



WORKING PAPER

ASSEMBLY — 39TH SESSION

ECONOMIC COMMISSION

Agenda Item 39: Economic Regulation of International Air Transport - Policy

**REPORT ON IMPLEMENTATION OF RECOMMENDATIONS OF THE SIXTH
WORLDWIDE AIR TRANSPORT CONFERENCE (ATCONF/6) AND DECISIONS OF THE
THIRTY-EIGHTH SESSION OF THE ASSEMBLY**

(Presented by the Council of ICAO)

EXECUTIVE SUMMARY

This paper reports on the work accomplished by ICAO regarding the implementation of recommendations pertaining to the Sixth Worldwide Air Transport Conference (ATCONF/6, March 2013), since the 38th Session of the Assembly. ICAO's future work in the areas of air transport policy and regulation (a part of economic regulatory framework and technical assistance work programmes) is also presented herein. The implementation of the work programme will also support ICAO's No Country Left Behind (NCLB) initiative, with a view to contributing to enhancing economic sustainability of air transport.

Action: The Assembly is invited to:

- a) review the work accomplished by ICAO relating to economic regulatory framework and technical assistance, as presented in paragraph 2;
- b) endorse the Organization's work programme thereon, as presented in paragraph 3; and
- c) consider the information contained in this paper for the update of Assembly Resolution A38-14, Consolidated statement of continuing ICAO policies in the air transport field.

<i>Strategic Objectives:</i>	This working paper relates to Strategic Objective D — <i>Economic Development of Air Transport</i> .
<i>Financial implications:</i>	The activities referred to in this paper will be undertaken subject to the resources available in the 2017-2019 Regular Programme Budget and/or from extra-budgetary contributions.
<i>References:</i>	Doc 10009, <i>Report of the Sixth Worldwide Air Transport Conference (ATCONF/6)</i> Doc 10027, <i>Report of the Economic Commission of the 38th Session of the Assembly</i> Doc 10022, <i>Assembly Resolutions in Force</i> (as of 4 October 2013) A38-WP/56, <i>Outcome of the Sixth Worldwide Air Transport Conference</i> A39-WP/4, <i>Implementation of Recommendations of the ICAO Sixth Worldwide Air Transport Conference (ATCONF/6) (Long-term vision and core principles on consumer protection)</i> A39-WP/5, <i>Progress report on the development of international agreements on the liberalization of market access, air cargo and air carrier ownership and control</i> A39-WP/8, <i>Consolidated statement of continuing ICAO policies in the air transport field</i> A39-WP/xx, <i>Proposed Draft Budget of the Organization for 2017, 2018 and 2019</i>

1. INTRODUCTION

1.1 This working paper reports on the implementation of recommendations of the Sixth Worldwide Air Transport Conference (ATConf/6), designed to modernize the global regulatory framework for international air transport development and facilitate liberalization. The work was carried out in accordance with the Council action plan for follow-up work of ATConf/6, which was endorsed by the 38th Session of the Assembly (A38-WP/56, Appendix C).

1.2 The work on the ICAO long-term vision for liberalization and core principles on consumer protection is reported in A39-WP/4, *Implementation of Recommendations of the ICAO Sixth Worldwide Air Transport Conference (ATConf/6) (Long-term vision and core principles on consumer protection)*. The progress of developing international agreements on liberalization of market access, air cargo and air carrier ownership and control is reported in A39-WP/5.

2. WORK ACCOMPLISHED BY ICAO

2.1 The implementation plan for the follow-up work to ATConf/6 classified the tasks into three categories: Priority A (those of major importance to States) and Priority B (those of a medium priority), representing 80 per cent of the total recommended actions, have been initiated or completed as scheduled. Only limited work was carried out for Priority C tasks, which rely on available resources, including contributions to the Voluntary Air Transport Fund (TRAF). Information on the implementation status is provided in the Appendix.

