



International Civil Aviation Organization

REPORT OF THE SURVEY ON BARRIERS TO MARKET ACCESS AND FOREIGN INVESTMENT IN AIRLINES

APRIL 2025

CONTENTS

	<i>Page</i>
Preface.....	<i>(iii)</i>
Section 1. Introduction.....	<i>1-1</i>
Section 2. Views on liberalization and the possible effects and impacts of market access liberalization.....	<i>2-1</i>
Section 3. Possible factors hindering market access liberalization	<i>3-1</i>
Section 4. Views on foreign investment in airlines.....	<i>4-1</i>
Section 5. Expected role of ICAO on the liberalization of air transport.....	<i>5-1</i>

Preface

The Air Transport Regulation Panel (ATRP)¹, at its Seventeenth Meeting in April 2024, concluded that the development of a draft Convention on Foreign Investment in Airlines, in its then-current form was not feasible and should be revisited. The Panel resolved that *“a further survey should be conducted to identify States’ existing domestic laws relating to investment in airlines; their “appetite” for a Convention on Foreign Investment in Airlines; and the “safeguard” measures they might require in order to be comfortable with such a Convention. The outcome of this survey would help guide the panel’s future work on the draft Convention on Foreign Investment in Airlines”*.

Consequently, the Panel’s Working Group, working with the ICAO Secretariat, developed and disseminated to States (State letter EC 2/16.8 – 25/10 sent on 4 March 2025 refers), a survey on barriers to market access and foreign investment in airlines.

As of 4 April 2025, a total of 99 responses were received, analyzed, and presented to the Eighteenth Meeting of the ATRP later in April 2025. The ATRP, after due consideration, recommended that the report of the survey should be presented as a reference document for the 42nd Session of the ICAO Assembly, after inclusion of additional responses received and updated to reflect further detailed analysis.

An additional 18 responses were received by 15 August 2025, the date to which the deadline for replies had been extended for all States. The present report therefore represents the survey on barriers to market access and foreign investment in airlines, updated to include the responses received between 4 April and 15 August 2025, in accordance with the recommendation of the Panel.

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¹ The Air Transport Regulation Panel (ATRP) is a technical group of qualified experts from States established by the Air Transport Committee of the ICAO Council, in accordance with ICAO Doc 9482 *Directives for Panels of the Air Transport Committee and the Aviation Security Committee*.

1. INTRODUCTION

1.1 LIST OF RESPONDENTS TO THE SURVEY ON BARRIERS TO MARKET ACCESS AND FOREIGN INVESTMENT IN AIRLINES

1.1.1. In response to State letter EC2/16.8 – 25/10 of 4 March 2025, requesting Member States to complete an online survey on barriers to market access and foreign investment in airlines, 115 Member States, 1 territory and 1 regional organization submitted duly completed survey questionnaire.

1.1.2. The 117 submissions analyzed represent 59 per cent of the 193 ICAO Member States, but account for approximately 86 per cent of the global revenue-tonne-kilometer (RTKs) in 2023. Table A illustrates the response rate correlated with RTKs of the 117 respondents by region (*of note: RTK data are available only for ICAO Member States; hence, RTK data is not available for Bermuda and the European Union (EU)*). Table B shows a summary of the 117 respondents per region. The number of replies provides sufficient information for a meaningful analysis to be made on States' practices in these areas.

Table A: Response rate per region and correlated with RTKs

ICAO Statistical Region	Responses Received	Response Rate	RTK representation by region	RTK representation globally
Africa	28	50%	22%	1%
Asia and Pacific	29	66%	91%	30%
Europe	27	57%	69%	18%
Latin America and the Caribbean	23	70%	100%	5%
Middle East	6	46%	91%	10%
North America	2	100%	100%	23%
TOTAL	115	59%		86%

(Of note: RTK data are available only for ICAO Member States; hence, RTK data is not available for Bermuda and the EU.)

Table B: List of respondents per ICAO Statistical Regions

Africa	Asia and Pacific	Europe	Latin America and the Caribbean	Middle East	North America
Angola	Afghanistan	Albania	Argentina	Bahrain	Bermuda (UK)
Benin	Australia	Armenia	Bahamas	Iran (Islamic Republic of)	Canada
Botswana	Bangladesh	Austria	Belize	Jordan	United States
Burkina Faso	Bhutan	Azerbaijan	Bolivia (Plurinational State of)	Qatar	
Burundi	Cambodia	Bosnia and Herzegovina	Brazil	Saudi Arabia	
Cabo Verde	China	Bulgaria	Chile	United Arab Emirates	
Cameroon	Fiji	Cyprus	Colombia		
Central African Republic	Indonesia	Czech Republic	Costa Rica		

Côte d'Ivoire	Japan	Estonia	Cuba		
Equatorial Guinea	Lao People's Democratic Republic	France	Dominican Republic		
Eswatini	Malaysia	Georgia	Ecuador		
Ghana	Maldives	Germany	El Salvador		
Kenya	Mongolia	Greece	Guatemala		
Liberia	Myanmar	Hungary	Guyana		
Malawi	Nauru	Iceland	Honduras		
Mauritius	Nepal	Latvia	Mexico		
Niger	New Zealand	Luxembourg	Panama		
Nigeria	Pakistan	Netherlands	Paraguay		
Senegal	Palau	North Macedonia	Peru		
Seychelles	Papua New Guinea	Poland	Suriname		
Sierra Leone	Philippines	Portugal	Trinidad and Tobago		
Somalia	Republic of Korea	Romania	Uruguay		
South Africa	Samoa	Serbia	Venezuela (Bolivarian Republic of)		
Sudan	Singapore	Sweden			
Togo	Sri Lanka	Switzerland			
Uganda	Thailand	Türkiye			
United Republic of Tanzania	Timor-Leste	United Kingdom			
Zimbabwe	Tonga	European Union (EU)			
	Viet Nam				

1.2 REPORT OF THE SURVEY ON BARRIERS TO MARKET ACCESS AND FOREIGN INVESTMENT IN AIRLINES

1.2.1 In 2015, the Council adopted the *ICAO Long-Term Vision for International Air Transport Liberalization* (C-DEC 205/5 refers). It reads as follows *"We, the Member States of the International Civil Aviation Organization, resolve to actively pursue the continuous liberalization of international air transport to the benefit of all stakeholders and the economy at large. We will be guided by the need to ensure respect for the highest levels of safety and security and the principle of fair and equal opportunity for all States and their stakeholders."*

1.2.2 Since then, approaches on a multilateral level have been undertaken, on the development of a draft multilateral agreement on market access, international agreement to further liberalize air cargo services, and a Convention on Foreign Investment in Airlines. At the Seventeenth Meeting of the Air Transport Regulation Panel (ATRP/17) in April 2024, the topic of a draft Convention on Foreign Investment in Airlines was further discussed. The meeting concluded that the work on the development of a draft convention in its current form was not feasible at this time and that the panel should elaborate on the aspects being covered in the ICAO Template Air Services Agreement (TASA). In that context, a further survey should be conducted to identify States' existing domestic laws relating to investment in airlines, and whether there is an appetite for such a Convention, as well as the "safeguard" measures they

might require in order to be comfortable with such a Convention (Recommendation ATRP/17-1 refers).

1.2.3 It is pertinent to mention that the aviation industry is well regulated when it comes to safety and security on the basis of standards and recommended practices adopted under the *Convention on International Civil Aviation, 1944* (Chicago Convention) and its Annexes. With regard to economic issues, States use Air Service Agreements (ASAs) as the basis for establishing commercial international airline operations.

1.2.4 This survey is intended to gather data and information from ICAO's Member States regarding the following:

- i. views on liberalization and the possible effects and impacts of market access liberalization;
- ii. possible factors hindering market access liberalization;
- iii. views on foreign investment in airlines; and
- iv. expected role of ICAO on the liberalization of international air transport.

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2. VIEWS ON LIBERALIZATION AND THE POSSIBLE EFFECTS AND IMPACTS OF MARKET ACCESS LIBERALIZATION

2.1 Typically, ASAs have provisions to deal with five (5) main aspects of liberalization of market access: routes, capacity, traffic rights, prices and airline designation, where each State sets the appropriate balance to achieve its goals.

2.2 To better understand the States' perspectives on how liberalization might affect their aviation markets, the survey questionnaire focused on the impacts on these main provisions across five (5) attributes: investment in airlines, consumer welfare, market contestability, connectivity and market distortions.

2.3 Respondents were advised to consider the following definitions when responding to the survey:

- Airline Designation: requirements or limitations to the right of one party to designate an airline to provide international air services under the air services agreement.
- Capacity: is the amount(s) of services provided under the agreement usually measured in the number of flights (frequencies) or seats or tons of cargo offered in a market (city pair, or country- to-country) or on a route during a specific period, such as daily, weekly, seasonally or annually, or a combination of these.
- Connectivity: refers to the extent and efficiency of a State's air transport network in facilitating the movement of passengers and freight between points by air.
- Consumer welfare: conditions for providing services to consumers, such as differentiation of services, prices and quality.
- Investment in airlines: ability of an airline, established in the State responding to the survey, to attract investment, both national and foreign, to expand its activities.
- Market distortions: situations that affect prices or market behavior and hinder or limit competition. For the purpose of questions 1.1 – 1.5, please consider that "positive" means less market distortion whereas "negative" means more market distortion.
- Opportunities for new entrants: how easy is it to enter and compete in the market?
- Prices: means any fare, rate or charge for the carriage of passengers, baggage and/or cargo (excluding mail) in air transportation (including any other mode of transportation in connection therewith) charged by airlines, including their agents, and the conditions governing the availability of such fare, rate or charge.
- Routes: list of international airports from one party to which designated airlines can provide air transportation, respecting any rules on access to scarce airport infrastructure.
- Traffic rights: rights for airlines to carry passengers, cargo and/or mail for remuneration or hire from, to, within, or over the territory of a Party.

2.4 The responses received from States are analyzed below:

2.4.1. **Question 1.1 – What impacts might the further liberalization of routes have for your country?**

Responses highlighted the positive impact of liberalization of routes in terms of a) connectivity (102); b) opportunities for new entrants (94); and c) consumer welfare (93). A sizable number (60%) also sees a positive effect on the investment in airlines, although the positive margin is somewhat lower (71).

The views regarding market distortions are mitigated as a larger portion of States indicated that liberalization of routes would have a neutral impact on market distortions (47%).

From comments received, some respondents (14) explicitly indicated that route liberalization is

beneficial for consumers through improved connectivity, more route choices, and potentially lower fares, thanks to increased competition. However, a few comments (6) highlighted the need for adequate consideration of specific circumstances to avoid unfair competition and market distortions. In this regard, limitations and/or regulations on routes may be useful to mitigate negative impacts. Certain comments (4) expressed concerns that increased competition could weaken or even eliminate smaller national airlines if they cannot compete effectively, especially in markets with limited infrastructure or investment capacity.

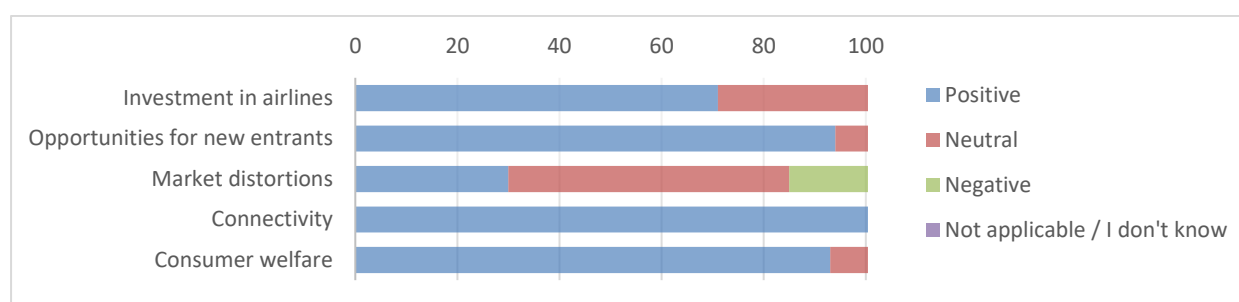
References were made to existing and emerging regional frameworks (EU, the Single African Air Transport Market (SAATM)) as drivers for air transport liberalization. These frameworks encourage removing restrictions on intra-regional routes, improving connectivity, consumer welfare and avoiding market distortions.

Other comments (6) highlighted the role of route liberalization in air services agreements negotiations as tools for reciprocity or to adjust to operational realities (e.g. limited airport capacities).

Table 1.1: Impact of liberalization of routes

	Positive	Neutral	Negative	Not applicable / I don't know
Investment in airlines	71	32	4	10
Opportunities for new entrants	94	14	4	5
Market distortions	30	55	17	15
Connectivity	102	9	1	5
Consumer welfare	93	16	1	7

Chart 1.1: Impact of liberalization of routes



1.4.2

Question 1.2 – How do you see the result of the liberalization of capacity in the following attributes for your country?

Responses highlighted the positive impact of liberalizing capacity, especially regarding connectivity (95) and consumer welfare (92), followed by positive impacts on opportunities for new entrants (90). A generally positive impact was also indicated for investment in airlines although this attribute had the highest of “Not applicable/ I don't know” responses.

However, there were diverging opinions regarding market distortions, with almost half of the respondents (53) remaining neutral on the impacts of capacity liberalization on market distortions. This attribute also had the highest number of responses indicating a negative impact (23).

In general, the survey responses indicated that removing or relaxing capacity constraints increases competition among airlines, often resulting in lower fares and improved connectivity in terms of flights, routes, and frequencies. Respondents also observed that capacity liberalization may stimulate

economic growth and attract new market entrants or investors, including through alliances between foreign and national airlines that can bring additional capital and expertise.

Responses also noted potential challenges: excessive market entry may reduce profitability, thereby discouraging long-term investment. Smaller or less-resourced carriers may face difficulties competing with larger airlines, which could lead to consolidation or market exits, and in some cases require government support to remain competitive. Liberalization may also result in concentration on high-demand routes, with withdrawals from less profitable routes, affecting connectivity for smaller communities. In addition, larger carriers could introduce overcapacity or contribute to market saturation, potentially distorting competition and affecting the long-term viability of national airlines.

One response further emphasized the importance of careful coordination with airport concessions to ensure that capacity expansion does not result in congestion or inefficiencies. Overall, while capacity liberalization was generally seen as offering opportunities for improved connectivity, competition, and investment, its implementation was considered to require close attention to market-specific circumstances in order to mitigate risks of market distortions and uneven impacts across stakeholders.

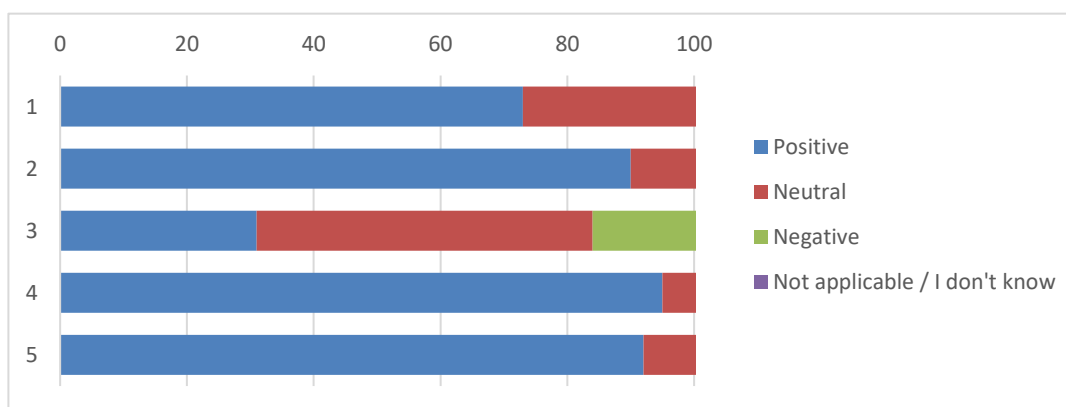
Certain responses also emphasized the importance of reciprocity in bilateral or multilateral agreements and the imbalance in operating potentially liberalized capacity due to overflight bans.

Finally, comments also emphasized regional frameworks (EU, SAATM), which allow for open or highly liberal capacity policies and the benefits these bring in terms of traffic growth, reduced fares and increase in available routes.

Table 1.2: Impact of liberalization of capacity

	Positive	Neutral	Negative	Not applicable / I don't know
Investment in airlines	73	28	3	13
Opportunities for new entrants	90	18	5	4
Market distortions	31	53	23	10
Connectivity	95	16	1	5
Consumer welfare	92	19	0	6

Chart 1.2: Impact of liberalization of capacity



attributes for your country?

Responses highlighted the positive impact of liberalization of traffic rights in particular in terms of opportunities for new entrants (87) and connectivity (96) closely followed by positive impacts on consumer welfare (93). A generally positive impact has been indicated regarding investment in airlines (78). However, responses indicate divergent views on the impact of traffic rights liberalization in terms of market distortion with more States viewing it as neutral or negative rather than positive.

