCAC)[5] Member States, the paper highlighted the experience of the Single African Air Transport Market (SAATM) in implementing the Yamoussoukro Decision (YD) and examined the challenges of translating liberalization commitments into effective and commercially usable market access. While noting that regional and plurilateral liberalization arrangements in different regions have facilitated wider market access and connectivity, the paper focused on Africa's experience, including lessons from SAATM implementation and Togo's national experience, which underscored the importance of timely authorizations, effective exercise of traffic rights, regulatory safeguards and performance monitoring. The paper emphasized that the effectiveness of liberalization should be assessed based on operational and economic outcomes rather than formal commitments alone. It requested the Conference to recognize regional and plurilateral liberalization arrangements as practical pathways to market opening, request ICAO

[4] Argentina, Belize, Bolivia (Plurinational State of), Brazil, Chile, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Honduras, Jamaica, Nicaragua, Panama, Peru and Uruguay.

[5] Algeria, Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cabo Verde, Central African Republic, Chad, Comoros, Congo, Côte d'Ivoire, Democratic Republic of the Congo, Djibouti, Egypt, Equatorial Guinea, Eritrea, Eswatini, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Libya, Madagascar, Malawi, Mali, Mauritania, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Rwanda, Sao Tome and Príncipe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, South Sudan, Sudan, Togo, Tunisia, Uganda, United Republic of Tanzania, Zambia, Zimbabwe.

to strengthen policy guidance, analytical tools, comparative assessment, knowledge-sharing and capacity-building, and encourage States to translate liberalization commitments into effective market access and share implementation results with ICAO and regional organizations.

3.2.1.12 In WP/139, the United Arab Emirates underscored the importance of continued liberalization of international air transport to expand market access, connectivity and consumer choice. The paper presented that States have differing economic circumstances, regulatory frameworks and aviation policies, and stressed that existing national, bilateral and regional mechanisms should be taken into account when considering the inclusion of provisions in ASAs. It further recognized that ICAO guidance, including the Template Air Services Agreements (TASA), should remain flexible, neutral and non-binding, and that national or regional regulatory approaches, or treaty provisions developed outside the ICAO framework, should not be regarded as globally applicable models for bilateral agreements. The paper requested the Conference to reaffirm the importance of liberalization and expanded market access, recognize that national or regional regulatory approaches or treaty provisions developed outside the ICAO framework may not necessarily be suitable as globally applicable international baselines for bilateral ASAs, and reaffirm States' flexibility in determining the provisions applicable to their bilateral air transport relationships and in their use of ICAO guidance materials.

3.2.1.13 In WP/103, Uruguay, supported by 19 LACAC[6] Member States, presented LACAC's experience in liberalizing combined passenger–cargo–mail services through a voluntary Memorandum of Understanding (MoU) that grants reciprocal traffic rights up to the Sixth Freedom of the Air while supplementing existing bilateral and multilateral agreements. The paper presented the instrument as a pragmatic and progressive approach to liberalization, featuring simplified accession and withdrawal procedures, and recognized its potential to enhance regional connectivity, strengthen network resilience and preserve competition during periods of economic, health or operational disruption. It also highlighted the benefits of developing a more uniform framework to avoid regulatory fragmentation arising from multiple regional arrangements. The paper requested the Conference to take note of the LACAC experience and recommend that the Council task the Air Transport Regulation Panel (ATRP) with developing a voluntary model instrument, taking into account LACAC and other regional experiences, to facilitate the liberalization of combined passenger–cargo–mail services.

3.2.1.14 Through WP/145, the Aviation Services Association (ASA) World, the International Transport Workers' Federation (ITF) and the International Federation of Air Line Pilots' Association (IFALPA) examined how licensing, tendering and commercial frameworks for ground handling services influence safety, workforce stability, operational resilience and investment. The paper noted that the sector has experienced financial pressures in recent years despite increasing operational demands, with resulting challenges for workforce retention, training and equipment investment. It argued that market design, including provider selection criteria, the number and duration of authorizations, and contractual risk allocation, plays a key role in determining these outcomes. The paper advocated frameworks that give appropriate weight to safety performance, workforce competency, service quality and employment conditions, in addition to price. The paper requested ICAO to develop guidance on the economic and market-design aspects of ground handling and continue supporting relevant international labour standards. It also urged States and airport operators to adopt licensing, tendering and authorization frameworks that support safety, workforce competency, employment conditions, investment and operational resilience, and called on States to ensure balanced commercial practices and continuity of skilled personnel during provider transitions.