2.2 **Fair competition.** ICAO's efforts focused on developing tools to enhance the transparency of States' competition rules, and to foster cooperation, dialogue and regulatory compatibility. In this respect, a compendium of competition policies and practices in force nationally or regionally has been compiled and is available at <http://www.icao.int/sustainability/compendium/Pages/default.aspx>. An exchange forum on competition issues was also provided for the aviation community through various meetings, such as the ICAO Air Services Negotiation (ICAN) events and other air transport symposia.

2.3 **Consumer protection.** The ICAO online database on consumer protection regimes and practices of States and the airline industry was updated. In addition, a Secretariat study of different consumer protection regimes applicable to international air transport was made available on the ICAO website (http://www.icao.int/sustainability/pages/eap_ep_consumerinterests.aspx).

2.4 **ICAO's policies and guidance material.** Pursuant to Resolution A38-14, the Secretariat reviewed and updated the existing ICAO policies and guidance material on the economic regulation of international air transport. A provisional version of the *Policy and Guidance Material on the Economic Regulation of International Air Transport* (Doc 9587), and the *Manual on the Regulation of International Air Transport* (Doc 9626) will be available as reference material for the 39th Session of the Assembly. Furthermore, various means have been used to promote and raise the awareness of States and aviation stakeholders of ICAO's policies and guidance, including cooperation with industry partners and relevant international organizations, as well as through ICAO meetings, the ICAO website and social media network.

2.5 **Adherence to international conventions and agreements.** The Organization continued to promote States adherence to international conventions and agreements, such as the *International Air Services Transit Agreement* (IASTA) and the *Convention for the Unification of Certain Rules for*

International Carriage by Air adopted in Montréal on 28 May 1999 (MC 99). This task was addressed through State letter 2015/48 and global/regional meetings.

2.6 **The ICAO Air Services Negotiation (ICAN) event.** ICAN, which is held annually and provides a central meeting place to conduct air services negotiations and consultations, has become a popular facility utilized by an increasing number of States. The unique format of ICAN, where multiple countries meet in a single location, significantly reduces costs incurred in States' negotiation processes. To further improve the event, additional service features were added such as opening the participation to all interested aviation and tourism stakeholders thereby providing opportunities for business communities to network and to conduct Business to Business (B2B) meetings. By the end of 2015, 137 States representing 72 per cent of the total ICAO membership had utilized the ICAN event at least once.

2.7 **No Country Left Behind (NCLB) initiative.** As part of ICAO's NCLB initiative, additional targeted assistance was provided to States according to their needs and local situation. For example, with the objective of fostering air cargo development in Africa, an ICAO meeting on the subject was held in Lomé, Togo, in August 2014. Similarly, a Regional Air Transport Conference was held in Montego Bay, Jamaica, in October 2014, and a Meeting on Sustainable Development of Air Transport in Africa was held in Antananarivo, Madagascar, in March 2015. These meetings resulted in the adoption of declarations and action plans, which provided an impetus on regional air transport development.

2.8 **Activities jointly conducted with other organizations.** Collaboration with international organizations such as the World Tourism Organization (UNWTO) and industry stakeholders was strengthened in areas of common interest, such as connectivity, travel and tourism promotion, market access liberalization, consumer protection and assistance to Small Island Developing States (SIDS). For example, a Medellín Statement on Tourism and Air Transport for Development was adopted by the Joint UNWTO/ICAO High-level Forum held in Medellín, Colombia, in September 2015. ICAO also actively participated in the Global Travel Coalition Association (GTAC), a group composed of leading government and private sector organizations from the travel and tourism sector. The objective of the group is to promote a better understanding of the role of travel and tourism as a driver for economic growth, employment and sustainable development.

3. FUTURE WORK

3.1 With the current global economic and social environment, removing impediments to improve the economic sustainability of air transport and overcome the low-priority given to aviation in financing are the ultimate goals of the Strategic Objective *Economic Development of Air Transport*. States are therefore encouraged to use aviation as a driver, to be placed at the centre of the national/regional developmental framework and international financing for developmental flows, resulting in:

- a) improvements of air connectivity;
- b) creation of more competitive business opportunities in the marketplace;
- c) increase in consumer's benefits and choices; and
- d) reduction of the financial burden and costs in performing regulatory oversight functions.