Through the comments, majority of responses (17) agree that liberalization of traffic rights can improve connectivity, reduce fares, and open access to markets. Respondents also noted that liberalizing traffic rights enhances competition, which promotes tourism, trade, and broader economic growth. In some regions, liberalizing higher freedoms for both passenger and cargo operations has substantially contributed to gross domestic product (GDP) and enabled airlines to expand routes and services. One submission highlighted, for example, that liberalization could attract foreign airlines and investors, stimulate fleet expansion and leasing opportunities, and unlock new regional and long-haul connections, while also creating risks of financial strain for smaller local carriers.

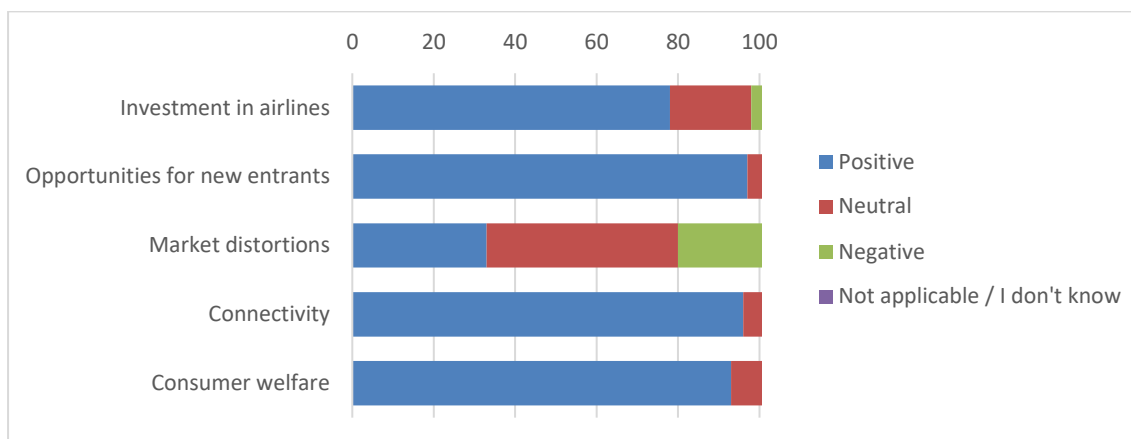
Other comments noted that, while liberalization can improve access and stimulate new entrants, smaller national carriers may be disadvantaged if larger airlines dominate profitable routes or operate extended fifth-freedom services, potentially threatening the long-term viability of strategically important national airlines. However, a recurrent concern (14) among responses received is the potential for unfair competition or disproportionate market distortion whereby smaller domestic carriers could be threatened if established foreign airlines dominate lucrative routes, which would engage in aggressive pricing and/or otherwise take over the market share of national carriers.

Consequently, several responses highlighted the need to properly leverage traffic rights in negotiations and to ensure reciprocity in ASAs to mitigate negative impacts on local operators. In this regard, liberalization of traffic rights within regional frameworks (EU), i.e. within Member States, as well as between the EU and third States, have yielded benefits in terms of traffic growth, but also a reduction in average fares and a marked increase in available routes.

Table 1.3: Impact of liberalization of traffic rights

	Positive	Neutral	Negative	Not applicable / I don't know
Investment in airlines	78	20	5	14
Opportunities for new entrants	97	11	4	5
Market distortions	33	47	23	14
Connectivity	96	15	1	5
Consumer welfare	93	14	3	7

Chart 1.3: Impact of liberalization of traffic rights



1.4.4

Question 1.4 – How do you see the result of the liberalization of prices in the following attributes for your country?

Responses indicated that price liberalization would positively impact consumer welfare (78) and opportunities for new entrants (71). It would also have the potential to positively impact connectivity (68) and investment in airlines (63). Views on the results on market distortion varied with only one third of respondents indicating the impacts as positive, while the remaining two thirds perceive impacts on market distortions as neutral or negative.

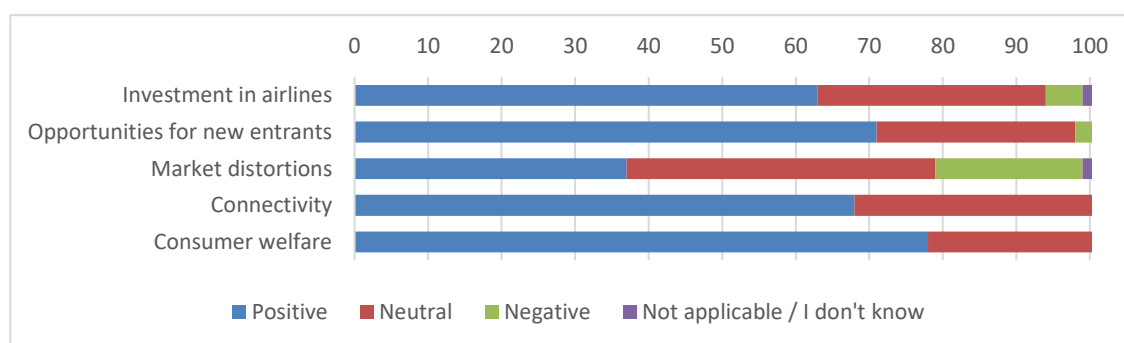
In general terms, responses indicated that the liberalization of prices often leads to lower fares, wider fare options and possibly increased competition among airlines, which makes air transport more accessible to a greater number of passengers, stimulates market growth, and brings positive spillover effects for tourism and trade. Several examples highlighted that, where prices have been liberalized (e.g., within the EU internal market, Chile, Uganda), fares have generally decreased over time. Liberalization may also facilitate the entry of new airlines, particularly low-cost carriers, which can adopt competitive pricing strategies to attract passengers. In response, established airlines may lower fares to defend their market position, though this can place additional pressure on profitability, especially for new entrants, given the high cost of fuel, airport fees, and aircraft leasing.

Despite these potential advantages, respondents also expressed concerns about risks such as inflation, predatory pricing, and price discrimination, particularly by larger foreign carriers. In smaller markets, liberalization may trigger fare undercutting by well-resourced competitors, leading to unsustainable fare wars that could distort the market and threaten the viability of national carriers with public service obligations and limited economies of scale. These practices could ultimately reduce competition in the long term and undermine consumer welfare. In this regard, comments highlighted the importance of safeguards, including robust competition rules and effective regulatory oversight to monitor and intervene in cases of unfair practices. While price setting can largely be market-driven, oversight remains necessary to ensure a level playing field, especially in markets where demand is limited or competition is weak.

Table 1.4: Impact of liberalization of prices

	Positive	Neutral	Negative	Not applicable / I don't know
Investment in airlines	63	31	5	18
Opportunities for new entrants	71	27	9	10
Market distortions	37	42	20	18
Connectivity	68	37	1	11
Consumer welfare	78	25	5	9

Chart 1.4: Impact of liberalization of prices



1.4.5

Question 1.5 – How do you see the result of the liberalization of airline designation in the following attributes for your country?

Responses indicated that liberalization of airline designation would have a positive impact on opportunities for new entrants (95), connectivity (92), and consumer welfare (87). It would also benefit investment in airlines (74). However, views on market distortions were more divided: 40 respondents see a positive impact, 48 remain neutral, 14 perceive a negative effect, and 15 are unsure or consider it not applicable.

The general comments highlighted that the liberalization of airline designation can foster increased competition, provide more route options, and offer better services. Multiple airline designation often broadens market access, encourages investment, boosts connectivity and may promote tourism. In some cases, States have already adopted a liberalized approach, allowing multiple carriers to operate routes as long as they meet safety, security, and regulatory standards.

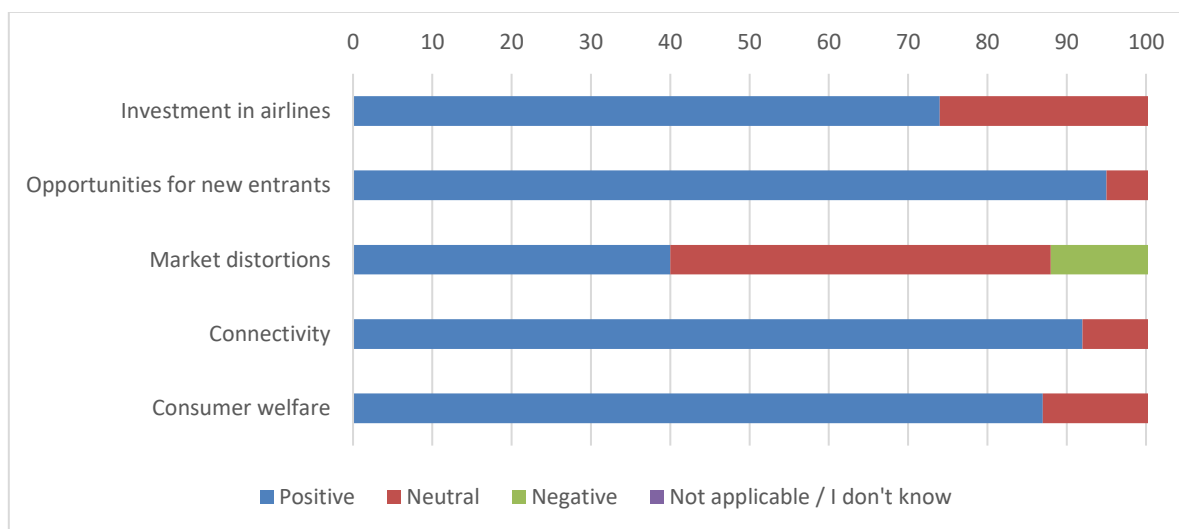
Similarly, as in previous questions, respondents cautioned that liberalizing airline designation without safeguards might allow for larger, more capitalized foreign carriers to outcompete smaller national airlines through aggressive competition, resulting in market concentration and diminished consumer choice over time. In addition, several comments expressed concerns that carriers may seek to operate in jurisdictions that are not their principal place of business or where substantial ownership, and effective control of the airlines are held. These airlines may end up circumventing regulatory controls implemented to ensure a safe and stable aviation system and to protect consumer interests.

Overall, most stakeholders see positive outcomes if liberalization is coupled with balanced regulation. For smaller or remote markets, the potential benefits may be modest unless there is sufficient demand or broader policy reforms. Nonetheless, respondents generally agree that, with proper oversight, liberalized airline designation fosters healthier market dynamics, and ultimately benefits consumers through greater connectivity and improved service quality.

Table 1.5: Impact of liberalization of airline designation

	Positive	Neutral	Negative	Not applicable / I don't know
Investment in airlines	74	30	3	10
Opportunities for new entrants	95	11	5	6
Market distortions	40	48	14	15
Connectivity	92	15	3	7
Consumer welfare	87	20	2	8

Chart 1.5: Impact of liberalization of airline designation



1.4.6

Question 1.6 – What, to your point of view, are the benefits and drawbacks or risks of market access liberalization?

(a) Benefits

➤ **Increased Market Competition and Consumer Benefits**

58 States reported that air transport liberalization facilitates greater market competition. Respondents indicated that this increased competition has contributed to lower airfares, improved service quality, and expanded consumer choice. New market entrants were observed to drive innovation, operational efficiency, and cost reductions among existing air carriers, thereby enhancing overall consumer welfare. Several submissions added that liberalization makes it easier for airlines to raise capital, form strategic partnerships/alliances, and differentiate business models (including LCCs), which can further strengthen consumer benefits when a level playing field is ensured.

➤ **Improved Air Connectivity and Economic Development**

59 States cited enhanced air connectivity as a principal benefit of liberalization. The removal of market access restrictions has enabled airlines to introduce new routes and increase flight frequencies, thereby improving linkages between domestic, regional, and international destinations. Improved connectivity was reported to support tourism development, trade facilitation, and broader economic growth, particularly for small island developing States (SIDS) and landlocked developing countries (LLDCs) that rely heavily on air transport for

international integration. A number of States also associated liberalization with job creation across aviation and related sectors and noted positive spillovers for regional integration and hub development where market conditions support sustainable traffic.

➤ **Attraction of Investment and Industry Innovation**

16 States identified increased access to foreign investment as a benefit of market liberalization, while **10 States** pointed to technological innovation and partnerships as notable advantages. Respondents observed that the entry of global carriers and investors promotes the adoption of advanced technologies, operational optimization, and improvements in service delivery. In some cases, liberalization was also reported to stimulate airport infrastructure investment, employment creation, and capacity-building within the aviation sector.

(b) Drawbacks

➤ **Competitive Pressures on Smaller or National Carriers**

49 States expressed concern that liberalization may expose smaller national carriers to heightened competitive pressures from larger foreign operators. Respondents reported risks including financial strain, consolidation or exit, and job losses where carriers lack the scale or resources to compete effectively on key routes.

Several submissions cited risks of predatory pricing, capacity dumping, or sustained dominance on key routes; others noted potential withdrawal from thin or socially important routes and increased dependence on foreign operators for strategic connectivity.

➤ **Regulatory Oversight and the Need for Fair Competition**

26 States underscored the importance of a robust regulatory framework to support fair and sustainable liberalization. Respondents emphasized the need for effective competition policies and comprehensive regulatory practices to prevent distortions arising from subsidies or regulatory discrepancies. The continued enforcement of high standards in aviation safety, security, and consumer protection was consistently identified as a prerequisite for successful liberalization.

Responses also referenced ownership/control and sovereignty considerations, profit-repatriation concerns, and the importance of consumer-protection enforcement, noting that outcomes depend on reciprocity, safeguards, and the capacity of authorities to oversee safety, security, and fair competition.

➤ **Infrastructure Constraints and Environmental Considerations**

13 States cited infrastructure limitations such as airport congestion and air navigation service capacity as challenges, while **18 States** raised environmental concerns, including carbon emissions and noise impacts. Several States additionally noted risks of job losses or adverse labour impacts, particularly where competitive pressures lead to cost-cutting in wages or working conditions. Finally, States warned against unfair practices such as predatory pricing or capacity dumping, which could distort markets and undermine long-term sustainability.

1.4.7

Question 1.7 – How likely would it be that your State will (further) liberalize market access in this decade and what factors could be the most decisive (e. g. economic, (geo-) political and strategic considerations, etc.)?

Responses from States indicated a diversity of perspectives regarding the further liberalization of market access. While the majority of responding States expressed a favorable outlook towards continued liberalization - motivated by economic benefits of enhanced competition, improved connectivity, and increased consumer welfare - liberalization trajectories remain closely tied to specific national circumstances, including maintaining national airline viability, infrastructure readiness, and political considerations.

➤ **High Likelihood of Further Liberalization**

States that have already adopted open-skies policies or operate within liberalized regional frameworks reported a high likelihood of maintaining or expanding liberalization measures.

Similarly, African States that are parties to the Single African Air Transport Market (SAATM) indicated a high likelihood of pursuing further liberalization.

➤ **Moderate Likelihood or a Gradual, Phased Approach**

Several States outlined a balanced or phased approach to further liberalization. In certain cases, liberalization plans would be contingent on safeguarding the viability of national carriers, assurance of fair competition or future regional developments.

➤ **Low Likelihood or Uncertainty**

A smaller group of States reported a low likelihood of pursuing additional liberalization, often citing specific domestic challenges, such as geopolitical factors and local strategic priorities, or the need for policy flexibility to adjust to external constraints. For SIDS, their limited market size, national security concerns, and economic viability are also perceived as constraints to further liberalization.

➤ **Decisive factors for liberalization**

Economic considerations emerged as the most decisive factor across respondent States. Liberalization is widely perceived as a means to foster increased trade, tourism, and employment opportunities. In addition, it has the potential to attract foreign investment and enhance competition in aviation markets.

Several States highlighted the influence of regional regulatory frameworks on their liberalization policies, particularly in the EU, and regional initiatives such as the African Continental Free Trade Area (AfCFTA), SAATM, and the Yamoussoukro Decision.

Liberalization prospects were also linked to geopolitical constraints and/or broader political or security developments.

In general, responses highlighted the need to balance the benefits of liberalization with the protection of national airlines and adequate infrastructure.