[6] Argentina, Belize, Bolivia (Plurinational State of), Brazil, Chile, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Honduras, Jamaica, Nicaragua, Panama, Paraguay, Peru and Venezuela (Bolivarian Republic of).

3.2.1.15 In WP/115, the International Labour Organization (ILO), ITF and IFALPA addressed the role of labour and social safeguards in the orderly and sustainable liberalization of international air transport. Recalling principles and recommendations adopted by the previous Worldwide Air Transport Conferences and the ILO's 2023 Conclusions and Recommendations for the civil aviation sector, the paper highlighted the potential implications of liberalization, new business models, ownership structure and industry consolidation for employment, labour protection and regulatory oversight. It noted the growing inclusion of labour and social provisions in the current ASAs and supported ongoing ATRP work to consider an optional labour and social article in the TASA. The paper requested the Conference to reaffirm and build upon existing labour and social principles and recommendations, encourage the inclusion of an optional labour and social article in the updated TASA, and encourage Member States to pursue legal and institutional arrangements and the progressive harmonization of regulatory frameworks incorporating decent work protections aligned with the ILO's Fundamental Principles and Rights at Work.

3.2.2 **DISCUSSION**

3.2.2.1 The Conference discussed approaches to optimizing global air connectivity and enhancing the resilience of international air transport networks. It recognized that connectivity outcomes are shaped by a combination of regulatory, operational, commercial and broader ecosystem factors, and that market access liberalization alone may not be sufficient to address connectivity challenges in all circumstances. The Conference underscored the importance of predictable, enabling and fit-for-purpose regulatory frameworks, effective coordination among aviation and non-aviation authorities, and policies that support connectivity to remote, underserved and geographically disadvantaged markets.

3.2.2.2 The Conference considered developments in market access liberalization and regional air transport integration. Broad support was expressed for the continued progressive liberalization of international air transport as a means of enhancing connectivity, competition and the sustainable growth of the sector. The Conference also expressed support for progressive approaches to liberalization that take into account States' differing circumstances, policy objectives and levels of readiness. Regional and plurilateral initiatives were presented as practical approaches to expanding market access, enhancing connectivity and strengthening regional cooperation. The Conference recognized that States may pursue different approaches towards liberalization and emphasized that States retain the flexibility to determine the pace, scope and form of liberalization most appropriate to their air transport policies. Several delegates stressed that no single liberalization model should be regarded as universally applicable. The Conference further highlighted the importance of translating liberalization commitments into effective and commercially viable market access through the practical exercise of agreed traffic rights and appropriate regulatory cooperation among States.

3.2.2.3 The Conference acknowledged the contribution of diverse aviation activities, including regional and community air services, business and general aviation, all-cargo operations and emerging aviation activities, in expanding access and strengthening network resilience. In this context, the Conference recognized the importance of efficient supporting services, including ground handling services, in ensuring safe, reliable and resilient air transport operations. While support was expressed for measures aimed at strengthening operational resilience, some delegates stressed the need to preserve competition, commercial flexibility and market responsiveness, and platforms for the exchange of experiences and best practices aimed at enhancing connectivity and resilience.

3.2.2.4 Labour and social considerations associated with the liberalization of international air transport were also addressed. Different views were expressed regarding the extent to which such considerations should be reflected in ICAO policy and guidance material and, where appropriate, in air services agreements. Some delegations supported the continued development of optional labour and social provisions, including within the context of the ongoing review of the Template Air Services Agreements

(TASA), noting their potential contribution to the sustainable development of international air transport. Other delegations emphasized that labour and social matters fall primarily within national policy frameworks and cautioned against linking such considerations to market access rights or conditions. While views differed on the appropriate approach, several delegations underscored the importance of preserving the voluntary, non-binding and technical nature of ICAO guidance material.

3.2.2.5 The Conference considered practical measures to support the implementation of liberalization and strengthen regulatory cooperation among States. The Conference highlighted the continuing relevance of ICAO policy and guidance material, including the TASA, as practical and flexible tools to support market access liberalization and regional integration. Support was expressed for continued ICAO work on policy guidance, implementation support, capacity-building and the exchange of experiences and best practices. The Conference supported initiatives aimed at facilitating communication and coordination for air services negotiations, including measures to improve the identification of appropriate national points of contact. Many delegates emphasized that ICAO instruments and guidance material should remain voluntary, non-binding and sufficiently flexible to accommodate differing national circumstances and approaches to liberalization.