3.2 Based on the above, the focus and priority for work of the Organization in the areas of air transport policy and regulation will be on:

- a) conducting activities that cater to the needs of States and regions as well as aviation business and end-users, resulting from ICAO's policies and guidance;
- b) completing the remaining ATConf/6 follow-up tasks, specifically those on international agreements for liberalization;
- c) enhancing ICAN to serve better States and stakeholders;
- d) addressing new and emerging tasks to meet the strategic objectives of the Organization and the requirements of an evolving air transport sector; and
- e) supporting the ICAO NCLB initiative.

Details of the tasks under this work programme are described in the A39-WP/xx, *Proposed Draft Budget of the Organization for 2017, 2018 and 2019*.

3.3 In conducting this work programme, the Organization will follow a structured process, consisting of four components: monitor, promote, guide, and implement. Monitoring involves the proactive identification of the needs of States and the industry. Promoting involves continuous efforts to publicize and showcase ICAO's policies and guidance and the critical role of aviation for sustainable economic development, not only to Member States but also in cooperation with external entities, particularly in the context of NCLB. The guiding component involves taking more responsive action to cater to changing situations of States. Implementation is the most critical component for bringing about tangible results, and involves technical assistance for States and regional bodies to implement ICAO's policies and guidance, and decisions and/or commitments made for the economic development of air transport. In this connection, the Secretariat has designed an online system entitled *State Air Transport Action Plan System (SATAPS)*, by which States can upload through the ICAO secure portal information on the implementation status for the evaluation of the effectiveness and economic impact of such implementation.

APPENDIX

**REPORT ON IMPLEMENTATION OF RECOMMENDATIONS OF THE SIXTH WORLDWIDE AIR TRANSPORT CONFERENCE
(ATCONF/6) AND DECISIONS OF THE THIRTY-EIGHTH SESSION OF THE ASSEMBLY**

Note: A=high priority, B=medium priority, C=low priority

No.	List of consolidated tasks recommended by ATCONF/6 for ICAO	Priority	Timeframe and Steps	Status of Implementation
Priority A tasks (source recommendations indicated)				
1	Establish a voluntary Air Transport Fund in accordance with relevant ICAO rules of governance and policies (Rec.1.1/1 g)).	A	2013-2014 -4Q13: initiate work -2Q14: develop scheme -3Q14: report to ATC -4Q14: SL to States	Completed Fund established in 2014 SL 2014/32 disseminated Website published
2	Provide an enhanced ICAO Air Services Negotiation Event (ICAN) facility to States (Rec.2.1/1 c)), by improving its utilization, notably for meetings of a regional or multilateral nature and by offering seminars on fair competition with a view to fostering cooperation between competition authorities.	A	2013-2016 annual event -4Q13: ICAN2013 -4Q14: ICAN2014 -4Q15: ICAN2015 -2016: ICAN2016	Completed Participation was open to all interested aviation and tourism stakeholders, and a forum was provided during ICAN for discussing topical issues including on fair competition. (see Paragraph 2, 2.2 and 2.6 on “ICAO Air Services Negotiation Event (ICAN)”)
3	Develop tools to provide an exchange forum for States to promote more compatible regulatory approaches in international air transport (Rec. 2.4/1 f).	A	2013-2016 (Through ICAN facility)	Completed Opportunities were made available for exchange of information and views on regulatory issues through meetings such as ICAN. (see Paragraph 2, 2.2 on “ICAO Air Services Negotiation Event (ICAN)”)