3. POSSIBLE FACTORS HINDERING MARKET ACCESS LIBERALIZATION

3.1 **Question 2.1 – When developing mechanisms for liberalizing market access, what are the risks to be considered? Please specify below and indicate the level of importance of those risks.**

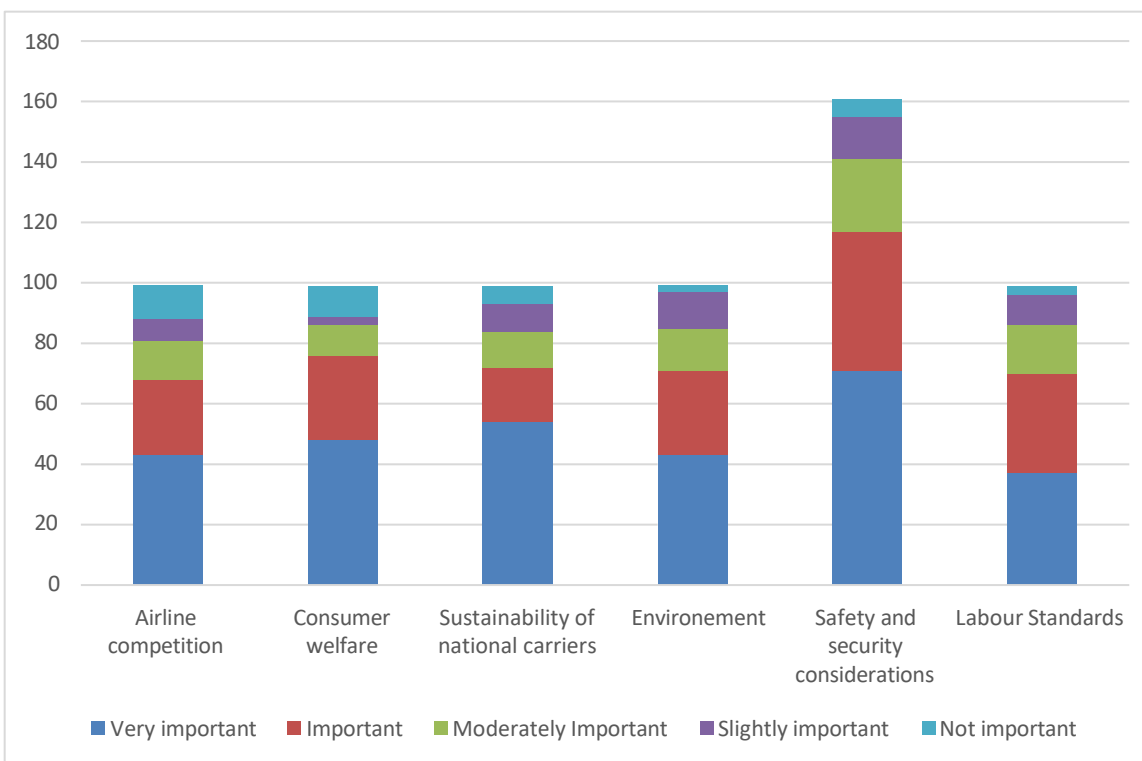
The survey results on the risks to be considered when developing mechanisms for liberalizing market access highlighted several key areas. As detailed in Table 2.1 and summarized in Chart 2.1, safety and security considerations emerged as the most critical risk, ranked first with 86 respondents rating it as very important underscoring the paramount importance of maintaining high safety and security standards. Sustainability of national carriers ranked second, with 67 respondents considering it very important and 21 important, indicating a strong emphasis on ensuring that national carriers remain viable amidst increased competition. Consumer welfare ranked third, with 59 respondents rating it very important and 32 important, reflecting the need to protect consumer interests.

Airline competition and environmental considerations ranked fourth and fifth, with 52 and 50 respondents respectively rating them very important, highlighting the need to balance competitive dynamics and environmental impacts. Labour standards ranked sixth, with 46 respondents rating it very important and 37 important, indicating the need to uphold fair labour practices. Other areas, such as market access and liberalization, competition, aviation data, finance, passenger rights, infrastructure management, air cargo, taxation, and environmental issues were also noted, reflecting a broad spectrum of risks that need to be managed to ensure successful market liberalization. This diverse feedback suggests that while some risks are universally recognized, others may vary in importance depending on specific national contexts.

Table 2.1: Risks considered when developing mechanisms for liberalization of market access

	Very important	Important	Moderately Important	Slightly important	Not important
Airline competition	52	31	16	7	11
Consumer welfare	59	32	12	4	10
Sustainability of national carriers	67	21	15	8	6
Environment	50	34	17	13	3
Safety and security considerations	86	15	9	4	3
Labour Standards	46	37	21	10	3

Chart 2.1: Risks considered when developing mechanisms for liberalization of market access



3.2

Question 2.2 – Considering the risks identified, what mitigating measures could be included in an agreement to liberalize market access?

The survey results highlighted several key measures to mitigate risks in liberalizing market access, as depicted in Chart 2.2 and detailed in Table 2.2. Respondents emphasized the need for a comprehensive approach, covering legal, economic, market-related, competition, consumer, and cross-cutting areas. This underlines both the breadth of air transport liberalization and the importance of ensuring a sustainable and balanced framework.

Legal and Policy Frameworks

Respondents highlighted the need for a solid regulatory foundation. Proposals included applying ICAO standards to all AOC operators (2), harmonizing regulations among States (2), enhancing regulatory oversight (9), and improving alignment between national and international legal frameworks (1). Together, these measures aim to ensure consistency and predictability across jurisdictions.

Economic Considerations

Economic safeguards were a central focus. States proposed investment and modernization of infrastructure (7), supporting the sustainability of national and local airlines (15), and ensuring economic and financial resilience (2). Ownership and control provisions were also mentioned (9), along with state aid (2), reciprocity clauses (6), and tailored considerations for small economies and aviation infrastructures (1). Other suggested measures included public service obligations (2) and continued investment in infrastructure (1).

Market-Related Measures

Several States pointed to the need for market-sensitive approaches. Suggested provisions included

gradual or phased liberalization (9), capacity management and regulation (3), and mechanisms to align with market demand (3). More specific proposals covered sixth-freedom rights (1), tariff/fare measures (6), tax provisions (4), and addressing the risks posed by free riders (1).

Fair Competition

The most frequently cited mitigating measure remained the inclusion of fair competition provisions, with 45 States underscoring their central role in ensuring a level playing field, preventing market distortions, and safeguarding the viability of national carriers. In addition, 18 responses highlighted the use of safeguard measures to strengthen competitive neutrality.

Consumer Protection

A total of 15 responses stressed the importance of consumer protection provisions, complemented by one response noting the need to ensure accessibility for all passengers. These measures were viewed as essential for maintaining public trust and equitable access to air transport.

Other Cross-Cutting Measures

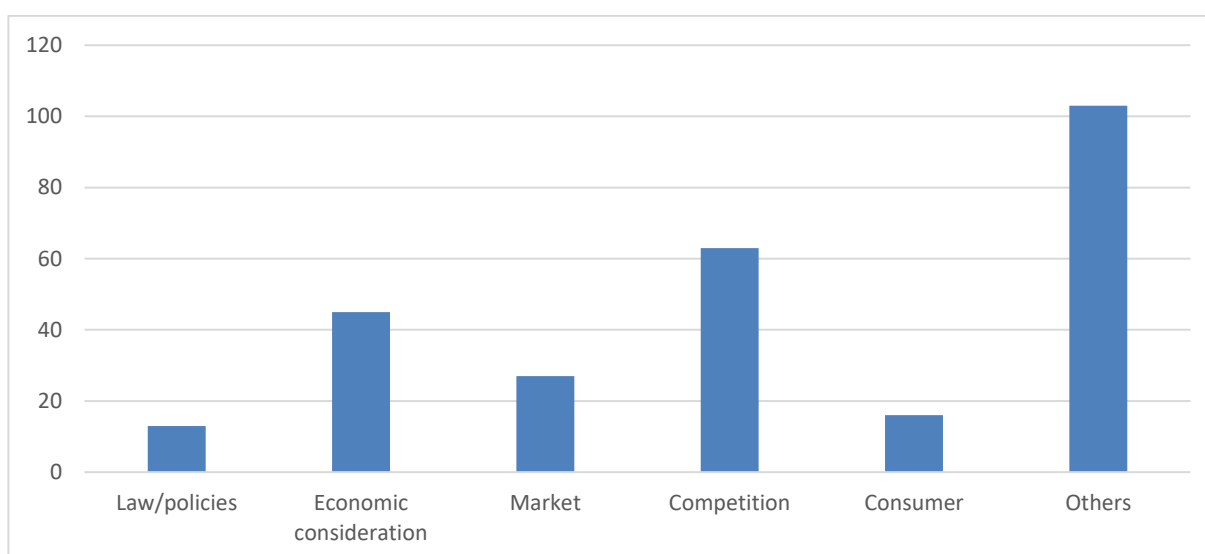
Respondents also highlighted broader measures to accompany liberalization. These included addressing environmental issues (26), strengthening safety and security (33), establishing dispute-resolution mechanisms (4), and protecting social and labour rights (21). Additional proposals called for capacity building in air transport development (9), consultative provisions (5), improved information and data sharing between airlines and regulators (3), contingency measures (1), and enhanced access to airport infrastructure (1).

Table 2.2: Mitigating measures that could be included in an agreement to liberalize market access

S/N	Area	Details	Number of feedback
1	Law/policies	ICAO standards apply to all AOC operators	2
		Harmonized regulations among States	2
		Regulatory oversight	9
		Harmonized national and international law	1
2	Economic consideration	Investment/modernization of infrastructure	7
		Sustainability of national/local airlines	15
		Economic and financial sustainability	2
		Ownership and control of airlines	9
		State Aid	2
		Considerations to small economies and small aviation infrastructure	1
		Investment in infrastructure	1
		Public service obligations	2
		Reciprocity	6
3	Market	Market demands	3
		Capacity management/regulations	3
		Gradual liberalization	9
		6th freedom rights	1
		Tariff/fare	6
		Tax provision	4
		Free riders	1

4	Competition	Fair competition	45
		Safeguards measures	18
5	Consumer	Consumer protection	15
		Accessibility to all	1
6	Others	Environmental issues	26
		Safety and security	33
		Dispute mechanism	4
		Social and labour protection	21
		Contingency measures	1
		Information/data sharing between airlines and regulators	3
		Consultative provision	5
		Improved access to airport infrastructure	1
		Capacity building in area of air transport development	9

Chart 2.2: Mitigating measures that could be included in an agreement to liberalize market access



3.3

Question 2.3 – Many States have introduced in their model ASAs clauses dealing with fair competition. Such clauses typically seek to provide fair and equal opportunity to airlines from Contracting parties to compete in providing international air transportation and establish mechanisms to deal with possible market distortions that could arise from different policies between Parties. In this sense, how do you see the contribution of fair competition clauses in the liberalization of the following provisions?

The survey results on the contribution of fair competition clauses in the liberalization of various provisions highlighted several key areas. As detailed in Table 2.3 and summarized in Chart 2.3, prices and capacity emerged as the most positively impacted provision, with 89 respondents rating the contribution of fair competition clauses as positive on these provisions. Routes and traffic rights were also significantly impacted, with 87 and 86 positive ratings, respectively. Airline designation received 80 positive ratings, indicating a slightly lower but still substantial positive impact. Neutral ratings were highest for airline designation (27), suggesting that some respondents perceived fair competition clauses as having a balanced or undefined impact on this provision.

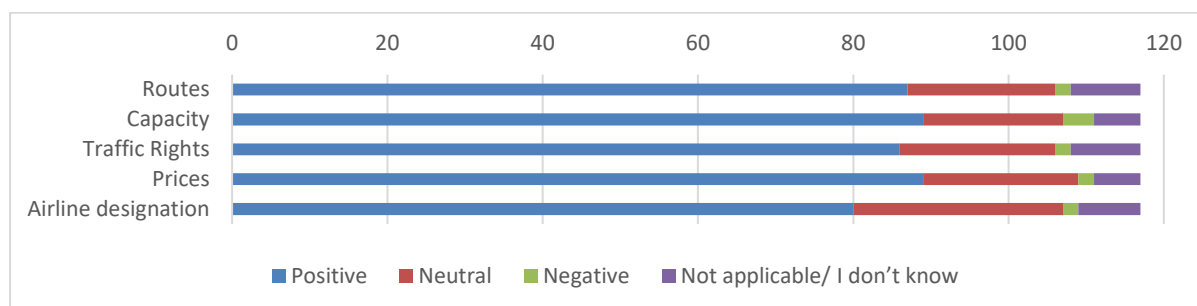
Negative ratings were minimal across all provisions, with the highest being for capacity (4), followed by routes, traffic rights, prices, and airline designation (2 each). This indicates that fair competition clauses are generally viewed favourably. Not applicable/I don't know ratings varied, with routes and traffic rights receiving 9 ratings each, capacity and prices 6 ratings each, and airline designation 8 ratings. This suggests that some respondents may not have sufficient information or consider these clauses irrelevant to certain provisions.

Overall, the survey results indicate that fair competition clauses are largely viewed positively in the liberalization of market access provisions, with varying degrees of impact across different areas.

Table 2.3: The contribution of fair competition clauses in the liberalization of the selected provisions

	Positive	Neutral	Negative	Not applicable/ I don't know
Routes	87	19	2	9
Capacity	89	18	4	6
Traffic rights	86	20	2	9
Prices	89	20	2	6
Airline designation	80	27	2	8

Chart 2.3: The contribution of fair competition clauses in the liberalization of the selected provision



3.4

Questions 2.4 – Please weight the significance of the following possible hindering factors for market access liberalization in your State (from 1 to 5, with 5 being very significant).

The survey results on the significance of possible hindering factors for market access liberalization in various states highlighted several key areas. As detailed in Table 2.4 and summarized in Chart 2.4, economic factors emerged as the most significant hindrance, with an average score of 3.82. Socio-political factors ranked second, with an average score of 3.57, reflecting the importance of political and social dynamics in the liberalization process. Fair competition was also a notable hindrance, with an average score of 3.54, emphasizing the need for equitable competitive practices.

Infrastructure readiness ranked fourth, with an average score of 3.40, highlighting the importance of having adequate infrastructure to support liberalization efforts. Regulatory barriers followed closely, with an average score of 3.30, indicating the challenges posed by existing regulations. Stakeholder influence had an average score of 3.20, suggesting that the impact of various stakeholders can be a significant factor. Employment issues were rated as the least significant hindrance, with an average score of 3.17, though still notable.

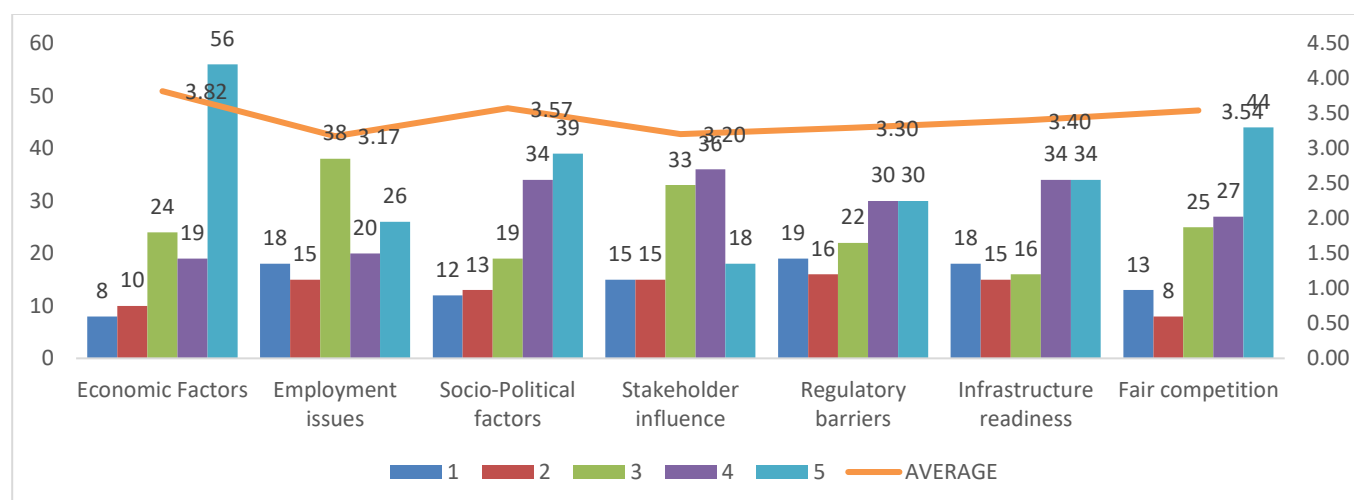
Overall, the survey results indicate that economic factors, socio-political dynamics, and fair

competition are the most significant hindrances to market access liberalization, with infrastructure readiness and regulatory barriers also playing important roles.