3.2.2.6 The Conference exchanged views on matters relating to international cooperation, air connectivity and participation in international civil aviation activities. Different views were expressed regarding factors that may affect connectivity, technical cooperation and the ability of States to participate in and benefit from international civil aviation activities and programmes. Some delegates expressed concerns regarding such factors and their potential implications for connectivity, economic development and resilience. Many other delegates expressed the view that the matters raised were either being addressed through existing ICAO processes or extended beyond the scope of the Conference.

3.2.2.7 The Conference took note of Information Papers WP/107 presented by Colombia and supported by 17 LACAC Member States, WP/127 presented by Colombia and supported by 16 LACAC Member States, WP/154 from Cuba, WP/186 by Kazakhstan, WP/184 presented by Venezuela and 15 LACAC Member States and WP/195 presented by IBAC.

3.2.3 **CONCLUSION**

3.2.3.1 As a result of the documentation considered and ensuing discussion under Agenda Item 3.2 Part A, the Conference concluded that:

a) enhanced air connectivity remains an important objective of international air transport policy and contributes to economic growth, trade, tourism and sustainable development. Achieving this objective requires supportive regulatory and operational frameworks, effective stakeholder cooperation and measures that address the needs of remote, underserved and low-demand markets;

b) progressive liberalization of international air transport can contribute to enhanced connectivity, competition, regional integration and the sustainable growth of the sector. The Conference recognized that States may pursue different approaches towards liberalization, reflecting their national circumstances, policy objectives and levels of readiness, and that the benefits of liberalization depend on the effective implementation and practical utilization of market access opportunities;

c) regional and plurilateral liberalization initiatives provide valuable experience in advancing market access, connectivity and regulatory cooperation and demonstrate different approaches through which States may pursue liberalization objectives;

d) labour and social considerations continue to be relevant to discussions on the sustainable development of international air transport, while recognizing that States may take different approaches to addressing such matters in accordance with their national circumstances and policy frameworks;

e) ICAO policy and guidance material, including the Template Air Services Agreements (TASA), continues to play an important role in supporting liberalization, regulatory cooperation and the modernization of international air transport frameworks. The Conference also recognized the value of technical assistance, practical implementation tools, enhanced communication among States and the exchange of experiences and best practices in supporting efforts to advance connectivity and market access objectives, including facilitating contacts among authorities responsible for air services negotiations; and

f) States are encouraged to continue to put in place measures to promote air connectivity, technical cooperation, the growth of international air transport and compliance with the Convention on International Civil Aviation.

3.2.4 RECOMMENDATION

Recommendation 3.2/1 — Enhancing air connectivity through progressive economic and regulatory aviation frameworks for international air transport: Connectivity and market access liberalization

The Conference recommends that:

a) States should continue to advance the ICAO Long Term Vision of Liberalization for International Air Transport through progressive liberalization through bilateral, regional, plurilateral and multilateral arrangements, in accordance with their national circumstances, policy objectives and levels of readiness;

b) States should take measures to ensure that agreed market access rights can be effectively and commercially exercised, including through the timely processing of authorizations and approvals and the removal of administrative and regulatory impediments that may limit their utilization;

c) States should strengthen air connectivity through proportionate and fit-for-purpose regulatory frameworks, cross-sectoral coordination and targeted measures to support connectivity in remote, underserved and low-demand markets, including LDCs, LLDCs and SIDs;

d) States and regional organizations are encouraged to promote the exchange of experience and best practices on market access liberalization, regional integration initiatives and the practical implementation of liberalization commitments;

e) ICAO should continue to review and update its policy and guidance material, including the Template Air Services Agreements (TASA), to reflect evolving market developments, regional experiences and the needs of States and strengthen implementation support to States through technical assistance, capacity-building activities, practical implementation tools and enhanced information-sharing mechanisms;

f) ICAO should establish and maintain an ICAO digital directory of Member States' designated focal points for air services negotiations in order to facilitate communication and coordination among States; and

g) States should continue to put in place measures that promote air connectivity, technical cooperation, the sustainable growth of international air transport and compliance with the Convention on International Civil Aviation.

