



WORKING PAPER

**SEVENTH WORLDWIDE AIR TRANSPORT CONFERENCE
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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

REGIONAL AIR TRANSPORT LIBERALIZATION: BENEFITS, LESSONS LEARNED AND PATHWAYS TO ENHANCED GLOBAL CONNECTIVITY

(Presented by Brazil, and supported by 19 LACAC Member States¹)

EXECUTIVE SUMMARY

This paper compares regional aviation liberalization initiatives in South America, Africa and Europe to discuss possible pathways to foster global connectivity.

Since the 1944 Convention on International Civil Aviation (Chicago Convention), air transport has developed mainly through bilateral agreements, with market access left to individual States. Regions have since pursued deeper integration, showing liberalization can advance incrementally within this existing framework.

South America advanced through the 2023 Brasília Consensus, where twelve States committed to a gradual "Single South American Aviation Market". Argentina, Bolivia, Brazil, Chile, Paraguay and Uruguay also signed a Memorandum of Understanding laying the groundwork for a future agreement South American Air Transport Liberalization Agreement (ALAS), relying on reciprocity and voluntary cooperation. Africa's Single African Air Transport Market (SAATM), rooted in the 2000 Yamoussoukro Decision, seeks to liberalize intra-African air services across market access, frequencies, capacity and tariffs. Europe has achieved the deepest integration via the European Union (EU) Single Aviation Market, underpinned by supranational rules granting airlines extensive commercial freedoms.

While all three share common goals, they differ in traffic rights, ownership rules, and competition frameworks, which could complicate future interregional cooperation.

Liberalization is a continuum of policy options, not a single model, and lessons can be drawn from regional initiatives to the benefit of global aviation. The International Civil Aviation Organization (ICAO) is well-positioned to identify common principles and foster regulatory compatibility, supporting a more coherent international air transport system while respecting State sovereignty.

Action by the Conference is set out in paragraph 4.1.

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 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).

<i>Financial implications:</i>	
<i>References:</i>	

1. INTRODUCTION

1.1 Since the adoption of the Convention on International Civil Aviation (Chicago Convention) in 1944, international air transport has developed primarily through bilateral Air Services Agreements (ASAs), allowing States to liberalize market access according to their respective policy objectives and levels of economic development.

1.2 While the bilateral system remains the foundation of international economic regulation, several regions have progressively pursued broader market integration through regional and plurilateral arrangements. These initiatives demonstrate that liberalization can advance incrementally within the existing legal framework while accommodating the different priorities and circumstances of participating States.

1.3 South America has recently accelerated regional cooperation through the Brasília Consensus, under which the twelve South American States committed to work progressively towards a "Single South American Aviation Market." Similar regional initiatives have been pursued in Africa through the Single African Air Transport Market (SAATM) and in Europe through the creation of the European Union (EU) Single Aviation Market.

1.4 Although these initiatives differ significantly in their institutional structures, legal foundations and levels of implementation, they share the common objective of improving connectivity, promoting competition and supporting economic integration through more open aviation markets.

1.5 This paper compares these regional experiences and identifies common lessons that may contribute to the future evolution of international air transport liberalization.

2. DISCUSSION

2.1 Regional Liberalization within the Existing International Framework

2.1.1 The Chicago Convention established the legal framework for international civil aviation while leaving market access to be determined through agreements between States. Consequently, liberalization has evolved unevenly through bilateral, regional and plurilateral initiatives, producing regional approaches that reflect different levels of economic integration and regulatory ambition.

2.1.2 South America, Africa and Europe have each adopted regional approaches that progressively reduce economic restrictions within the current economic regulatory framework and demonstrate that regional liberalization can deliver regulatory frameworks that are more efficient, predictable, transparent and commercially responsive while maintaining safety and security standards and supporting more efficient and sustainable market development.

2.2 The South American Approach

2.2.1 South American States have traditionally pursued liberalization through bilateral ASAs that progressively expand traffic rights, relax capacity and frequency limitations, increase route flexibility and facilitate commercial cooperation between airlines.

2.2.2 More recently, the Brasília Consensus, launched by the twelve South American Heads of State on 30 May 2023, established a common political commitment to work towards a gradual "Single South American Aviation Market", with an integration roadmap approved on 6 October 2023, recognizing the different levels of market maturity and regulatory capacity across the region.

2.2.3 Complementing this initiative, Argentina, Bolivia, Brazil, Chile, Paraguay and Uruguay signed a Memorandum of Understanding promoting greater openness in international civil aviation with the long-term objective of deeper market integration, establishing the basis for a South American Air Transport Liberalization Agreement (ALAS).

2.2.4 A distinctive feature of the South American model is its reliance on the principle of reciprocity as the primary mechanism for expanding market access. Rather than requiring uniform, simultaneous liberalization across all participating States, reciprocal arrangements allow each State to calibrate the pace and scope of market opening to its own regulatory capacity and policy objectives, while ensuring that the benefits and obligations of liberalization remain balanced between partners. This approach offers a middle path between fully harmonized supranational integration and traditional bilateralism and may be particularly relevant for other regions where States exhibit heterogeneous levels of market maturity.