Table 2.4: The significance of the possible hindering factors for market access liberalization

	1	2	3	4	5	AVERAGE
Economic Factors	8	10	24	19	56	3.82
Employment issues	18	15	38	20	26	3.17
Socio-Political factors	12	13	19	34	39	3.57
Stakeholder influence	15	15	33	36	18	3.20
Regulatory barriers	19	16	22	30	30	3.30
Infrastructure readiness	18	15	16	34	34	3.40
Fair competition	13	8	25	27	44	3.54

Chart 2.4: The significance of the possible hindering factors for market access liberalization



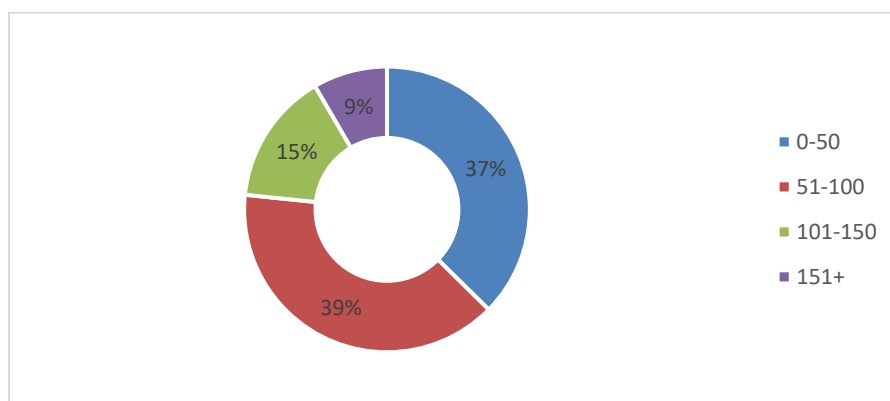
4. VIEWS ON FOREIGN INVESTMENT IN AIRLINES

4.1

Question 3.1 – With how many States does your State have ASAs or other equivalent arrangements?

As illustrated in Chart 3.1, the majority of respondents reported having either up to 50 ASAs (40 per cent) or between 51 and 100 ASAs (38 per cent). A smaller proportion indicated having between 101 and 150 ASAs (15 per cent), while 11 per cent reported more than 151 ASAs. A limited number of respondents (3 per cent) were unsure of the total number of ASAs or equivalent arrangements in place.

Chart 3.1: Number of ASAs or other equivalent arrangements

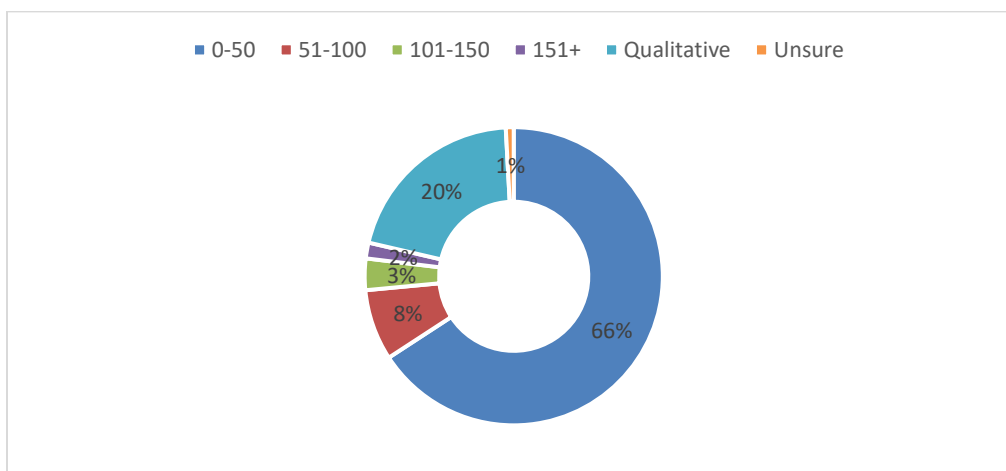


4.2

Question 3.2 – How many of these do you estimate are open skies (for the purpose of this survey consider an open sky agreement an ASA without route and capacity restrictions, and up to 5th freedom rights)?

As shown in Chart 3.2, 67 per cent of respondents indicated that they have between 0 and 50 open skies ASAs. A smaller proportion, 8 per cent, reported having between 51 and 100 open skies ASAs, while 3 per cent indicated between 101 and 150, and 2 per cent reported more than 151. One respondent (1 per cent) was uncertain about the number of open skies ASAs in place. In addition, 21 per cent of responses were qualitative in nature, referring to general statements such as “all agreements are open skies” or “more than half,” rather than providing an exact numerical figure.

Chart 3.2: Number of open skies ASAs



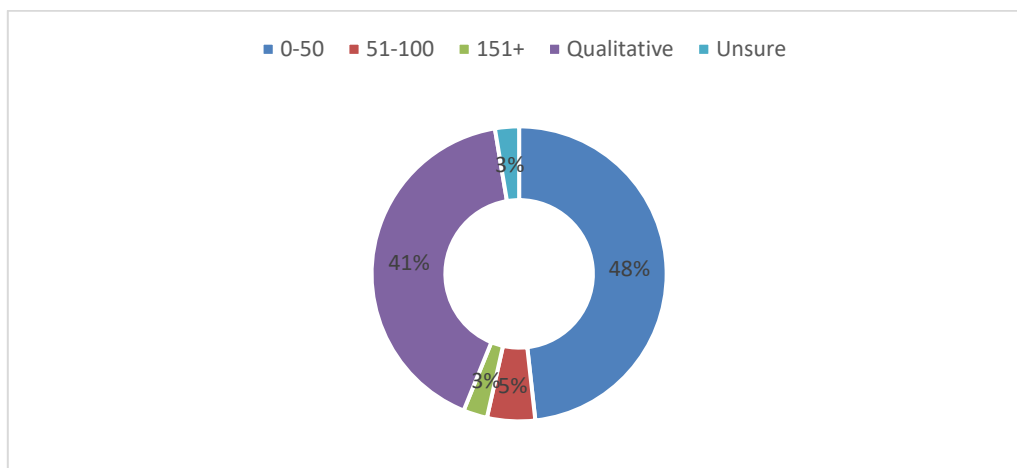
4.3

Question 3.3 – How many ASAs without requirements for “substantial” or “majority” ownership and/or control of nationals from the designating party do you estimate that your State has?

As illustrated in Chart 3.3, 65 per cent of respondents indicated that between 0 and 50 of their ASAs do not contain the requirement for “substantial” or “majority” ownership and/or control by nationals. A further 7 per cent reported between 51 and 100 such ASAs, while 1 per cent indicated between 101 and 150. In addition, 2 per cent of respondents noted more than 151 ASAs without this requirement, and one respondent was uncertain.

Notably, 25 per cent of responses were qualitative in nature. Within this group, 11 respondents stated that all of their ASAs do not contain this provision, while 7 respondents indicated that a majority of their ASAs fall into this category. These qualitative responses highlight a significant number of States for which the ownership and control requirement is largely or entirely absent.

Chart 3.3: Number of ASAs without requirements for “substantial” or “majority” ownership and/or control of nationals from the designating party



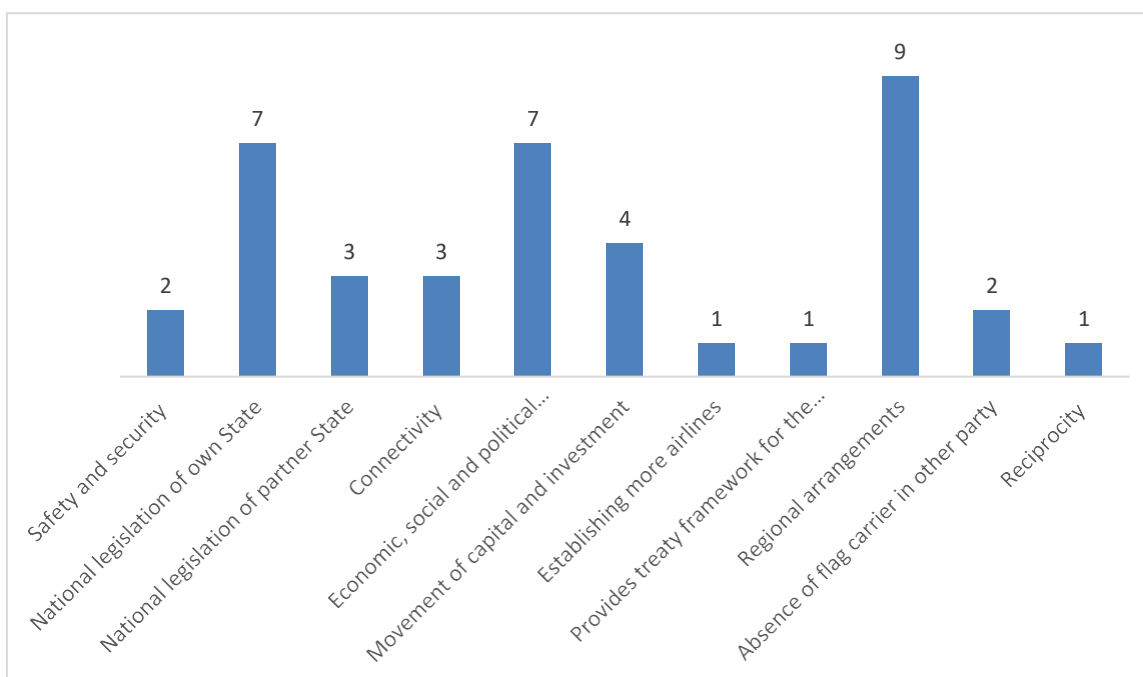
4.4

Question 3.4 - If your State has ASAs without requirements of “substantial” or “majority” ownership and/or control of nationals from the designating Party, what is the rationale for the liberalization of such requirements?

While 63 per cent of respondents stated that the question does not apply to them or provided no substantive comment, the remaining 37 per cent offered rationales for entering into ASAs without requirements of “substantial” or “majority” ownership and/or control of nationals from the designating party. Their feedback is summarized below and illustrated in Chart 3.4:

- (i) twelve respondents mentioned “regional cooperation arrangements”;
- (ii) ten respondents referred to the “national legislation of their State”;
- (iii) nine respondents cited “economic, social, and political considerations”;
- (iv) six respondents highlighted “the movement of capital investment” (including references to principal place of business and regulatory control models);
- (v) four respondents pointed to “national legislation of the partner State”;
- (vi) four respondents emphasized “connectivity” as the primary driver;
- (vii) three respondents noted “safety and security reasons”;
- (viii) two respondents indicated the absence of a flag carrier in the other party;
- (ix) two respondents cited “reciprocity with partner State”;
- (x) one respondent mentioned the establishment of more airlines; and
- (xi) one respondent stated that such agreements provide a treaty framework for the future without obliging Parties to modify existing national foreign ownership rules.

Chart 3.4: Rationale for the liberalization of “substantial” or “majority” ownership and/or control

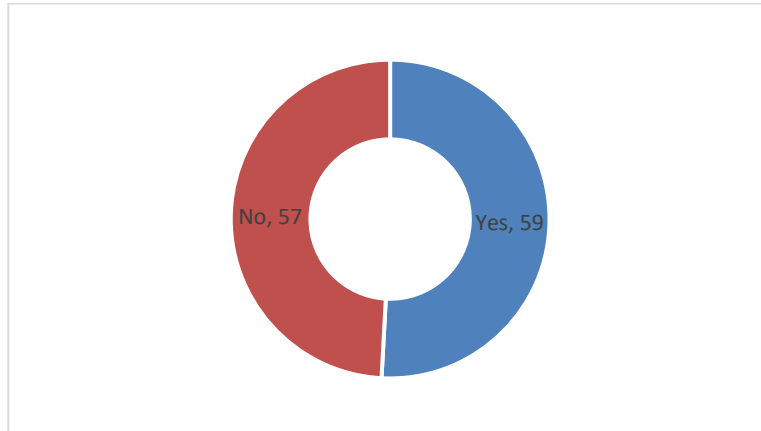


4.5

Question 3.5 - Would you consider the link between traffic rights and ownership and/or control requirements as an obstacle to (further) liberalize in your State?

As depicted in Chart 3.5, 58 of the respondents indicated that they do not perceive the link between traffic rights and ownership/control requirements as a hindrance to further liberalization within their States. Conversely, 59 of the respondents expressed that they do regard this link as an impediment to further liberalization within their States.

Chart 3.5: Consideration of the link between traffic rights and ownership and/or control requirements as an obstacle to liberalization



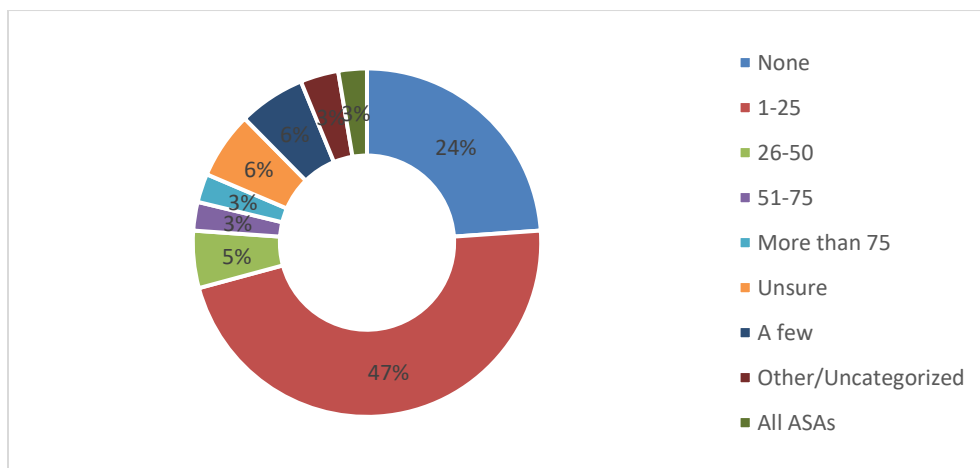
4.6

Question 3.6 - With how many States does your State estimate to have ASAs and/or other instruments with 7th freedom for cargo-only?

The survey results, depicted in Chart 3.6, illustrate the distribution of responses regarding the number of ASAs and/or other instruments that provide for all-cargo 7th freedom entered by the States. 32 per cent of respondents (27 States) indicated that they do not have any such provisions in their ASAs. Meanwhile, 63 per cent (53 States) reported having between 1 and 25 ASAs with such arrangements. A further 7 per cent of respondents (6 States) reported between 26 and 50 ASAs, and 4 per cent (3 States) noted between 51 and 75 ASAs. Another 4 per cent of respondents (3 States) indicated that more than 75 ASAs provide for 7th freedom for all-cargo operations.

Other responses included seven States (8 per cent) that were unsure, seven States (8 per cent) that replied “a few,” four States (5 per cent) that provided other or unclassified responses, and three States (4 per cent) that stated all of their ASAs contain such provisions.

Chart 3.6: Number of ASAs and/or other instruments with 7th freedom for cargo-only



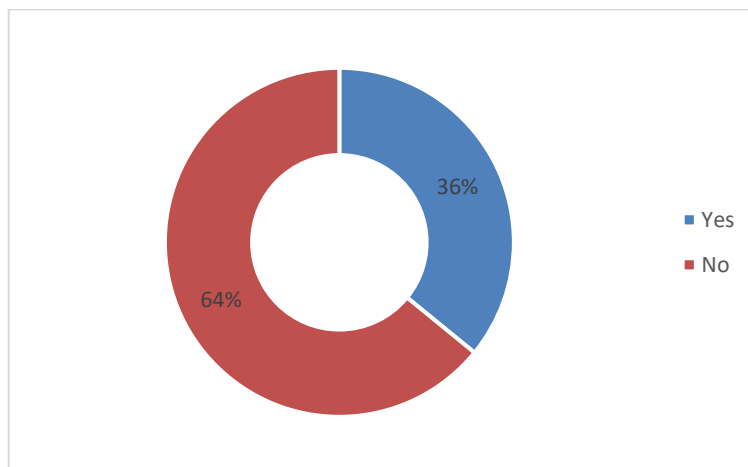
4.7

Question 3.7 - Does your State have different approaches/policies to Global/Regional negotiations?

As illustrated in Chart 3.7, the survey results revealed a notable division. A majority of

respondents, 64 per cent, indicated that their State does not differentiate between global and regional negotiation strategies or policies. Conversely, 36 per cent of respondents affirmed that their State does indeed adopt distinct approaches or policies when engaging in global versus regional negotiations.

Chart 3.7: Existence of different approaches/policies to global/regional negotiations

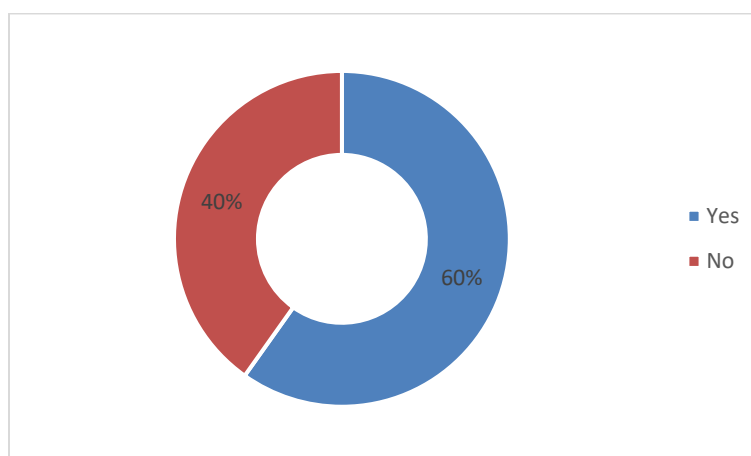


4.8

Question 3.8 – Considering the Latin American Civil Aviation Commission’s (LACAC) recent experience during the COVID-19 pandemic, where States signed a multilateral Memorandum of Understandings liberalizing 7th freedom rights for all-cargo services for a limited time, would your State consider entering into a time-limited ASA and/or arrangement lifting all or some of the mentioned restrictions on market access?