Part B: Competition

3.2.5 DOCUMENTATION

3.2.5.1 WP/96, presented by Chile and supported by 18 LACAC[7] Member States, examined the role of competition policy and institutions in ensuring that the benefits of air transport liberalization are effectively realized. The paper emphasized that, in addition to safeguarding fair competition among carriers from different States, competition frameworks should address the domestic allocation of scarce traffic rights, noting that frequency limitations and allocation mechanisms may affect market entry, competition and the realization of benefits arising from ASAs. Drawing on Chile's experience, the paper proposed best-practice principles for the allocation of scarce traffic rights, including time-limited allocations, transparent and competitive allocation mechanisms, actual-use requirements and enhanced coordination between aviation and competition authorities. The paper also encouraged States to strengthen and apply competition policies to the allocation of traffic rights and to reflect competition principles in ASAs, and proposed that ICAO develop related guidance material, a model competition clause and mechanisms to promote cooperation among competition authorities.

3.2.5.2 In WP/71, Nigeria, on behalf of 54 Member States of AFCAC[8], outlined Africa's position on fair competition and regulatory capacity in liberalized air transport markets. The paper underscored that the successful implementation of the Yamoussoukro Decision (YD) and the Single African Air Transport Market (SAATM) depends on effective competition rules, a level playing field, appropriate consumer protection measures and capable, independent economic regulators. While highlighting Africa's existing continental competition framework under Annex 5 to the YD, the paper identified challenges relating to market concentration, subsidized competition, enforcement capacity, institutional independence, harmonization and regulatory gaps. The paper called on ICAO to strengthen its policy guidance and best practices on competition in international air transport, develop practical tools and capacity-building programmes to support competition assessment, market monitoring and enforcement, and provide targeted technical assistance to strengthen competition and economic regulatory capacity, particularly in developing States and emerging regional aviation markets.

3.2.5.3 Through WP/16, the Republic of Korea presented the administrative and operational issues that CAAs may need to address in connection with airline mergers, particularly where multiple jurisdictions are involved. The paper highlighted that, beyond merger approval, aviation authorities may need to address a range of regulatory, operational and safety-related matters. It further noted that differing national

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

[8] Algeria, Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cabo Verde, Central African Republic, Chad, Comoros, Congo, Côte d'Ivoire, Democratic Republic of the Congo, Djibouti, Egypt, Equatorial Guinea, Eritrea, Eswatini, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Libya, Madagascar, Malawi, Mali, Mauritania, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Rwanda, Sao Tome and Príncipe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, South Sudan, Sudan, Togo, Tunisia, Uganda, United Republic of Tanzania, Zambia, Zimbabwe.

procedures may result in delays, additional costs and legal or operational uncertainty, while the relative infrequency of airline mergers limits opportunities for authorities to build practical experience. While existing ICAO guidance addresses ownership, control and designation requirements, the paper identified a lack of practical reference material on the administrative and operational procedures associated with approved airline mergers. Emphasizing the importance of timely and coordinated processes to support connectivity and system resilience, particularly during periods of crisis and structural recovery, the paper requested the Conference to encourage States to share their experiences and invite ICAO to develop practical reference material, based on actual cases, to assist aviation authorities in managing airline mergers and related international coordination.

3.2.6 **DISCUSSION**

3.2.6.1 The Conference considered issues relating to the allocation of scarce traffic rights and their implications for competition in international air transport markets highlighted in WP/96. Delegates expressed views on the role of States in the allocation of traffic rights and the relationship between traffic-rights allocation and competition. A number of delegates emphasized that the allocation of traffic rights falls within States' national policy and regulatory frameworks. In that context, a view was expressed that existing ICAO guidance already provides sufficient flexibility for States and that additional provisions on the allocation of traffic rights should not be included in the Template Air Services Agreements (TASA), as such matters are addressed through States' national frameworks.

3.2.6.2 The Conference also considered the issue of fair competition and market regulatory oversight contained in WP/71. Strong support was expressed for the paper for bringing forward the important issue of competition oversight in liberalized international air transport markets. Delegates agreed that the benefits of liberalization cannot be fully realized without effective competition frameworks, market regulatory oversight and adequate economic regulatory capacity. The discussion underscored the importance of strengthening institutional and regulatory capabilities to address practices that may affect fair competition, particularly in developing States and emerging regional aviation markets. Support was also expressed for continued ICAO assistance through practical guidance, tools, training and capacity-building on the issue of competition framework. Some delegates highlighted the relevance of labour and social considerations in the context of liberalization and competition policies.