No.	List of consolidated tasks recommended by ATConf/6 for ICAO	Priority	Timeframe and Steps	Status of Implementation
4	Develop a long-term vision for international air transport liberalization, including examination of an international agreement for States to liberalize market access (Rec. 2.1/1 b) and c)).	A	2013-2016 or beyond -4Q13: initiate (ICAN) -2Q14: ATRP/12 -3Q15: ATRP/13 -2Q17: ATRP/14 -3Q17: report to ATC/Council -4Q17: consult States/finalize draft agreement	Initiated and on-going The long-term vision was developed and disseminated to States for implementation under State letter 2015/54. The examination of an international agreement will be finalized for States to liberalize market access which is being undertaken by the ATRP. <i>(see A39-WP/4, Implementation of Recommendations of the ICAO Sixth Worldwide Air Transport Conference (ATConf/6) (Long-term vision and core principles on consumer protection) and A39-WP/5, Progress report on the development of international agreements on the liberalization of market access, air cargo and air carrier ownership and control)</i>
5	Develop a compendium of competition policies and practices of States and regional bodies (Rec. 2.4/1 g))	A	2013-2016 -4Q13: initiate -2014: SL (seeking input) -2015: complete -2016: publish	Completed The compendium of competition policies and practices in force nationally or regionally has been compiled and is available online. <i>(see Paragraph 2, 2.2 on “Fair competition”)</i>

No.	List of consolidated tasks recommended by ATConf/6 for ICAO	Priority	Timeframe and Steps	Status of Implementation
6	Develop an international agreement to liberalize air carrier ownership and control (Rec. 2.2/1 c) and d)).	A	2013 -2016 -4Q13: initiate (ICAN) -2Q14: ATRP/12 -3Q15: ATRP/13 2Q17: ATRP/14 3Q17: report to ATC/Council 4Q17: consult States/finalize draft agreement	Initiated and on-going Examination and development of an international agreement for States to liberalize air carrier ownership and control is being undertaken by the ATRP. <i>(see A39-WP/5, Progress report on the development of international agreements on the liberalization of market access, air cargo and air carrier ownership and control)</i>
7	Keep ICAO policy guidance on air transport regulation and liberalization as well as fair competition current and responsive to the changes in needs of States; where required, develop further guidance and additional means to facilitate liberalization (Rec. 2.1/1 e), 2.2/1 b), 2.4/1 h) and 2.8/1 e)).	A	2013-2016 Ongoing	Initiated and on-going Updates and revisions incorporated into the existing ICAO policies and guidance material on economic regulation of international air transport. <i>(see Paragraph 2, 2.4 on “ICAO’s policies and guidance material”)</i>
8	Develop a set of core principles on consumer protection (Rec. 2.3/1 b) and c)).	A	2013-2015 -4Q13: initiate (SL, ICAN) -2Q14: ATRP/12 -3Q15: report to ATC	Completed Core principles on consumer protection were developed and disseminated to States for implementation. (see A39-WP/4, <i>Implementation of Recommendations of the ICAO Sixth Worldwide Air Transport Conference (ATConf/6) (Long-term vision and core principles on consumer protection)</i>)

No.	List of consolidated tasks recommended by ATConf/6 for ICAO	Priority	Timeframe and Steps	Status of Implementation
9	Establish a multi-disciplinary working group to consider the challenges associated with the establishment of operational and economic incentives, to allow early benefits of new technologies and procedures as described in the aviation system block upgrade (ASBUs) modules (Rec. 2.7/1 b)).	A	2013-2015 -4Q13: initiate work -1Q14: Group set-up -2Q14: AEP/ANSEP/5 -2015: complete	Initiated and on-going The Multi-disciplinary Working Group on the economic challenges linked to the implementation of the aviation system block upgrades (MDWG-ASBUs) modules was established. Related work is being undertaken by the group and by the working groups of the Airport Economics Panel (AEP) and Air Navigation Services Economics Panel (ANSEP) established in May 2015.
10	Raise awareness of ICAO policies and guidance material on the funding of infrastructure, and develop guidance material on the funding of safety and security oversight functions at State and regional levels, and monitor the economic oversight funding situation (Rec. 2.7/1 c), 2.7/2 a)).	A	2013-2016 Ongoing	Initiated and on-going Promotion of ICAO policies and guidance was on going through various ICAO meetings and other fora. Review and update of ICAO guidance on funding of regulatory oversight function is being undertaken by the working groups of the Airport Economics Panel (AEP) and Air Navigation Services Economics Panel (ANSEP) established in May 2015.
11	Explore possibilities for the establishment of new mechanisms to ensure the sustainable funding of the oversight functions at the State and regional levels (Rec. 2.7/2 b)).	A	2013-2016 -4Q13: consult ANB, AVSEC -2014: consult AEP, ANSEP -2015: develop guidance -2016: complete	Initiated and on-going Development and examination of new mechanisms regarding sustainable funding of oversight functions at the State and regional levels is being undertaken by the working groups of the Airport Economics Panel (AEP) and Air Navigation Services Economics Panel (ANSEP) established in May 2015.