As illustrated in Chart 3.8, the survey results revealed a notable division. A majority of respondents, 60 per cent, indicated their readiness to enter into a time-limited ASA and/or arrangement that lifts all or some market access restrictions. Conversely, 40 per cent of respondents indicated that they are not ready to enter into such arrangements.

Chart 3.8: Readiness to enter into a time-limited ASA and/or arrangement lifting all or some of the market access restrictions



4.9

Additional comments received for questions 3.1 to 3.8 – 32 additional comments were received. The summary of the comments received is as follows:

(i) Concerning question 3.5:

- (a) one State from the European region highlighted that *it applies only the principal place of business principle. The requirement of "substantial" or "majority" ownership and/or control of nationals is an obstacle for them;*
- (b) one State from the North American region highlighted that *liberalizing ownership & control standards without first liberalizing traffic rights creates risk of free rider concerns. Recognizing the benefits of ownership & control liberalization in many instances, [a] "substantial ownership and effective control" requirement can be included in ASAs, which would be accompanied with the right to waive them on a case-by-case basis;*
- (c) one State from the Asia and Pacific region indicated that *it supports exploring alternative models, such as "principal place of business" and effective regulatory control, which preserve oversight while enabling greater operational flexibility.*

(ii) About question 3.7:

- (a) one State from the Asia and Pacific region shared that *the State supports the Association of Southeast Asian Nations' (ASEAN) pursuit of traffic rights liberalization with key dialogue partners. The State would strongly support the full liberalization of traffic rights but notes that some parties to the air services agreements may prefer a more gradual exchange;*
- (b) one State from the European region mentioned that *ASA negotiations always take into account the specific conditions of the country/market with which the negotiation is being carried out (political, economic and geostrategic interests, neighbouring markets, cultural proximity, etc.); and*
- (c) another State from the European region informed that *the negotiating objectives for an EU comprehensive agreement are set out by the Council of the European Union in its decision approving the start of negotiations. They typically take into account a number of factors, including the nature of the air transport market with the partner concerned as well as wider political factors in the relationship.*

(iii) Concerning question 3.8:

- (a) two States from Latin America and the Caribbean stated that *the LACAC MoU of 7th freedom rights for all-cargo services do not have a limited time as it has been modified to be applied on a permanent basis and has already been signed by 12 Latin American States as of 2023;*
- (b) meanwhile, two States from the European region, two States from Africa and one State from Asia and Pacific suggested that they may consider entering into a time-limited ASA only if there is an urgent need that calls for such arrangement and another one State from the European region added that it depends on what kind of measures are considered; and
- (c) on the contrary, one State from the Middle East shared that *it does not support a time-limited ASA or arrangement temporarily lifting all or some of the mentioned restrictions on market access. Once a liberalized approach is adopted, reverting to a more restrictive framework becomes challenging as it creates instability in the market/route. Moreover, temporary arrangements disrupt the long-term strategic planning of our airlines;*
- (d) one State from the North American region indicated that *the time-limited nature of such an arrangement is antithetical to encouraging carriers to make the investments necessary for certain services;*
- (e) another State from the North American region highlighted that *this would apply to an emergency situation (e.g., pandemic) [...] during which aeronautical authorities ensured expedited approval of requests for all-cargo flights;*
- (f) another State from the European region and one Regional Organization stated that *the EU has not considered joining such an arrangement. The negotiating objectives for an EU comprehensive agreement are set out by the Council of the European Union in its decision*

approving the start of negotiations. They typically take into account a number of factors including the nature of the air transport market with the partner concerned as well as wider political factors in the relationship;

- (g) *one State from Asia and Pacific is of the view that time-bound agreements and arrangements actually creates uncertainty of market access provisions for the longer term. The State therefore strongly prefer to enter into arrangements in perpetuity, although these arrangements can be subsequently modified with mutual consent from the signatories;*
 - (h) *one State from Africa highlighted that there should be no restriction on market access to realize economic benefits from trade, and one State from the European region stated that it fully supports permanent market liberalization and is committed to lifting all restrictions in line with our belief in full and unrestricted market access;*
 - (i) *one State in the Asia and Pacific suggested that such an agreement might be considered but prior to ratification of any such agreement, a detailed overview of the geographical spread of such an agreement will have to be evaluated along with possible evaluation of capacity/market access/principles governing the operation of agreed services in such an agreement. The issue of airline designation criteria will also have to be examined;*
 - (j) *one State from the European region shared that it adopted a flexible traffic rights management during the COVID-19 period. It was well adapted to a temporary crisis; and*
 - (k) *one State from Latin America and the Caribbean stated that current ASA negotiations with States are now based on an Open Skies template, which includes 7th freedom rights on all-cargo operations. Therefore, the State does not consider a time-limited agreement because it is a present consideration for ASA negotiations.*
- (iv) About 7th freedom for all cargo:
- (a) *two States from Africa stated that it does not have restrictions on the 7th freedom for all cargo;*
 - (b) *one State from Asia and Pacific shared that no policy decision has been taken as at present to liberalize for 7th freedom for cargo; and*
 - (c) *one State in Asia and Pacific shared that it enjoys a comparatively high level of liberalization in terms of all-cargo services, which is capable of satisfying the requirements of bilateral and multilateral economic and trade cooperation, as well as the development of industrial and supply chains.*
- (v) General comments on liberalization:
- (a) *one State from the European region stated that it is part of ECAA multilateral agreement and is in compliance with what is stipulated in that document;*
 - (b) *responding to question 3.8, one State from Asia and Pacific shared that it has a significant number of open capacity / open route Air Services Agreements, but where open fifth freedoms could not be agreed with our bilateral partners;*
 - (c) *another State from the Pacific region shared that it adopts a cautiously progressive approach to liberalizing foreign investment and ownership provisions within its ASAs, recognizing both the potential benefits and risks. As a Small Island Developing State with a single national carrier, the State prioritizes safeguards that protect strategic connectivity and economic resilience. However, the State remains open to innovative arrangements, particularly in the cargo sector, including time-bound liberalization or pilot initiatives that can stimulate trade and investment while allowing regulatory oversight and flexibility. The State also supports continued dialogue at the regional and multilateral levels to explore harmonized approaches that address ownership and control barriers, encourage fair competition, and ensure that smaller States can fully participate in and benefit from liberalized air transport markets.*
 - (d) *one State in Latin America and the Caribbean highlighted that it has and practices an open skies policy, and promotes it within, LACAC since we were among the first three signatories*

of the multilateral open skies agreement signed in Punta Cana in 2010; and

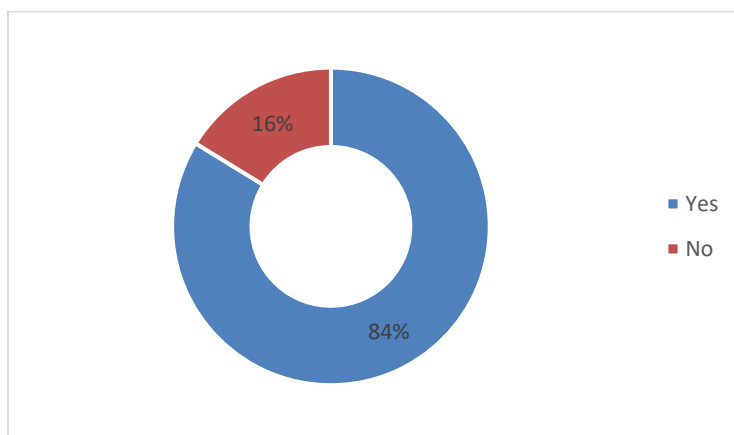
- (e) one State in Latin America and the Caribbean shared that *it has included in its legislation, the investment of foreign capital in national aviation companies and signed the LACAC Multilateral Agreement which is in process of approval.*

4.10

Question 3.9 – Aside from any provisions in your ASAs, does your State have any laws/regulations/policies regarding ownership and/or control of air carriers of your State?

As shown in Chart 3.9, the survey results highlighted a significant split. Most respondents (84%) reported having laws, regulations, or policies concerning the ownership and control of air carriers. In contrast, 16 per cent of respondents indicated the absence of such laws, regulations, or policies, apart from those specified in the ASAs.

Chart 3.9: Readiness to enter into a time-limited ASA and/or arrangement lifting all or some of the market access restrictions

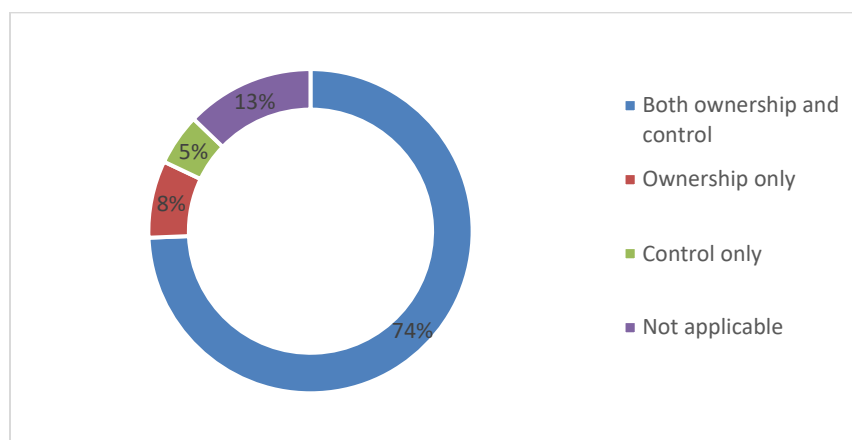


4.11

Question 3.10 – If your State has current laws/regulations/policies regarding ownership and/or control of air carriers of your State, which do they regulate?

Chart 3.10 illustrates the distribution of areas regulated by the State's current laws, regulations, and policies concerning the ownership and control of air carriers. Feedback was provided by all 117 respondents for this question. The majority (74%) of respondents indicated that their State's regulations encompass both ownership and control aspects. A smaller portion (8%) reported regulations focusing solely on ownership, while 5 per cent indicated policies concerned only with control. Additionally, 13 per cent of respondents stated that their State does not have specific laws or policies regarding ownership or control of air carriers, aside from provisions in the ASAs.

Chart 3.10: Areas that are regulated by the State's current laws/regulations/policies regarding ownership and/or control of air carriers



4.12

Question 3.11 – What is the purpose of your State's laws/regulations/policies regarding ownership and/or control of air carriers of your State? Check all that apply.

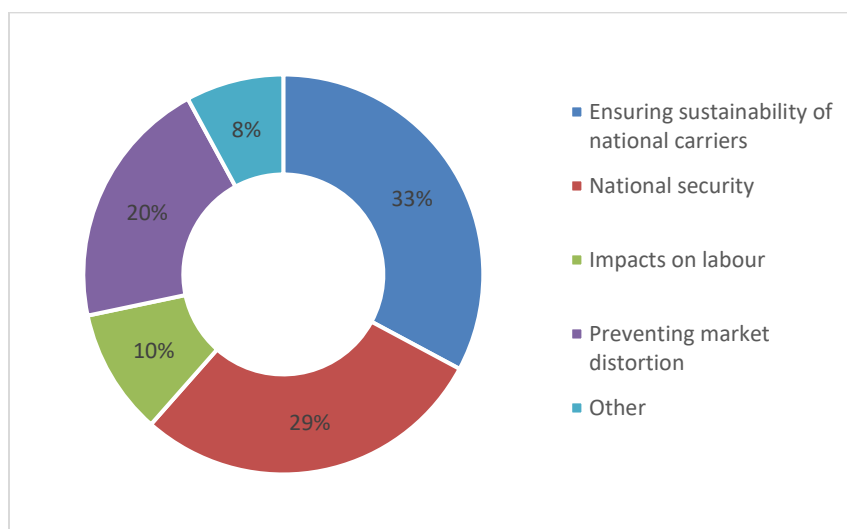
Chart 3.11 illustrates the various purposes behind State laws, regulations, and policies concerning the ownership and control of air carriers. All respondents provided feedback for this question. The largest segment, accounting for 33 per cent, is dedicated to ensuring the sustainability of national carriers (87 responses). National security concerns represent 29 per cent of the rationale (76 responses). Preventing market distortion accounts for 20 per cent (54 responses), highlighting efforts to maintain fair competition. Impacts on labour constitute 10 per cent (27), reflecting considerations related to employment conditions and workforce stability within the aviation sector. The remaining 8 per cent falls under other purposes, which are summarized below:

- (i) one State from Latin America and the Caribbean region commented that *its laws/regulations/policies allow national carriers to be owned and/or controlled by nationals of any State*;
- (ii) one State from the European region stated that *whilst an airline can be majority- owned and effectively controlled by any nationality, any airline owned and controlled by a foreign national must be approved by the Minister under the State's laws and regulations before being granted a route license. This requires the civil aviation authority to conduct a thorough review of the airline ownership and control and make a recommendation to the State Department for Transport*;
- (iii) one regional organization shared that *the rules on ownership and control of EU air carriers ensure that there is no discrimination between EU nationals in their ability to own or control EU airlines. In combination with the freedom to provide intra-EU air services, the common EU ownership and control rules have provided the basis for reciprocal liberalization of market access on routes between any two airports within the EU. The rules also ensure that further liberalization of market access (to allow for nationals of other countries to count towards the 50 per cent ownership and effective control) is decided by the EU as a whole, thereby ensuring market integrity. Ownership and control requirements are a common feature of international aviation, included in many ASAs as a basis for international traffic rights. Air carriers may themselves ensure that they fulfill the requirements of any ASA. However, the EU ownership and control rules are meant as a reference point vis-à-vis non-EU countries, to provide for mutual recognition*;
- (iv) one State from Latin America and the Caribbean highlighted that *the State has a foreign investment law that does not exclude foreign investment in this type of company*;
- (v) one State from Asia and Pacific shared that *according to its law, any business that impacts*

public safety and peace is regulated under the law governing businesses that affect public safety and peace. To safeguard the State's national interests regarding the exercise of traffic rights under ASAs;

- (vi) *one State from the Middle East mentioned that ownership and control by nationals ensures that the airline remains under the State's jurisdiction and that the airline is directly linked to the State/traffic rights. This is important considering that the designating State takes responsibility for the designated airlines with regard to the rights and obligations under the agreement. Furthermore, air transport is also a service of general interest which is important to be ensured; and*
- (vii) *one State from Africa highlighted ensuring the airline's operational and technical control and avoiding flags of convenience.*

Chart 3.11: Purpose of State laws/regulations/policies regarding ownership and/or control of air carriers

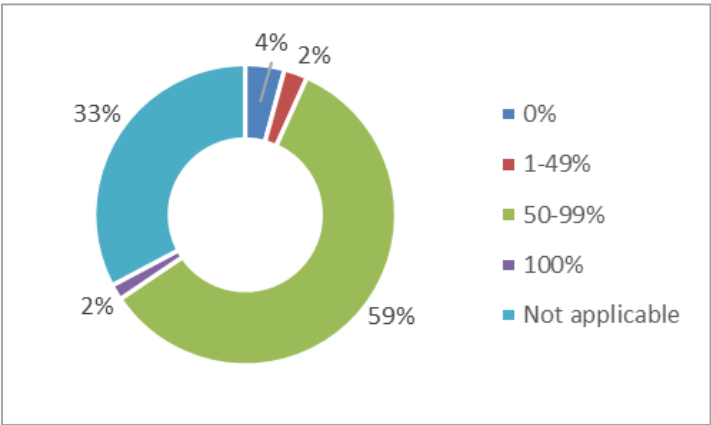


4.13

Question 3.12 a) – Under the laws/regulations/policies of your State, what percentage (%) of an airline of your State must be owned by nationals of your State and/or by nationals of a State(s) with which an agreement has been entered into this regard? Indicate NA if not applicable.

Chart 3.12 a) illustrates the shareholding requirement under State laws, regulations, and policies for airlines to be owned by nationals. All respondents provided their input on this question. The majority (59%) indicated that their State mandates majority ownership of between 50 to 99 per cent of ownership by nationals. A smaller portion (4%) reported no ownership requirement by nationals, and on the contrary, 2 per cent of the respondents, indicated requirements of complete ownership by nationals. Another 2 per cent of the respondents reported that their States require an ownership by nationals of between 1-49 per cent. Additionally, 33 per cent of respondents stated that this question did not apply to them.