3.2.6.3 Airline mergers and regulatory coordination was also considered by the Conference as detailed in WP/16. The meeting discussed the administrative, operational and regulatory implications of airline mergers, particularly where multiple jurisdictions are involved. Delegates recognized the importance of coordination, information-sharing and clear procedures among the relevant authorities in supporting the implementation of approved airline mergers. It was noted that airline mergers occur relatively infrequently and that the sharing of practical experiences and lessons learned could assist States in addressing related challenges. Some delegates stressed that the assessment of matters beyond aviation technical and regulatory issues should remain the responsibility of the competent authorities concerned. While support was expressed for the exchange of experiences and best practices among States, some delegates did not support the development of additional ICAO guidance material on airline mergers.

3.2.7 **CONCLUSION**

3.2.7.1 As a result of the documentation considered and ensuing discussion under Agenda Item 3.2 Part B, the Conference concluded that:

a) effective competition frameworks, market regulatory oversight, and economic regulatory capacity are important to ensuring fair competition and enabling the benefits of liberalization to be realized;

b) the allocation of scarce traffic rights should be considered within States' national policy and regulatory frameworks, with a view to promoting their effective use and addressing circumstances where allocated rights remain unused;

c) coordination, information-sharing and clear procedures among relevant authorities support the administrative and operational implementation of approved airline mergers;

d) practical guidance, tools, training and capacity-building provided by ICAO, in collaboration with the Air Transport Regulation Panel (ATRP), support States in addressing competition-related matters, particularly for developing States and emerging regional aviation markets;

e) the continued exchange of best practices and experiences among States contributes to the effective implementation of competition-related policies and measures; and

f) State should continue to share their experiences and best practices on competition through the ICAO platform on compendium on competition.

3.2.8 **RECOMMENDATION**

Recommendation 3.2/2 — Enhancing air connectivity through progressive economic and regulatory aviation frameworks for international air transport: Competition

The Conference recommends that:

a) States should strengthen market regulatory oversight and economic regulatory capacity to address practices that may affect fair competition, taking into account their national and regional circumstances;

b) States should enhance cooperation and the exchange of information, experiences and best practices in support of effective competition oversight and economic regulation;

c) States should, in accordance with their national policy and regulatory frameworks, consider appropriate mechanisms for the allocation of scarce traffic rights that promote their effective use and address circumstances where allocated rights remain unused;

d) States should support the administrative and operational implementation of approved airline mergers through coordination, information-sharing and clear procedures among the relevant authorities;

e) ICAO should continue to provide practical guidance, tools, training and capacity-building on air transport competition oversight and related economic regulation, particularly for developing States and emerging regional aviation markets;

f) ICAO should continue to update and maintain its Compendium on Competition as a platform for the exchange of best practices among States on competition-related matters. States should therefore share relevant information with ICAO for incorporation into the Compendium.

Part C: Liberalization of air cargo services

3.2.9 DOCUMENTATION

3.2.9.1 Through WP/136, Kuwait addressed the importance of air cargo as a key enabler of global trade, supply chain resilience and economic development, particularly for landlocked States and regions facing geographical and logistical challenges. The paper noted the need to enhance air cargo facilitation through streamlined and harmonized procedures, digital transformation, electronic data exchange, the single window concept and strengthened coordination among stakeholders, while maintaining high standards of safety and security. The paper also supported the further liberalization of air cargo services and stronger public-private partnerships. The paper called on ICAO to strengthen international cooperation through the development of policies and regulatory frameworks for air cargo, support the harmonization and simplification of cargo procedures, accelerate the digitalization of cargo operations and secure data exchange, and expand air connectivity to enable States and regions facing geographical constraints or lacking access to the sea to access global markets more efficiently.

3.2.9.2 Through WP/102, Oman highlighted the strategic role of air cargo in supporting trade, economic diversification and supply chain resilience. The paper presented Oman's experience under the National Aviation Strategy 2040, which integrates cargo development with national logistics and trade objectives through quantitative targets, multimodal connectivity and enabling regulatory frameworks. It also pointed to the growing importance of e-commerce and cargo facilitation. The paper invited the Conference to recognize the contribution of air cargo to economic development and resilience, encourage States to incorporate measurable cargo targets into national aviation strategies, and invite ICAO to strengthen its policies and guidance on air cargo development and include this area in the follow-up work programme arising from the Conference.