2.2.5 Rather than establishing supranational institutions, the South American model relies on voluntary cooperation, incremental implementation and consensus among sovereign States. This flexibility allows liberalization to advance while accommodating national policy priorities and differing economic circumstances.

2.3 **The African Experience**

2.3.1 Africa has pursued regional market integration through the Single African Air Transport Market (SAATM), launched under the African Union's Agenda 2063 and based upon the principles of the Yamoussoukro Decision, endorsed by 44 African Heads of State in July 2000 and entered into force in 2001.

2.3.2 SAATM seeks to liberalize intra-African air services by removing restrictions on market access, frequencies, capacity and tariffs among participating States while promoting fair competition across the continent.

2.3.3 Although implementation has progressed unevenly among participating States, SAATM represents one of the most ambitious regional liberalization initiatives outside Europe. Its continental scope illustrates both the opportunities and challenges associated with harmonizing aviation policies among States with diverse economic conditions, regulatory capabilities and aviation market structures.

2.4 **The European Experience**

2.4.1 Europe has achieved the most advanced level of regional aviation integration through the EU Single Aviation Market.

2.4.2 The European framework is supported by a comprehensive supranational legal system under which participating States apply common rules governing market access, licensing, competition, consumer protection and airline ownership within the internal market.

2.4.3 Airlines established within the EU enjoy extensive commercial freedoms, including the right to operate services between Member States without bilateral restrictions and, subject to applicable legislation, domestic services within another Member State.

2.4.4 The European experience demonstrates the benefits that may result from deep regulatory harmonization, including substantial growth in connectivity, competition, lower fares and market efficiency. At the same time, it reflects a unique degree of political and economic integration that may not presently exist in other regions.

2.5 **Comparative Observations**

2.5.1 Although the South American, African and European initiatives differ considerably, several common characteristics can be identified.

2.5.2 All three initiatives seek to:

- a) improve regional connectivity;
- b) stimulate tourism, trade and investment;
- c) increase competition among airlines;
- d) reduce unnecessary economic restrictions; and
- e) facilitate air cargo movement and cross-border flows.

2.5.3 While the regional initiatives share the objective of expanding air connectivity through more open markets, they have evolved under different regulatory models. Differences exist in the scope of traffic rights granted, the treatment of airline ownership and control, eligibility criteria for designation, the application of competition rules, and the extent of commercial freedoms available to airlines.

2.5.4 These differences do not diminish the success of the respective regional initiatives, but they may present challenges should regions seek closer cooperation or eventual interregional market integration. Divergent regulatory requirements could limit the mutual recognition of market access rights, complicate airline operations across regions and increase administrative and legal complexity. A better understanding of these similarities and differences could therefore support the development of more compatible regulatory approaches over time, while fully respecting the sovereignty of States and the diversity of regional integration processes.

3. **CONCLUSION**

3.1 The experiences of South America, Africa and Europe demonstrate that regional liberalization can significantly enhance connectivity, competition and economic integration while remaining consistent with the international legal framework established by the Chicago Convention.

3.2 These regional initiatives provide valuable practical experience for the international community and demonstrate that liberalization is not a single model but a continuum of policy options that can evolve according to States' objectives and capacities.

3.3 However, as regional liberalization initiatives continue to evolve, differences in market access rules, ownership and control requirements, competition frameworks and regulatory oversight may complicate future interregional cooperation.

3.4 The International Civil Aviation Organization (ICAO) is uniquely positioned to undertake comparative analyses of regional initiatives, identify common principles and facilitate greater compatibility among evolving regional aviation markets.

3.5 Such work could support future dialogue between regions, assist States considering liberalization reforms and contribute to a more coherent international economic regulatory framework without altering the sovereignty of States over market access decisions, thereby supporting the long-term evolution of a more connected, efficient and sustainable international air transport system.

4. ACTION BY THE CONFERENCE

4.1 The Conference is invited to:

- a) recognize the contribution of gradual and progressive liberalization at the regional level to the development of international air connectivity;
- b) encourage States to continue exchanging experiences and best practices regarding bilateral, regional and multilateral approaches to market access liberalization;
- c) request ICAO to undertake a comparative study of regional air transport liberalization initiatives, including those in South America, Africa and Europe, with a view to identifying economic benefits, common principles, best practices and policy options that could facilitate greater compatibility and future interregional integration, to be undertaken by the Air Transport Regulation Panel (ATRP), with a report to be presented to the ICAO Council within three years of the closure of the Conference; and
- d) recommend that ICAO strengthen the collection, analysis and dissemination of case studies, practical guidance and capacity-building activities on regional air transport liberalization.

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