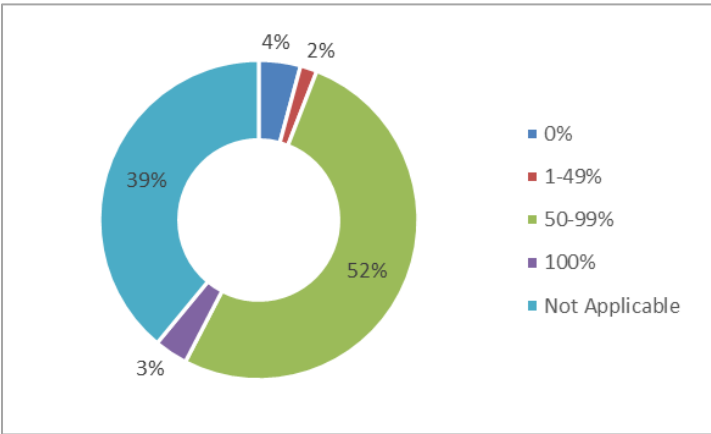
Chart 3.12 a): Shareholding requirement under State laws/regulations/policies for airlines to be owned by nationals



4.14 **Question 3.12 b) – Under the laws/regulations/policies of your State, what percentage (%) of an airline of your State must be controlled by nationals of your State and/or by nationals of a State(s) with which an agreement has been entered into this regard? Indicate NA if not applicable.**

Chart 3.12 b) illustrates the shareholding requirement under State laws, regulations, and policies for airlines to be controlled by nationals. All respondents provided their input on this question. The majority (52%) indicated that their State mandates majority control by nationals of between 50 to 99 per cent of the shareholdings. A smaller portion (4%) reported no control requirement by nationals, while on the contrary, 3 per cent of the respondents, indicated requirements of complete control by nationals. Another 2 per cent of the respondents reported that their States require control by nationals of between 1-49 per cent of the shareholdings. Additionally, 39 per cent of respondents stated that this question did not apply to them.

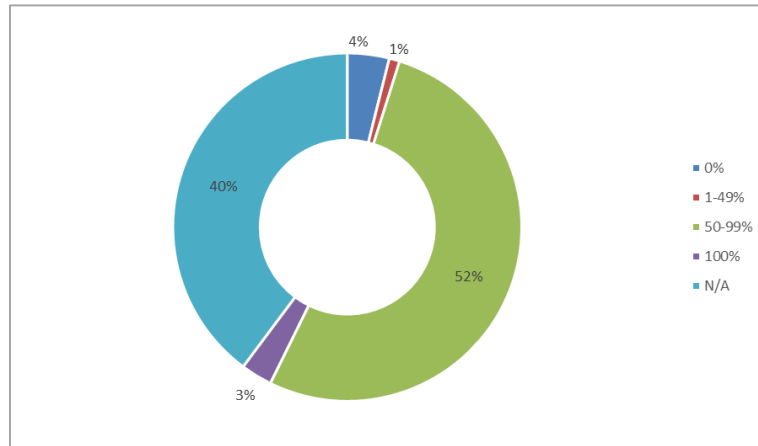
Chart 3.12 b): Shareholding requirement under State laws/regulations/policies for airline to be controlled by nationals



4.15 **Question 3.12 c) – Under the laws/regulations/policies of your State, what percentage (%) of an airline of your State must be owned and/or controlled by nationals of your State and/or by nationals of a State(s) with which an agreement has been entered into this regard? Other (please specify).**

This question was answered by 87 per cent of the respondents. As illustrated by Chart 3.14, 52 per cent of respondents reported that their laws, regulations, or policies require that between 50-99 per cent of an airline's shares must be owned and/or controlled by nationals of their State and/or nationals of the partner State. Additionally, 3 per cent of respondents indicated that their laws require 100 per cent ownership by nationals of their State and/or both parties to the agreement. Conversely, another 4 per cent reported that their laws permit full foreign ownership by any nationals. Furthermore, 1 per cent of respondents shared that their laws require between 1-49 per cent of shares to be held by nationals of their State and/or the partner State. Lastly, 40 per cent of respondents stated that the question did not apply to them.

Chart 3.12 c): Shareholding requirement for nationals based on agreement entered by States



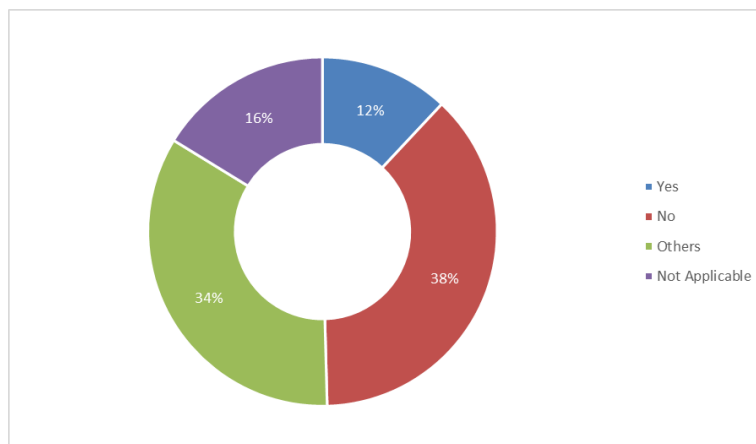
4.16

Question 3.13 – Beyond ownership and control requirements, are there other laws/regulations/policies that could prevent foreign investment in airlines in your State?

99 per cent of respondents provided feedback to this question. As illustrated in Chart 3.13, 12 per cent of the respondents reported that beyond ownership and control requirements, other laws/regulations/policies could prevent foreign investment in airlines in their State. Meanwhile, 38 per cent of the respondents shared that there are no other laws/regulations/ policies besides ownership and control requirements. 16 per cent of the respondents stated that the question did not apply to them. Another 34 per cent of respondents provided other answers to the question as summarized below:

- (i) eight States from Europe, three States from Asia and Pacific, two States from Africa, one State from the Middle East, and one State from Latin America and the Caribbean *quoted other existing domestic laws and Air Operator Certificate (AOC) requirements*;
- (ii) one State from Africa stated that *not only the ownership of the company, but also the aircraft and some laws in other sectors*. Another State from the same region mentioned that *foreign investment in that State's airline sector requires addressing multiple challenges beyond ownership and restrictions*;
- (iii) one State from Europe answered *geopolitical policy consideration and/or sanctions and/or economic reasons*;
- (iv) one State from Europe stated that *there might be a restriction regarding national security in terms of critical infrastructure in certain cases*; and
- (v) one State from Latin America and the Caribbean and one State from Asia and Pacific mentioned that *there are laws that regulate it but do not prevent it*.

Chart 3.13: Other laws/regulations/policies that could prevent foreign investment in airlines



4.17

Question 3.14 – Is there any other obstacle to (further) liberalize foreign investment in airlines in your State?

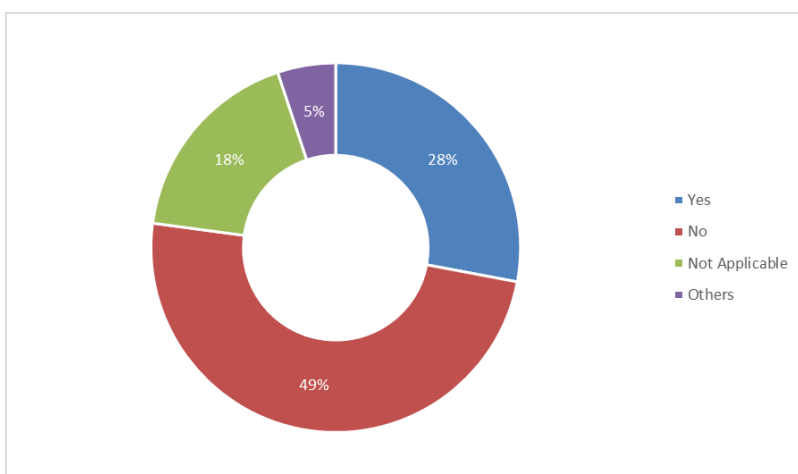
99 per cent of respondents provided feedback to this question. As illustrated in Chart 3.14, 49 per cent of respondents reported that there are no other obstacles to further liberalize foreign investment in airlines in their State. Meanwhile, 28 per cent of respondents identified various obstacles to further liberalizing foreign investment in airlines:

- (i) one State from Latin America and the Caribbean, five States from Europe, two States from Africa, and three States from Asia and Pacific quoted local law factor;
- (ii) one State from the Middle East and one State from Asia and Pacific mentioned that *the right of institutional or financial investors should be expanded* and one State from Europe mentioned *financial requirements, proof of good reputation and insurance requirements*;
- (iii) one State from Europe and one State from Latin America and the Caribbean stated political will and one State from the Middle East quoted political issue;
- (iv) two States from Africa and one State from Latin America and the Caribbean highlighted the *imperfect and unfair market competition*;
- (v) two States from Africa and two States from Asia and Pacific shared that *several factors could hinder further liberalization of foreign investment airlines, including regulatory gaps, infrastructure challenges and concerns over national airline sustainability*. Another State from the same region highlighted *inconsistent policies, foreign exchange sustainability, government policies, infrastructural challenges, streamline regulations*;
- (vi) one State from Latin America and the Caribbean stated that *the main obstacles include limited market size, lack of competitive advantage for foreign investors, and the high dependence on government-supported national airline operations. Strategic and national interest considerations also limit the extent to which foreign investment can be liberalized without compromising service continuity and oversight*;
- (vii) one State from Africa mentioned that *there are factors that we can consider might further liberalize the Foreign Direct Investment (FDI) of airlines; comprehensive updated laws and regulatory texts on aviation and investments, infrastructure development, improvement of safety and security standards, and capacity building*;
- (viii) one State from Europe mentioned *potential unfair competition, hostile takeovers, risks of free riders on certain routes, countries, regions and markets*;
- (ix) one State from Asia and Pacific quoted *market capacity, inflation and loan interest rates; and*

- (x) one State from Asia and Pacific mentioned *the need to maintain the sustainability of national carrier which plays a critical economic and connectivity role. Any liberalization must be carefully balanced to avoid undermining national interests. In addition, the absence of multilateral frameworks and the lack of harmonized standards on foreign airline control at the regional level present further challenges.*

5 per cent of the respondents provided other feedback – one State from Africa stated that it is *very hard to respond when we do not have bigger aircrafts that could benefit the State from liberalization*, another State from the same region stated that it is *subject to the study of local market needs and reciprocity*. 18 per cent of the respondents stated that the question did not apply to them and one State from the Americas stated that it has undertaken commitment regarding ownership and control through its air transport agreements.

Chart 3.14: Other obstacles to (further) liberalize foreign investment in airlines

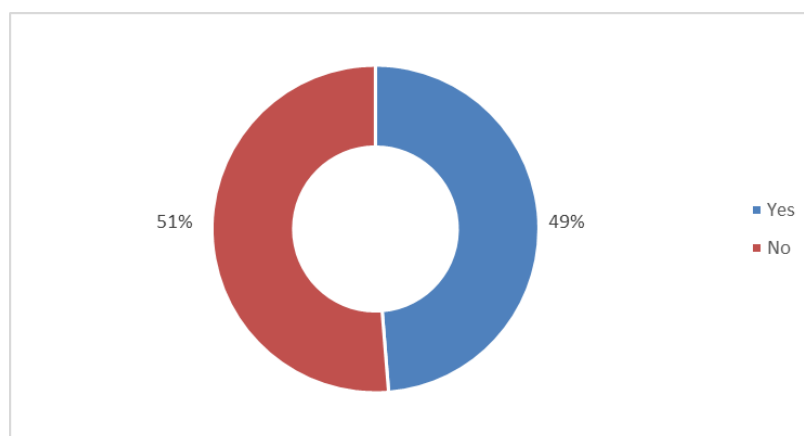


4.18

Question 3.15 – Does your State have any laws/regulations/policies that mandate you to put specific provisions in ASAs regarding ownership and/or control of foreign air carriers operating to/from your State?

As illustrated in Chart 3.15, the survey results revealed a notable division. A majority of respondents, 51 per cent, indicated that they have laws/regulations/policies that mandate specific provisions in ASAs regarding ownership and/or control of foreign air carriers operating to/from their State. Conversely, 49 per cent of respondents indicated that they do not have such a requirement.

Chart 3.15: Existence of any laws/regulations/policies that mandate specific provisions in ASAs regarding ownership and/or control of foreign air carriers

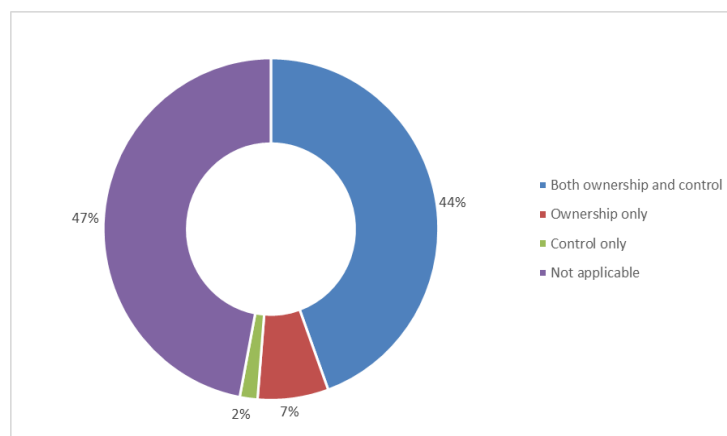


4.19

Question 3.16 – If you have answered “yes” to question 3.15 (if your State has any laws/regulations/policies that mandate you to put specific provisions in ASAs regarding ownership and/or control of foreign air carriers operating to/from your State), which do they address?

As shown in Chart 3.16, 44 per cent of respondents mentioned both ownership and control, 7 per cent cited ownership only, and 2 per cent cited control only. The remaining 47 per cent indicated that the question did not apply to them.

Chart 3.16: Areas addressed by State laws/regulations/policies that mandate specific provisions in ASAs regarding ownership and/or control of foreign air carriers

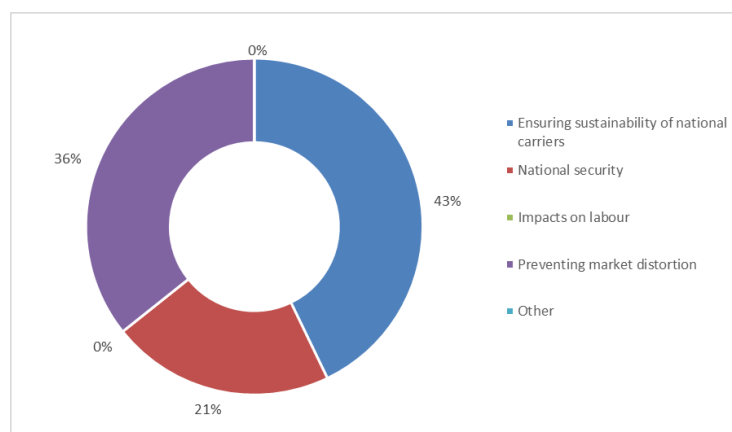


4.20

Question 3.17 – What is the purpose of any laws/regulations/policies in your State regarding ownership and/or control of foreign air carriers operating to/from your State? Check all that apply.

47 per cent of respondents answered this question. As illustrated in Chart 3.17, 43 per cent of the respondents mentioned ensuring the sustainability of the national carrier as the purpose of laws, regulations, or policies regarding ownership and/or control of foreign air carriers operating to/from their State. Another 36 per cent cited the prevention of market distortion, and 21 per cent cited national security. No respondents mentioned the impact on labour or other factors.

Chart 3.17: Purpose of State laws/regulations/policies regarding ownership and/or control of foreign air carriers

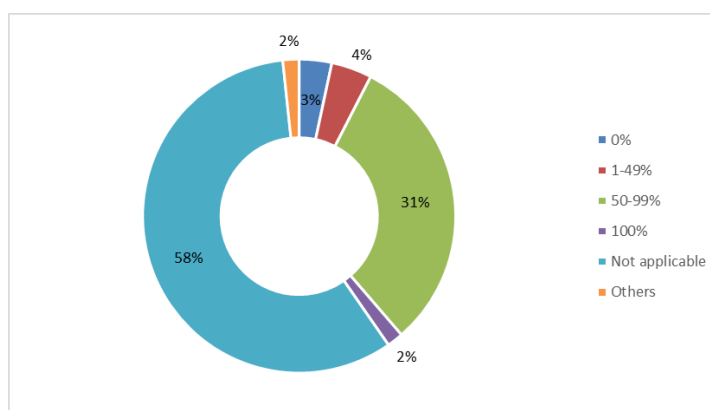


4.21

Question 3.18 a) – Under any laws/regulations/policies of your State, what percentage (%) of a foreign airline operating to/from your State must be owned by nationals of the foreign airline's State? Indicate NA if not applicable.