3.2.9.3 In WP/98, Peru, supported by 19 LACAC[9] Member States, presented the LACAC experience in progressively liberalizing exclusive air cargo services through a voluntary regional mechanism granting seventh-freedom traffic rights. The paper described the mechanism, initially introduced during the COVID-19 pandemic and subsequently made permanent, as a pragmatic and complementary instrument that operates alongside existing bilateral and multilateral agreements through simplified accession and withdrawal procedures. It underscored that the initiative had facilitated intraregional cargo connectivity and demonstrated the feasibility of gradual and voluntary approaches to air cargo liberalization. The paper requested the Conference to take note of the LACAC experience, recognize its value in identifying the benefits and challenges of air cargo liberalization, and recommend that ICAO, through the review of the ICAO Template Air Services Agreement (TASA), consider the instrument's principles of legal complementarity, voluntary participation and simplified procedures as possible means of facilitating regional or multilateral approaches to the progressive liberalization of exclusive air cargo services.

[9] Argentina, Belize, Bolivia (Plurinational State of), Brazil, Chile, Costa Rica, Cuba, Ecuador, Dominican Republic, El Salvador, Guatemala, Guyana, Honduras, Jamaica, Nicaragua, Panama, Paraguay, Uruguay and Venezuela (Bolivarian Republic of).

3.2.9.4 WP/18, presented by Qatar, highlighted the growing strategic importance of air cargo in supporting global trade, supply chain resilience, economic development and connectivity. The paper argued that the expansion of e-commerce, the increasing integration of global value chains and evolving logistics requirements call for regulatory frameworks that better reflect the unique operational characteristics of all-cargo services. It advocated greater commercial and operational flexibility for air cargo operators through the incorporation of modern all-cargo provisions in ASAs. The paper also highlighted the potential benefits of seventh-freedom traffic rights for all-cargo services and the opportunities presented by the ongoing modernization of the TASA. The paper requested the Conference to recognize the strategic importance of air cargo, encourage States to consider more liberal approaches to air cargo services in ASAs including the suggested provisions, and request ICAO to continue supporting the implementation of air cargo liberalization through policy guidance and the dissemination of best practices.

3.2.9.5 WP/134, presented by the United Arab Emirates, examined the role of air cargo in maintaining global supply chains and supporting crisis responses during disruptions such as pandemics, natural disasters and geopolitical events. The paper argued that restrictive provisions in air services arrangements may limit the ability of operators to rapidly adjust capacity, routes and networks when responding to crises, and emphasized that greater liberalization of all-cargo services should form part of States' crisis preparedness strategies. Noting the benefits observed during the COVID-19 pandemic, it advocated establishing regulatory flexibility in advance of future disruptions through more liberal market access arrangements. The paper requested the Conference to recognize the role of air cargo in strengthening resilience and crisis preparedness, encourage States to further liberalize market access for all-cargo operations, and request ICAO to continue supporting Member States in developing flexible regulatory approaches for international all-cargo services.

3.2.9.6 WP/14 presented by the Global Express Association (GEA) and The International Air Cargo Association (TIACA) reviewed developments in international trade and air cargo since ATConf/6 and their implications for air cargo regulation. The paper highlighted the growing importance of air cargo, e-commerce and supply chain resilience, and argued that the economic regulation of air cargo has not evolved sufficiently to support growth and connectivity to their full potential. Drawing on experiences during the COVID-19 pandemic and liberalization initiatives undertaken by the Association of Southeast Asian Nations (ASEAN), the European Union (EU) and LACAC, it emphasized the distinct operational characteristics of air cargo and the need for greater market access and operational flexibility. The paper requested the Conference to recognize the economic importance of air cargo, instruct ICAO to draw lessons from States' experiences in liberalizing air cargo, provide guidance for States wishing to explore new cargo policies, including open capacity and increased operational flexibility, and amend the TASA accordingly.

3.2.10 **DISCUSSION**

3.2.10.1 In considering air cargo and economic development, the Conference highlighted the growing strategic importance of air cargo in supporting trade, economic development, e-commerce, connectivity and supply-chain resilience. The role of air cargo in facilitating access to global markets, including for geographically constrained and underserved States and regions, and in maintaining the flow of essential goods during disruptions and crises drew attention. Delegates underscored the importance of integrating air cargo objectives into national aviation, logistics and economic development strategies and of providing enabling policy and regulatory frameworks to support the continued growth and resilience of air cargo services. Delegates also emphasized the importance of cargo facilitation, including the simplification and harmonization of regulatory procedures and effective coordination among relevant stakeholders. Support was expressed for continued ICAO assistance to Member States through policy guidance, capacity-building and the exchange of experiences and best practices.

