



International Civil Aviation Organization

WORKING PAPER

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WORLDWIDE AIR TRANSPORT CONFERENCE (ATCONF)

SIXTH MEETING

Montréal, 18 to 22 March 2013

REVISED AGENDA

(Presented by the Secretariat)

Agenda Item 1: Global overview of trends and developments

1.1 Industry and regulatory developments

The Conference will review major developments in the air transport industry and progress in regulatory change since the last air transport conference (ATConf/5, 24-29 March 2003). This item will cover such areas as: airline alliances, consolidation and cooperative arrangements, low cost carrier models, airline economics and viability, and some major challenges facing the industry (such as the negative effect of fuel price volatility). The Conference will assess the impacts of these developments on the market and regulatory evolution.

1.2 Other areas of ICAO's work that may have economic implications

The Conference will receive reports on progress in other areas of ICAO's work (e.g. aviation safety, security and environment) that may have economic implications on air transport development or on economic regulation (such as financing).

Secretariat note: This item would set the scene for subsequent examination of key issues and possible solutions.

Agenda Item 2: EXAMINATION OF KEY ISSUES AND RELATED REGULATORY FRAMEWORK

2.1 Market access

This item will cover the exchange of commercial rights — primarily beyond Third and Fourth Freedoms, more flexibility for all cargo services, liberalization of auxiliary services (e.g. ground handling); regional or plurilateral approaches, prospects for multilateralism, airline capacity and airport access issues, including slot allocation and night-flight restrictions.

Secretariat note: This has been a fundamental issue in the development of the global air transport system. The airline industry and some States consider it to be one of the remaining major barriers to advancing regulatory change, calling for more freedoms for the industry and the development of a multilateral

agreement to replace the prevalent bilateral system. Examination of the related issues and possible solutions could lead to conclusions or recommendations on ways to enhance market access, and on whether further development of options for a plurilateral or multilateral agreement on exchange of commercial rights (including for all-cargo services), open for accession by States, would significantly advance liberalization of market access.

2.2 Air carrier ownership and control

This item will cover issues relating to the relaxation of rules for airline designation and authorization — moving beyond national ownership and control requirement; foreign investment in national airlines, and regulatory arrangements to facilitate airline access to international capital markets.

Secretariat note: This is a topical issue, closely linked to the market access issue, as well as to aviation safety. It has been perceived by many as another major barrier against advancing regulatory change, and a constraint on airline financing. Through examination of the related issues, the Conference will explore practical and effective ways to lift existing barriers, and develop conclusions or recommendations on the way forward, including better utilization of ICAO's existing guidance (recommended criteria for designation and authorization), and the development of a multilateral agreement on facilitating airline access to international capital markets. Furthermore, issues relating to artificial barriers to consolidation will also be examined.

2.3 Consumer protection

This item will cover issues relating to consumer protection, air passenger rights, and related regulatory approaches and industry practices (including conditions of carriage, industry commitments, and airline insolvency); airline pricing transparency; development of ICAO guidance material, and compatibility or harmonization of regulatory approaches.

Secretariat note: This subject is becoming increasingly important, as highlighted by the impact of recent serious disruptions to air travel caused by natural disasters, extreme weather and social-political crises. However, there are currently no global rules on this matter. The Conference will contribute to the improvement of the situation by examination of the related issues and exploring solutions, including ways to foster compatibility or harmonization of relevant rules or measures, updating the relevant ICAO guidance material, and possible development of a global code of conduct for use by States and their air transport service providers.

2.4 Fair competition

This topic will cover issues relating to avoidance of unfair competitive practices; impact of industry consolidation and concentration; the effect of economic regulatory frameworks on the airline industry; compatibility or harmonization in application of competition laws/rules.

Secretariat note: As the operating environment becomes more market driven, there is growing competition between airlines (among and between legacy airlines and LCCs) and between airline alliances. At the same time, there has been an increase in concentration (e.g. alliances and mergers) in some markets. How to ensure fair competition and control abuse of dominant position is of increasing concern. The traditional treatment of competition under the bilateral system has also, in some cases, become at odds with the current competition policy objective. The Conference will address the related issues and explore possible solutions at the global level, including developing and updating ICAO guidance material, and options to foster compatibility or harmonization in the application of national competition laws, rules or policies. Furthermore,

issues relating to artificial incentives for entry and exit, and capacity expansion will also be explored.

2.5 Safeguards

This topic will cover issues relating to sustainable and effective participation of all States, particularly developing countries, in air transport; assurance of services; and avoidance of unilateral action impinging on air transport.

Secretariat note: *In the liberalization process of international air transport, safeguards will continue to be needed due to the disparity in levels of States' development and the competitive strength of their air carriers, particularly for developing countries. The Conference will review the current situation and the existing ICAO guidance material and recommend appropriate action to address the relevant concerns and needs of States.*

2.6 Taxation of and other levies on international air transport

This item will address issues relating to taxes/charges/fees imposed on civil aviation, the impact of taxation or non-aviation related levies on the development of air transport, and their implications for ICAO's policies on taxation and charges.

Secretariat note: *There are increasing instances of States imposing levies on air transport services providers and users through different ways and means. There is also a trend to shift such costs to users of air transport by the airlines or service providers. Serious concern has been raised by both States and the industry over the proliferation of such taxes/levies and their impact on air transport development. The Conference will provide a global forum to examine these developments and their impact. There is also the need to review and evaluate the relevance and value of the existing ICAO taxation policies, in light of recent developments and with a view to keeping them current and responsive to the changes. The Conference will develop conclusions on the need to further address this issue, on measures to improve implementation of ICAO policies, and on updating ICAO policies on taxation in light of the developments.*

2.7 Economics of airports and air navigation services

This agenda item will address issues relating to the outcome of the Twelfth Air Navigation Conference (AN-Conf/12, Montréal, 19 – 30 November 2012) with respect to the economic impact of aviation system block upgrades (ASBUs). Of particular concern will be issues relating to how current ICAO policies and guidance can be applied and how to best respond to ASBU financing challenges.

The Conference will also be presented with status reports on the financial situation of airports and air navigation services providers, implementation of recommendations resulting from the 2008 Conference on the Economics of Airports and Air Navigation Services (CEANS), and will consider related issues such as funding of regulatory oversight functions (i.e. for safety, security, and economic oversight for airport and air navigation services).

Secretariat note: *As the growth of air transport is also closely linked to infrastructure development and management, the Conference provides a good opportunity to review the progress made on State implementation of CEANS recommendations, and to address other related issues of importance associated with the economic impact of the outcome of AN-Conf/12 (including infrastructure and other financing challenges)".*

2.8 Implementation of ICAO policies and guidance

This item will address the relevance and effectiveness of existing ICAO policies and guidance on the economic regulation of international air transport, their application or implementation by States and measures to improve the situation.

***Secretariat note:** ICAO has developed comprehensive policies and guidance on air transport regulation and liberalization for use by States. The main problem is therefore not a lack of ICAO policies and guidance or their relevance, but rather a lack of awareness and implementation of such policies and guidance, due to their non-binding nature. Improved implementation of existing ICAO policies and guidance will help advance the achievement of ICAO's goal of contributing to a better and more harmonized regulatory environment for air transport development. The Conference will review the situation and agree on possible measures to improve the implementation of ICAO policy guidance in the field of air transport, including a call for States to incorporate ICAO principles, policies and guidance in their national legislations, rules and regulations, and in air services agreements.*

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