As depicted in Chart 3.18 a), 58 per cent of respondents stated that this question did not apply to them. 31 per cent shared that their laws require foreign airlines to be majority owned (50-99% of shares) by nationals of the foreign airline's State. Another 4 per cent stated that their laws require between 1 and 49 per cent of shares to be owned by nationals of the foreign airline's State. Meanwhile, 3 per cent mentioned that their laws do not require foreign airlines to be owned by nationals of the foreign airline's State. Another 2 per cent of respondents stated other remarks, which include- one State in Asia and Pacific highlighted that *it is assessed on a case-by-case basis*, and one State from the European region quoted *pursuant to the standard clauses for air service agreements as mentioned under the law applicable to the State*.

Chart 3.18 a): Shareholding requirement under State laws/regulations/policies for foreign airline to be owned by nationals of the foreign airline's State



4.22

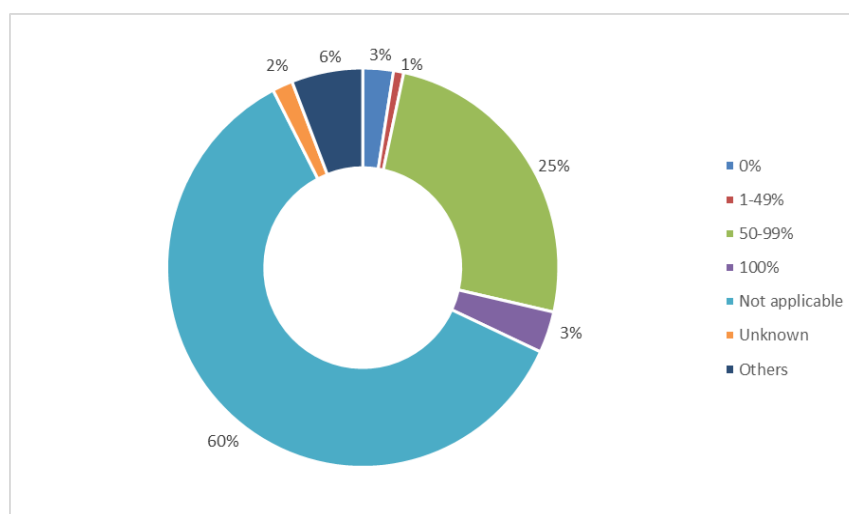
Question 3.18 b) – Under any laws/regulations/policies of your State, what percentage (%) of a foreign airline operating to/from your State must be controlled by nationals of the foreign airline's State? Indicate NA if not applicable.

As illustrated in Chart 3.18 b), the survey results revealed a notable division. A majority of respondents, 60 per cent, indicated that the question did not apply to them. 25 per cent shared that

under their laws, regulations, or policies, foreign airlines operating to/from their State must be controlled by nationals of the foreign airline's State through 50 to 99 per cent of shares. 3 per cent cited that control must be 100 per cent by nationals of the foreign airline's State, while another 3 per cent declared that they allow foreign airlines operating to their State to not be controlled by nationals of the foreign airline's State. 1 per cent required control between 1 and 49 per cent of shares, and 2 per cent replied "unknown". Another 6 per cent of respondents provided comments, including:

- (i) one State in Asia and Pacific highlighted that it is assessed on a case-by-case basis; and
- (ii) another State from Asia and Pacific, three States from Europe, and one State from Latin America and the Caribbean stated that they have nothing specific concerning this requirement.

Chart 3.18 b): Shareholding requirement under State laws/regulations/policies for foreign airline to be controlled by nationals of the foreign airline's State



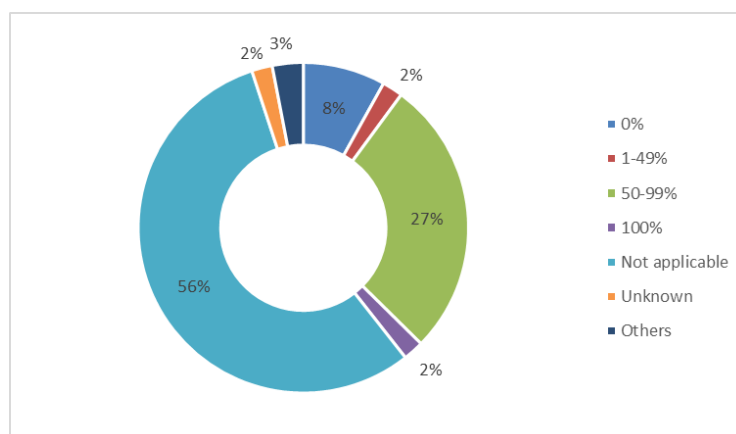
4.23

Question 3.18 c) – Under any laws/regulations/policies of your State, what percentage (%) of a foreign airline operating to/from your State must be owned, controlled or owned and controlled by nationals of the foreign airline's State? Other (please specify).

Feedback was provided by 83 per cent of respondents for this question. As illustrated in Chart 3.18 c), 56 per cent of respondents indicated that this question did not apply to them. Additionally, 27 per cent stated that their laws require foreign airlines to be owned, controlled, or both owned and controlled by nationals of the foreign airline's State, with ownership ranging between 50 per cent and 99 per cent of shares. Conversely, 8 per cent of respondents indicated that they do not have such requirements, while 2 per cent stated that their State mandates 100 per cent ownership and control, or both ownership and control, by nationals of the foreign airline's State. Furthermore, 2 per cent of respondents were unaware of such requirements, and 3 per cent provided comments. The comments are summarized as follows:

- (i) one State from Africa and one State from Europe stated that there is no establish percentage; and
- (ii) one State from Latin America and the Caribbean shared that it has no provision on this matter.

Chart 3.18 c): Percentage of a foreign airline must be owned, controlled or owned and controlled by nationals of the foreign airline's State



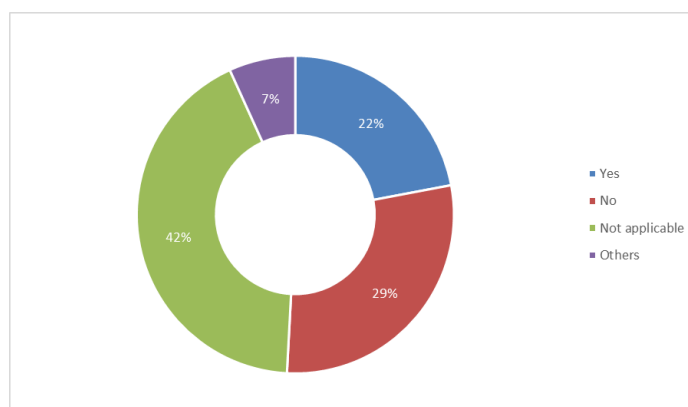
4.24

Question 3.19 – Do your policies/regulations provide for any type of discretion or flexibility in applying such standards to foreign airlines?

Nearly all respondents (99%) provided feedback to this question. As shown in Chart 3.19, 42 per cent of the responses indicated that the question was not relevant to them. In contrast, 29 per cent reported that their State's policies or regulations do not permit any discretion or flexibility in applying such standards to foreign airlines. Additionally, 22 per cent of respondents affirmed that there is some level of discretion, and 7 per cent offered comments, which are summarized below:

- (i) one State from Africa and two States from Latin America and the Caribbean indicated that there are no restrictions on foreign investment;
- (ii) one State from Europe mentioned *that there might be a restriction regarding national security in terms of critical infrastructure in certain cases*;
- (iii) one State from Latin America and the Caribbean cited that *there are laws that regulate it but do not prevent it*; and
- (iv) one State from Asia and Pacific quoted *the local law that empower the government to designate entities deemed critical to the State's national security interest. Airlines' designated entities, and their buyers and sellers, must notify or seek approval from the Minister for specified changes in the ownership and control of designated entities*.

Chart 3.19: Existence of any type of discretion or flexibility in applying such standards to foreign airlines as provided by State policies/regulations

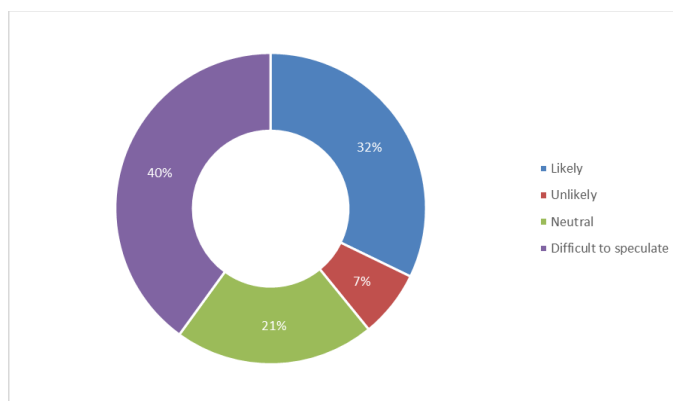


4.25

Question 3.20 – In order to identify the appetite from States, when/if ICAO finalizes a Convention on Investment in Airlines, how likely would your State sign it?

As illustrated in Chart 3.20, 40 per cent of respondents indicated that it is difficult to speculate whether their State will sign the Convention on Investment in Airlines when/if it is finalized by ICAO. Additionally, 32 per cent stated that they would sign the Convention, 21 per cent remained neutral, and 7 per cent indicated that it is unlikely.

Chart 3.20: Likelihood for State to sign a Convention on Investment in Airlines

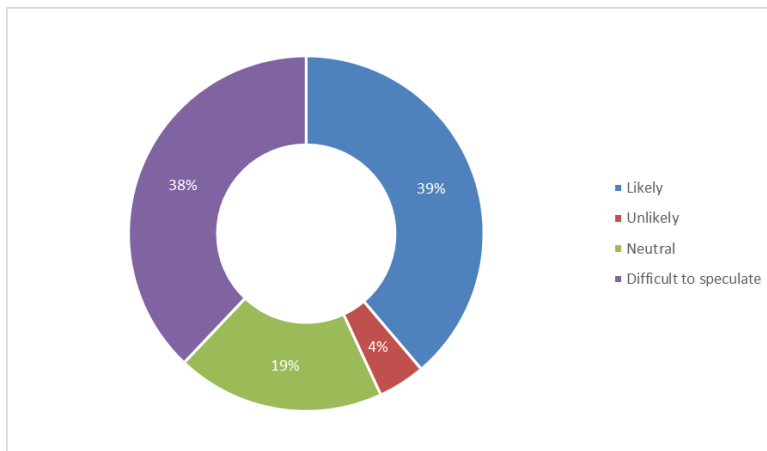


4.26

Question 3.21 – If your State signs the Convention on Foreign Investment in Airlines, how likely would it ratify it?

As depicted in Chart 3.21, the likelihood of a State to ratify the Convention on Investment in Airlines shows a varied distribution. A significant portion of respondents, 38 per cent, indicated that it is difficult to speculate on their State's likelihood of ratifying the Convention. Meanwhile, 39 per cent expressed the likelihood of ratifying or difficult to speculate. Meanwhile, 19 per cent of respondents remained neutral. 4 per cent indicated that it is unlikely their State will ratify the Convention.

Chart 3.21: Likelihood for State to ratify a Convention on Investment in Airlines

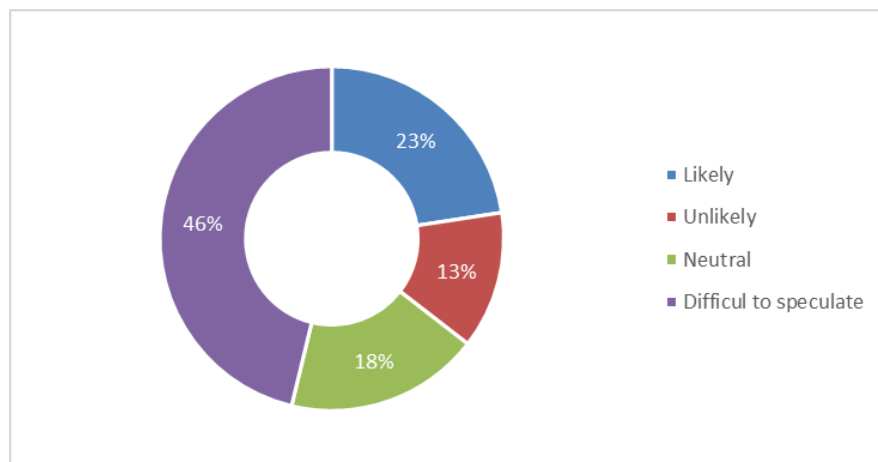


4.27

Question 3.22 – If your State has limits on foreign investment in airlines, how likely would it review those limits when/if ICAO finalizes a Convention on Foreign Investment in Airlines?

As depicted in Chart 3.22, the likelihood for a State to review limits on foreign investment in airlines when ICAO finalizes a Convention on Foreign Investment in Airlines shows a diverse distribution. A significant portion of respondents, 46 per cent, indicated that it is difficult to speculate on their State's likelihood to review these limits. Additionally, 23 per cent expressed the likelihood of reviewing the limits. Conversely, 18 per cent remained neutral, and 13 per cent indicated that it is unlikely their State will review the limits.

Chart 3.22: Likelihood for State to review limits on foreign investment in airlines when/if ICAO finalizes a Convention on Foreign Investment in Airlines

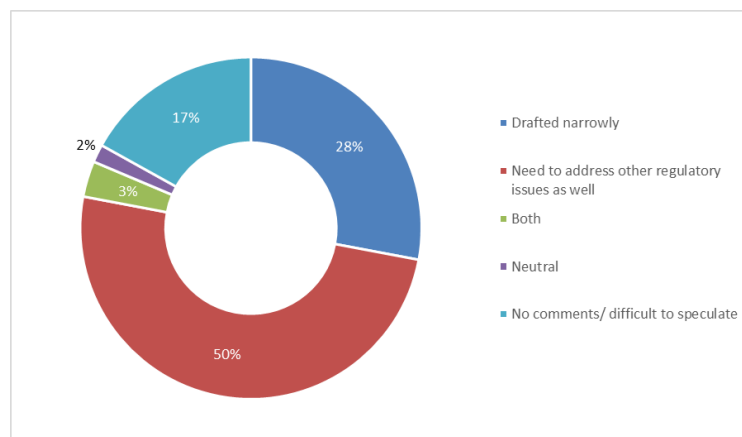


4.28

Question 3.23 a) – If ICAO were to develop a Convention on Foreign Investment in Airlines, which approach should the Convention take? Should the Convention be drafted narrowly to waive ownership and control provisions in the relevant international air transportation agreements, or would it need to address other regulatory issues as well?

As illustrated in Chart 3.23 a), there is a diverse range of opinions regarding the drafting approach of the Convention on Foreign Investment in Airlines. A significant 50 per cent of respondents advocate for the Convention to address additional regulatory issues. Conversely, 28 per cent favour a narrowly focused Convention that specifically targets foreign investment in airlines. A small contingent, 3 per cent, supports both approaches. Furthermore, 2 per cent of respondents remain neutral on the matter, while 17 per cent either provided no comments or found it difficult to speculate.

Chart 3.23 a): State preference over drafting approach of the Convention on Foreign Investment in Airlines



Question 3.23 b) – If ICAO were to develop a Convention on Foreign Investment in Airlines, and if it would need to address other regulatory issues (as referred to in question 3.23 a)), what provisions would be required for your State to be comfortable signing it?

Feedback was received from 61 per cent of respondents, including 12 States from Europe, 23 from Africa, 12 from Latin America and the Caribbean, 10 from Asia and Pacific, and 4 from the Middle East. Regarding whether the Convention on Foreign Investment in Airlines should address other regulatory issues, the recommended provisions that would make States comfortable are summarized below:

- (i) **safety and security** - full ICAO Standard and Recommended Practices (SARPs) compliance by air operator;
- (ii) **national interest and sovereignty** – such as maintaining control over the ownership of airlines considered to be of strategic national importance and reviewing ownership and control waivers on a case-by-case basis;
- (iii) **finance** - repatriation of funds, origin of capital, security, transparency of the investment made, details of the actual investors/owners, risks, the ability of the Convention to be comfortable for investors;
- (iv) **competition** - risk of market distortion, ensuring fair competition, priority to national carrier;
- (v) **objective of the Convention** - progressive approach and reciprocity in treatment;
- (vi) **regulation** – the Convention should be subjected to domestic regulation, include provision on regulatory aspects, the airline should be under the regulatory control of the State Parties such as through Air Operator Certificate (AOC), harmonization of regulatory framework, possibility to make exceptions based on national law and regulations;
- (vii) **economic benefits** – address small-scale economies with small aviation infrastructure, not a one-size-fits-all approach, sustainable aviation development;
- (viii) **market access** - progressive approach towards the liberalization of airline ownership, granting of 5th and 8th freedom and 7th freedom for all-cargo;
- (ix) issues on social, labour, and environment;
- (x) safeguards, consultation, and dispute settlement mechanism;
- (xi) a treaty framework that does not place obligations on a Party to make any changes to any foreign ownership restrictions that may apply to its own airlines under its own domestic laws and regulations.
- (xii) capacity building and technical assistance; and
- (xiii) protection of consumer rights.