3.2.10.2 The Conference also exchanged views on approaches to the liberalization of air cargo services. Delegates recognized the distinct operational and commercial characteristics of air cargo services and the importance of ensuring that economic regulatory frameworks provide appropriate flexibility while preserving fair competition. Support was expressed for a balanced approach to liberalization that respects States' sovereignty and recognizes differing levels of liberalization among States, national circumstances and market conditions. Delegates acknowledged the potential of air cargo liberalization to enhance connectivity, facilitate trade and strengthen supply-chain resilience. Views were also expressed on the treatment of all-cargo and belly-cargo operations, with some delegates noting the need to avoid unintended competitive distortions where liberalization measures apply unequally. Delegates agreed that decisions regarding further market access liberalization for air cargo services, including the granting of fifth- and seventh-freedom traffic rights, should remain matters for States to determine.

3.2.10.3 Support was expressed for continued ICAO assistance through the ongoing review of the Template Air Services Agreements (TASA), including consideration of relevant experiences from regional initiatives, such as those of LACAC, as possible examples of approaches to regional and plurilateral liberalization of air cargo services. Delegates also emphasized that the ongoing review of TASA should take into account States' national circumstances and differing levels of development3.2.10.3 The Conference took note of the following Information Papers: WP/128 presented by Colombia and 16 LACAC Members, WP/147 presented by Kazakhstan, WP/118 presented by Uruguay and 18 LACAC Member States and WP/123 presented by the United Nations Commission on International Trade Law Secretariat.

3.2.11 **CONCLUSION**

3.2.11.1 As a result of the documentation considered and ensuing discussion under Agenda Item 3.2 Part C, the Conference concluded that:

a) air cargo is a key enabler of trade, connectivity, economic development and supply-chain resilience, particularly for geographically constrained and underserved States and regions;

b) economic regulatory frameworks should reflect the distinct operational and commercial characteristics of air cargo services, provide appropriate flexibility and preserve fair competition;

c) liberalization of air cargo services can contribute to enhanced connectivity, trade and supply-chain resilience. Approaches to liberalization, including market access arrangements, should be determined by States in accordance with their circumstances and readiness;

d) air cargo facilitation and digitalization support the development of efficient, resilient and globally connected air cargo networks and should be advanced through the appropriate existing ICAO programmes and bodies, while ensuring coherence and avoiding duplication in requirements and procedures; and

e) the importance of continued ICAO support through updating air cargo policies and Template Air Services Agreements (TASA) with inclusion of provisions on air cargo market access as a pathway towards wider regional, plurilateral and global liberalization of air cargo services.

3.2.12 **RECOMMENDATION**

Recommendation 3.2/3 — Enhancing air connectivity through progressive economic and regulatory aviation frameworks for international air transport: Liberalization of air cargo services

The Conference recommends that:

a) States should recognize air cargo as a key enabler of trade, connectivity, economic development and supply-chain resilience, including for geographically constrained and underserved markets, and incorporate air cargo considerations, as appropriate, into national aviation, logistics and economic development strategies;

b) States shall ensure that economic regulatory frameworks reflect the distinct operational and commercial characteristics of air cargo services, provide appropriate flexibility, preserve fair competition and support the progressive liberalization of market access for air cargo services in accordance with their circumstances and readiness;

c) States shall consider, in accordance with their national policy objectives and regulatory frameworks, measures to enhance air cargo connectivity and operational flexibility, including appropriate market access arrangements, while taking into account the needs of low-demand markets and maintaining fair competition;

d) States and ICAO should continue to advance air cargo facilitation and digitalization through existing programmes and bodies, including through the simplification and harmonization of regulatory procedures, secure information exchange and other digital processes, while ensuring coherence and avoiding duplication of requirements; and

e) ICAO shall continue to update its air cargo policies and the TASA, taking into account national circumstances, differing levels of development and relevant regional experiences, as a voluntary pathway towards wider regional, plurilateral and global liberalization of air cargo services, and continue to support Member States through policy guidance, capacity-building and the exchange of experiences and best practices.

— END —