No.	List of consolidated tasks recommended by ATConf/6 for ICAO	Priority	Timeframe and Steps	Status of Implementation
12	Cooperate with other international organizations, including the World Tourism Organization (UNWTO), in areas of common interest (e.g. consumer protection) with a view to, inter alia, avoiding duplication of efforts (Rec. 2.3/1 d).	A	2013-2016 Ongoing -4Q13 & beyond: work with UNWTO re draft convention on tourism -2014-16: ongoing work	Initiated and on-going Cooperation initiated with, inter alia, the International Transport Forum (OCED-ITF), Airports Council International (ACI), the International Labour Organization (ILO), World Tourism Organization (UNWTO) etc. (see Paragraph 2, 2.8 on “Activities jointly conducted with other organizations”)
Priority B tasks				
13	Update policy and guidance material on the regulation of international air transport, including the <i>Policy and Guidance Material on the Economic Regulation of International Air Transport</i> (Doc 9587), the <i>Manual on the Regulation of International Air Transport</i> (Doc 9626), Template Air Services Agreements (TASA) and World Air Service Agreements (WASA), liberalization indicators, and case studies of liberalization experiences (Rec. 1.1/1 d).	B	2013-2016 Ongoing -4Q13: initiate work -2014-15: Doc 9587 -2014-15: Doc 9626 -2013-16: WASA	Completed/On-going Updating of Doc 9587 and Doc 9626 were completed. Monitoring of developments and updating of the WASA is continuous. (see Paragraph 2, 2.4 on “ICAO’s policies and guidance material”)

No.	List of consolidated tasks recommended by ATConf/6 for ICAO	Priority	Timeframe and Steps	Status of Implementation
14	Develop a specific international agreement to facilitate further liberalization of air cargo services (Rec. 2.1/2 c) and d)).	B	2013-2016 -4Q13: initiate (ICAN) -2Q14: ATRP/12 -3Q15: ATRP/13 -2Q17: ATRP/14 -3Q17: report to ATC/Council -4Q17: consult States/finalize draft agreement	Initiated and on-going Examination of an international agreement to facilitate further liberalization of air cargo services is being undertaken by ATRP. <i>(see A39-WP/5, Progress report on the development of international agreements on the liberalization of market access, air cargo and air carrier ownership and control)</i>
15	Monitor developments in the areas of market access, consumer protection, and competition (Rec. 2.1/1 e), 2.3/1 a), 2.4/1 h), 2.5/1 d)).	B	2013-2016 Ongoing	Initiated and on-going Monitoring and collection of information on developments in these areas is continuous. <i>(see Paragraph 2, 2.2 on “Fair competition”, A39-WP/4 Implementation of Recommendations of the ICAO Sixth Worldwide Air Transport Conference (ATConf/6) (Long-term vision and core principles on consumer protection) and 3, 3.3 on “Future work”)</i>
16	Promote and encourage States to use ICAO policy guidance on air transport regulation and liberalization (e.g. regarding market access, air carrier ownership and control, slot allocation, night curfews, safeguards); assist States in liberalization through training courses, regional seminars or similar activities in accordance with available resources (Rec. 1.1/1 e), 2.1/3 d), 2.2/1 b), 2.5/1 c), 2.8/1 d)).	B	2013-2016 Ongoing (1 or 2 seminars a year)	Initiated and on-going Promotional activities are continuous through various ICAO meetings and other fora. Assistance to States were provided through ICAO missions, meetings and training. <i>(see Paragraph 2, 2.4 on “ICAO’s policies and guidance material”, 2.7 on “No Country Left Behind (NCLB)” initiatives” and 3, 3.3 on “Future work”)</i>