Additional comments on questions 3.20 to 3.23 – 12 additional comments were received as listed below:

- (i) a State from Africa stated that *addressing issues relating to Foreign Investment in Airlines is a welcome development*;
- (ii) a State from Africa shared that *ensuring regulatory enforcement is very key for safety and security*;
- (iii) a State from Africa commented that *in application of possible preferential measures for market access (Doc 9587, Appendix 3), it should be noted that: Subject to appropriate arrangements preserving safety, industrialized countries could waive their right to require that the airline of a developing country be substantially owned and effectively controlled by that country or its nationals, to allow, for example: foreign airlines or those jointly owned by these States to provide an approved service and developing countries belonging to the same economic group to designate an airline owned by another State to operate, on their behalf,*

traffic rights to a third country;

- (iv) *a State from Europe shared that considering that the requirement of ownership and control still applies in many of the main aviation markets, that it cannot be segregated from the other aspects when negotiating ASAs and considering that there are still obstacles and challenges to be solved before having a level playing field across ICAO, the instrument of such a Convention remains unclear at the moment. This especially, because States can agree among themselves to liberalize ownership and control if they so wish. There is a corresponding model provision in the TASA;*
- (v) *a State from Africa acknowledges the potential benefits and challenges of liberalizing foreign investment in airlines. While increased investment could enhance connectivity, improve airline competitiveness, and attract capital, it must be carefully balanced with national interests to ensure sustainable aviation sector growth. Signing and Ratification Considerations: the State remains neutral on signing and ratifying an ICAO Convention on Foreign Investment in Airlines, as its decision would depend on specific provisions that address fair competition, ownership and control, consumer welfare, and national carrier sustainability. Regulatory and Economic Safeguards: If ICAO includes strong safeguards in the convention, the State will review its foreign investment limits to align with best practices while maintaining regulatory control. Key Concerns: the State would require provisions addressing fair competition, labour protections, safety oversight, dispute resolution, and environmental sustainability before committing to any major liberalization of airline ownership and control policies. Flexibility & Regional Considerations: The State may prefer a phased or regional approach to investment liberalization, allowing gradual adaptation rather than immediate, unrestricted access to foreign investors;*
- (vi) *a State in Europe welcomes the general idea to have such a convention, but do not consider it as realistic for the time being according to the discussions that took place in the ATRP WG dedicated to it;*
- (vii) *a State in Africa commented while undertaking enlightenment campaigns on the benefits of market liberalization to States, ICAO or its regional offices and regional organizations would need to contribute significantly by providing strategic frameworks, technical expertise, capacity building initiatives and advocacy to guide States in achieving successful market liberalization;*
- (viii) *a State in Europe suggested that guidelines would be more useful than a Convention on Foreign Investment in Airlines, because each State could use some of them as a source of inspiration whenever it decides to alleviate its legislation on foreign investment in airlines;*
- (ix) *a State in Europe highlighted that in what concerns to answer 3.20. - It will depend on the Convention's content. In what concerns to answer 3.21. - If the political commitment to sign the Convention would be made, then the State would also ratify it. In what concerns to answer 3.23.a) - It is possible that the Convention would need to address other regulatory issues;*
- (x) *a State in Asia and Pacific commented that the multilateral approach must consider the needs of small States and provide differentiated obligations, capacity-building opportunities, and technical support. Any future agreement should be inclusive and flexible, without imposing risks to national control or economic stability;*
- (xi) *a State in the Middle East highlighted that most ASAs allow deviation from the ownership and effective control clause while at the same time grants the concerned State the right to revoke -most importantly - impose limitations such as traffic rights/routes in such cases;*
- (xii) *a State in Europe shared that based on current practice, there seems to be no need for a separate convention on foreign investment since all EU and bilateral agreements that the State is party to cover ownership and control and the relevant safeguards adequately;*
- (xiii) *a regional body stated that it is not possible for them to assess the likelihood of a decision by its Member States for the regional body to sign a Convention on Foreign Investment in Airlines. Any such decision would be for the regional body's Member States to take*

collectively, acting in the Council of the EU; and

- (xiv) a State in Asia and Pacific suggested for a detailed study to be conducted before specifying any provision.

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5. EXPECTED ROLE OF ICAO ON THE LIBERALIZATION OF AIR TRANSPORT

5.1 Question 4.1 – What should be ICAO's priorities for promoting air transport liberalization? Please indicate the order of priority from 1 (highest) to 5 (lowest).

Table 4.1 indicates the order of priorities for promoting air transport liberalization, with 1 being the highest priority and 5 the lowest priority. As a result, States indicated the following order of priority: **developing guidance material in the field of air transport, capacity-building, strengthening provisions on the TASA** to support States in their liberalization process and **developing multilateral instruments liberalizing air transport** (conventions, multilateral agreements, MoUs, etc.)

Table 4.1: Suggested ICAO's priorities for promoting air transport liberalization

	1	2	3	4	5
Capacity building	45	21	17	21	13
Continue developing guidance material in the field of air transport	45	24	15	19	14
Strengthen provisions on ICAO TASA to support States in their liberalization process	37	15	30	18	17
Develop multilateral instruments liberalizing air transport (Conventions, Multilateral Agreements, MoUs, etc.).	34	16	18	28	21

5.2 Question 4.2 – In promoting market liberalization, what would be the main contribution that ICAO (including the ICAO Regional Offices) and other Regional Organizations (ACA, AFCAC, ECAC and LACAC) could offer to States?

Based on the feedback to the question regarding the main contributions that ICAO and other regional organizations could offer to States in promoting market liberalization, several key areas were identified, as illustrated in Chart 4.2.

The most significant contribution highlighted was capacity building, with 53 respondents emphasizing the need for training, technical assistance, and institutional strengthening. Legislation and policy were also a major area of focus, identified by 51 respondents as essential for developing policy and guidance materials and to promote harmonized approaches, including the possibility of developing economic standards.

Promoting awareness, sharing best practices, and providing collaborative forums were mentioned by 41 respondents, reflecting the importance of cooperation, dialogue, and knowledge exchange. In addition, 11 respondents highlighted the need for regional initiatives, while another 11 respondents pointed to the importance of competition and fair practices in ensuring a level playing field. Other contributions were noted by 6 respondents, referring to security, safety and tax provisions.

This feedback underscores the diverse range of support required by States to effectively promote market liberalization in the aviation sector. Table 4.2 provides detailed information on the feedback

received.

Chart 4.2: Suggested main contributions that ICAO and other Regional Organizations could offer to States in promoting market liberalization

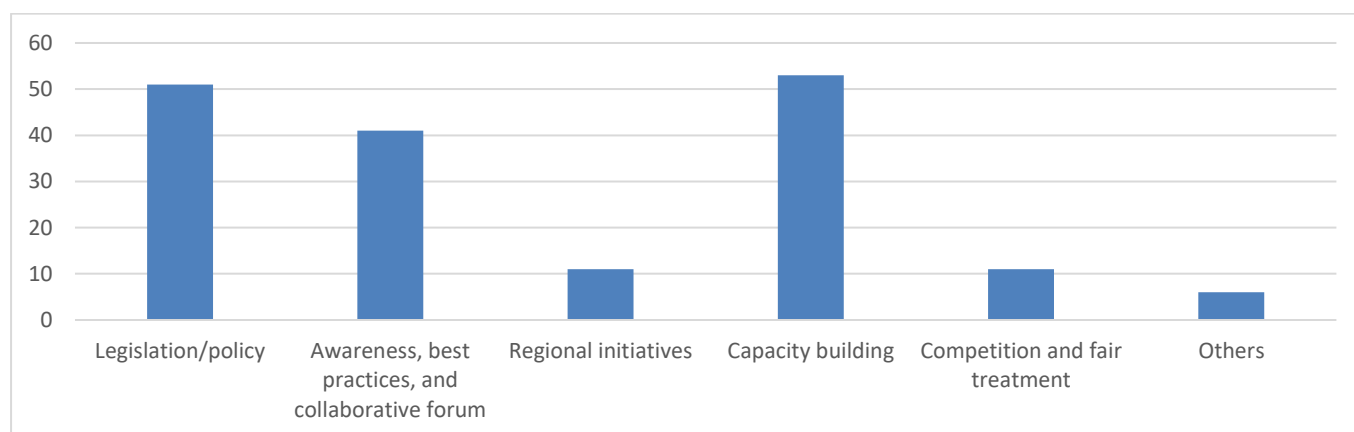


Table 4.2: Suggested main contributions that ICAO and other Regional Organizations could offer to States in promoting market liberalization

S/N	Area	Details	Number of feedback
1	Legislation/policy	Legislation/policy guidelines/guidance and TASA	35
		Harmonization of regulation	11
		Multilateral agreements	5
2	Awareness, best practices, and collaborative forum	Promote awareness on benefits and risks of market liberalization	21
		Sharing of best practices among States	11
		Provision of forum for States' collaboration	9
3	Regional initiatives	Facilitate/promote regional integration	4
		Tailored regional policies & support for regional liberalization	5
		Active contribution of ICAO Regional Office	1
		Ease of intra-African mobility (visas/customs)	1
4	Capacity building	Technical assistance	20
		Training	33
5	Competition and fair treatment	Fair competition	9
		Fair treatment to all States	2
6	Others	Continuous improvement of safety and security	3
		Dispute resolution	2
		Tax incentives	1

5.3 Question 4.3 – Are there specific areas under the Strategic Objective of Economic Development of Air Transport, where your State requires more of ICAO's support?

All respondents provide feedback to this question. Based on the responses to this question, as illustrated in Chart 4.3, the results indicate a nearly even split among the respondents. According to the data, 48 per cent of respondents indicated "Yes," suggesting that their States require more support from ICAO in specific areas under this strategic objective. Conversely, 52 per cent of respondents answered "No," indicating that their States do not require additional support in these areas.

Chart 4.3: Areas under ICAO's Strategic Objective of Economic Development of Air Transport where States require more support

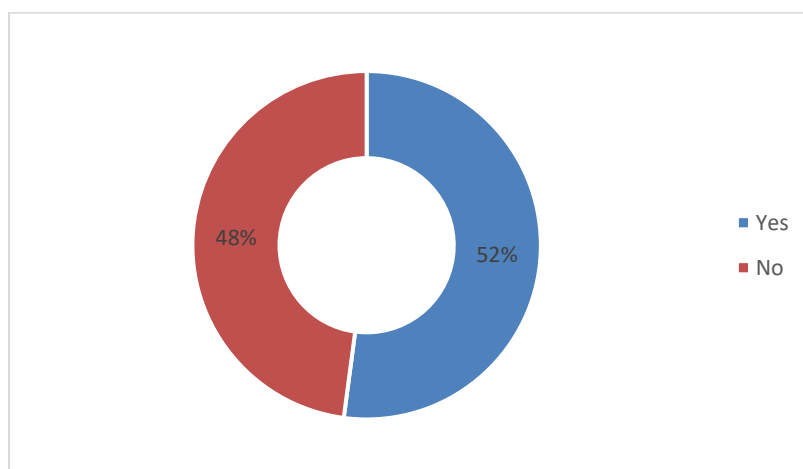


Chart 4.4 outlines various areas under ICAO's Strategic Objective of *Economic Development of Air Transport* where States require further support, while Table 4.4 provides detailed information on the feedback received. Capacity building emerged as the most significant need, with 40 respondents underscoring the importance of training, technical assistance, and institutional strengthening. Air transport economics was identified by 26 respondents, emphasizing the importance of fostering cooperation and collaboration among stakeholders, as well as sustainable policy development. The regulatory framework also received substantial attention, with 24 respondents highlighting needs such as monitoring frameworks, alignment with ICAO standards, and updated model agreements.

Market access and liberalization was noted by 16 respondents, stressing the importance of regional and global market integration. Other areas raised included competition (12 respondents), aviation data (10 respondents), finance (10 respondents), environmental issues (7 respondents), infrastructure management (7 respondents), passenger rights (3 respondents), taxation (3 respondents), and air cargo (1 respondent).

In addition, 12 respondents highlighted a range of other needs, including safety, facilitation, and infrastructure modernization, reflecting the breadth of support required by States to strengthen the economic development of air transport.

Chart 4.4: Areas under ICAO's Strategic Objective of Economic Development of Air Transport where States require more support

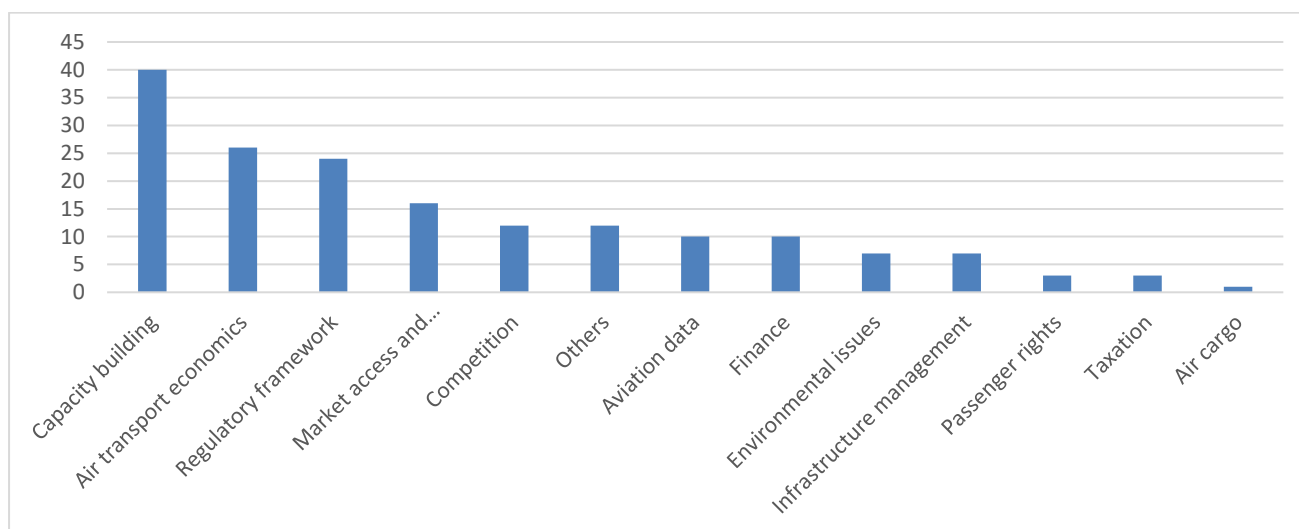


Table 4.4: Areas under ICAO's Strategic Objective of Economic Development of Air Transport where States require more support

S/N	Area	Details	Number of feedback
1	Air transport economics	Fostering cooperation and collaboration among the aviation community and stakeholders	6
		Economic development of air transport	5
		Development of sustainable air transport policies	3
		Small Island Developing State/Least Developed Country (LDC) Prioritization (ICAO's <i>No country left behind</i>)	3
		Promotional and advocacy activities to position aviation as a social-economic enabler	4
		Analysis of companies in the airline sector	2
		Tourism	1
		Geopolitical developments	1
		Labour	1
2	Capacity building	Capacity building	32
		Technical support from ICAO experts	7
		Secondment programmes	1
3	Regulatory framework	Monitoring framework for the air transport and economic regulatory function	5
		Assisting in aligning national policies with ICAO standards for smooth liberalization	5
		Economic regulation / Regulatory and policy guidance	3
		Provision of a more updated template of ASA	2

		Modernization of guidance material on regulation / economic development of air transport	2
		Operational control	1
		Support regional coordination and integration	1
		Recommended organizational structure for the Air Transport and Economic Regulation Unit	1
		Designing protocol questions on air transport and economics	1
		Enforcement	1
		Guidance material on the implementation of the economic aspects related to ground handling services	2
4	Market access and liberalization	Market access	5
		Support for regional and global market integration	5
		Connectivity	3
		Harmonization of regulations that remove liberalization barriers	3
5	Competition	Competition	9
		Fares	3
7	Taxation	Tax regime	2
		Promoting the OECD model text with regard to the avoidance of double taxation	1
8	Passenger rights		3
9	Air cargo		1
10	Environmental issues		7
11	Infrastructure management		7
12	Finance	Financing and investment facilitation	6
		Encourage investment in airport and airline infrastructure through public-private partnerships (PPPs)	2
		Financing projects	2
13	Aviation data		10
14	Others	Security and facilitation	3
		Safety	2
		Air navigation capacity and efficiency	2
		Domestication of standard and recommended practices	1
		Aircraft insurance	1
		Materialization of facilitation procedures	1
		Strategies to modernize aeronautical infrastructure	1
		Strategies to modernize the air fleet	1

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