



WORKING PAPER

**SEVENTH WORLDWIDE AIR TRANSPORT CONFERENCE
(ATCONF/7)**

Montréal, HQ, 16 to 20 November 2026

Agenda Item 3: Strengthening regulatory and institutional frameworks

3.2: Enhancing air connectivity through progressive economic and regulatory aviation frameworks for international air transport

**PRAGMATIC APPROACH TO LIBERALIZATION OF EXCLUSIVE AIR
CARGO SERVICES UP TO THE SEVENTH FREEDOM IN THE LACAC
GEOGRAPHICAL AREA**

(Presented by Peru and supported by 19 LACAC Member States²)

EXECUTIVE SUMMARY

This paper describes the Latin American Civil Aviation Commission (LACAC) experience of liberalizing exclusive air cargo services up to the Seventh Freedom. Initially, a temporary mechanism was introduced in 2020 to facilitate the distribution of essential supplies during the COVID-19 pandemic. That mechanism was made permanent in 2023 in a memorandum of understanding that has been signed by 13 States to date. The experience demonstrates that a progressive approach to liberalization, one that supplements existing agreements and is based on voluntary participation, confirms the institutional and regulatory feasibility of such mechanisms for advancing air connectivity, in line with the mandate reiterated by the International Civil Aviation Organization (ICAO) Assembly to look into the development of a specific international agreement for the liberalization of air cargo services.

Action: The conference is invited to:

- a) note the LACAC experience in establishing a voluntary, complementary regional mechanism to facilitate the exercise of seventh-freedom traffic rights for exclusive air cargo services;
- b) acknowledge that this experience can foster better understanding of the benefits, challenges and barriers associated with the liberalization of air cargo market access, in accordance with Assembly Resolution A42-26; and
- c) recommend to the Council that it consider, through the Air Transport Regulation Panel (ATRP) and in the context of revising the ICAO Template Air Services Agreement (TASA), the legal complementarity, voluntary participation and simplified procedures of the LACAC instrument as possible means of facilitating regional or multilateral agreements for the progressive liberalization of exclusive air cargo services.

<i>Strategic Goal:</i>	This working paper relates to the 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>	None.

¹ Spanish version provided by Peru.

² 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).

<i>References:</i>	Assembly Resolution A42-26, <i>Consolidated statement of continuing ICAO policies in the air transport field</i> (2025), Appendix A, Section I, paras 8, 14, 15, 19 and 20. Memorandum of Understanding on the Liberalization of Exclusive Air Cargo Services between the Civil Aviation Authorities of the Member States of the Latin American Civil Aviation Commission (LACAC), Lima, Peru, 15 December 2023. World Bank, <i>World Development Indicators</i>: total population (SP.POP.TOTL), gross domestic product at current prices in United States dollars (NY.GDP.MKTP.CD) and land area (AG.LND.TOTL.K2), 2023 data. ALTA (Latin American and Caribbean Air Transport Association), reports on international air cargo in Latin America and the Caribbean, 2025 data.
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1. INTRODUCTION

1.1 The transport of cargo by air is an essential component of global supply chains, particularly for the movement of high-value, perishable or time-sensitive goods that cannot be made available otherwise given the inherent constraints of other modes of transport.

1.2 The COVID-19 pandemic put this function to a critical test. Indeed, the drastic reduction in passenger traffic and, consequently, in the hold capacity available for cargo revealed the need for regulatory frameworks that were flexible enough to provide a rapid response in exceptional situations, including for the provision of medical supplies and, later, vaccines.

1.3 In this context, and in line with the long-term vision for the continued liberalization of international air transport adopted by the International Civil Aviation Organization (ICAO) Council in 2015, various regional and State-level initiatives took steps to introduce greater flexibility to traffic rights in crisis response.

1.4 Within the geographical area of the Latin American Civil Aviation Commission (LACAC), this led to the signing, in late 2020, of a memorandum of understanding that temporarily granted the exercise of seventh-freedom traffic rights for exclusive cargo services, with the aim of facilitating the distribution of essential supplies and COVID-19 vaccines. Once the critical phase of the pandemic was over, LACAC States decided to make this mechanism permanent through a new instrument signed in Lima, Peru, in December 2023. The experience regarding this instrument is outlined in this paper.