No.	List of consolidated tasks recommended by ATConf/6 for ICAO	Priority	Timeframe and Steps	Status of Implementation
17	Raise awareness of ICAO policies on taxation, user charges and guidance material related to governance, ownership, control and management of airports and air navigation service providers (ANSPs), and on aviation security-related charges (Rec. 1.1/2 e), 2.6/1 c), 2.7/3 c)).	B	2013-2016 Ongoing	<p>Initiated and on-going State letter 2015/50 disseminated.</p> <p>(see Paragraph 2, 2.4 on “ICAO’s policies and guidance material” and 2.7 on “No Country Left Behind (NCLB)” initiatives”)</p>
18	Monitor changes in airport and ANSP commercialization and privatization, collect information on the implementation of ICAO policies on charges for airports and air navigation services, and publish/update this in a Supplement to <i>ICAO’s Policies on Charges for Airports and Air Navigation Services</i> (Doc 9082) (Rec. 2.7/3 d)).	B	2013-2016 Ongoing	<p>Initiated and on-going Website and case studies published on Public-Private Partnerships (PPP).</p>
19	Develop analysis and guidance on the impact of taxes and other levies imposed on air transport (Rec 2.6/1 d)).	B	2014-2016	<p>Initiated and on-going Cooperation with relevant industry entities to assess the means by which to study the impact of the proliferation of taxes and other levies.</p> <p><i>The ICAO Policies on Taxation in the Field of International Air Transport</i> (Doc 8632) are considered as current and responsive to the requirements of Member States</p>
20	Monitor developments in the air transport industry, conduct studies on major issues of global importance, and share its analyses with States, organizations and the industry (Rec. 1.1/1 c), 2.5/1 c)).	B	2013-2016 Ongoing	<p>Initiated and on-going Monitoring and analysis of industry developments is continuous. Significant developments are reported through the ICAO Air Transport Monthly Monitor.</p> <p>(see Paragraph 2, 2.4 on “ICAO’s policies and guidance material” and 2.7 on “No Country Left Behind (NCLB)” initiatives” and 3, 3.3 on “Future work”)</p>

No.	List of consolidated tasks recommended by ATConf/6 for ICAO	Priority	Timeframe and Steps	Status of Implementation
21	Cooperate with international and regional organizations and with the industry in order to monitor impediments to a sustainable air transport system and define, in a cooperative manner, key strategies to overcome impediments (Rec. 1.1/1 f).	B	2013-2016 Ongoing	<p>Initiated and on-going Joint projects initiated as well as Memoranda of Understanding/Cooperation signed (University of Warsaw (ICM), International Transport Forum (OCED-ITF)).</p> <p>(see Paragraph 2, 2.8 on “Activities jointly conducted with other organizations”)</p>
Priority C tasks				
22	Consider additional ways and means to enhance the status of ICAO policies for the sustainable economic development of the air transport system, and assess the value of a possible new Annex or other acceptable solutions (Rec. 2.8/1 f).	C	2014-2016 or beyond	Pending resources
23	Undertake work on cost-benefit analysis related to air transport connectivity (Rec. 2.3/1 f).	C	2013-2016	Pending resources
24	Develop guidance on important issues that may arise as liberalization progresses, including on business aviation (Rec. 2.1/3 e).	C	2014-2016	Pending resources
25	Promote, and provide assistance with the ratification of the Montreal Convention of 1999 if requested by States (Rec. 1.1/1 h).	C	2013-2016 -4Q13: SL (inform A38 decisions) -2014-16: Ongoing	<p>Completed/On-going State letter 2015/48 and global/regional meetings were used as means for promotion.</p> <p>(see Paragraph 2, 2.5 on “Adherence to international conventions and agreements”)</p>