2. DISCUSSION

2.1 The mechanism underpinning the memorandum of understanding is based on a pragmatic premise: it presupposes the existence of a prior bilateral or multilateral legal relationship between the signatory States, established through air service agreements, meeting minutes or other existing memorandums, and operates solely as a supplement to that relationship. Open for signature by LACAC States since 15 December 2023, the Memorandum grants the airlines of the signatory States reciprocal rights to exercise seventh-freedom traffic rights for scheduled and non-scheduled exclusive cargo services, insofar as such rights were not already recognized between the parties, with no restrictions in terms of time, geographical scope or capacity.

2.2 The same pragmatic approach applies to withdrawal from the Memorandum. Any signatory State may withdraw at any time by means of a simple written communication to the LACAC Secretariat, effective six months after notification. No justification, negotiation or additional process is required. This

feature – adherence via simple notification and withdrawal without the need for negotiation or diplomatic wrangling – allows flexibility for States to participate in the mechanism while maintaining the option to terminate its effects through advance notification.

2.3 The Memorandum's pragmatic nature is also evident in its accession mechanism. Adherence does not require an in-person signing ceremony; it entails simply sending an official letter, via e-mail or similar means, to the LACAC Secretariat, which then notifies the other signatory States. This procedure, a legacy of the operational constraints imposed by the COVID-19 pandemic, when in-person negotiation and signing channels were restricted, was retained in the permanent version of the Memorandum, further lowering administrative barriers to accession by more States.

2.4 The combination of these features – legal complementarity, simplified entry and frictionless exit – is reflected in the results regarding accession to or signing of the instrument. To date, the Memorandum has been signed by Argentina, Bolivia (Plurinational State of), Brazil, Chile, Costa Rica, Cuba, the Dominican Republic, Ecuador, Panama, Paraguay, Peru, Uruguay and Venezuela (Bolivarian Republic of). Together, these 13 States have approximately 412.4 million inhabitants and a land area of nearly 16.47 million sq.km, according to 2023 World Bank data. Furthermore, the 11 States for which comparable nominal gross domestic product (GDP) data are available for that year represent a combined economy of nearly USD 4.0 trillion (Cuba and Venezuela (Bolivarian Republic of)) have not been included, for the time being, owing to the absence of comparable data in the source used). These figures reflect the significant demographic, territorial and economic heft of the area covered by the instrument.

2.5 This type of instrument is particularly appropriate given the sector's structural configuration, with only 16.6 per cent of international air cargo transported in the region consisting of intra-regional flows and nearly half originating in or destined for North America and approximately one quarter for Europe (Latin American and Caribbean Air Transport Association (ALTA), 2025). Liberalizing traffic rights for dedicated cargo operations among LACAC States is a direct means of facilitating more exchanges of goods within the region itself, without relying solely on lengthy bilateral renegotiations between individual pairs of States.

3. CONCLUSION

3.1 The LACAC experience shows that it is possible to make gradual, voluntary and pragmatic progress towards the liberalization of exclusive air cargo services through regional instruments that supplement existing agreements. The successful implementation of simplified mechanisms for granting seventh-freedom traffic rights that are characterized by streamlined accession procedures and frictionless exit clauses has enabled the expansion of intraregional connectivity and offered operational flexibility to the sector without undermining existing bilateral legal frameworks. Consequently, this regional scheme provides empirical evidence and sets a valuable regulatory precedent that can serve as a reference for ICAO and its Member States.

3.2 Taking these best practices into account during the review of the ICAO Template Air Services Agreement (TASA) and the work of the Group of Experts on the Air Transport Regulation Panel (ATRP) will enable the development of conceptual and regulatory tools aimed at facilitating multilateral or regional agreements for the progressive liberalization of air cargo on a global scale, in full compliance with the terms set out in Assembly Resolution A42-26.