



ASSEMBLY — 42ND SESSION

ECONOMIC COMMISSION

Agenda Item 26: Economic Development of Air Transport

CONTINUING WORK ON MARKET LIBERALIZATION

(Presented by Brazil and supported by 16 Latin American Civil Aviation Commission (LACAC) Member States¹)

EXECUTIVE SUMMARY

This Working paper presents a contribution to the **Consolidated statement of continuing ICAO policies in the air transport field**, in light of the results of the Survey on barriers to market access and foreign investment in airlines, conducted by the International Civil Aviation Organization (ICAO) under the State letter Ref. No. 2025/10. Section 2 of the Working paper discusses the survey's findings regarding the impacts of the liberalization of airline ownership and control, and the 'appetite' from Member States for a Convention on Foreign Investment in Airlines. Section 3 presents the conclusions, indicating that there are many States that still need more information to identify the benefits of a Convention on Foreign Investment in Airlines, but there are a significant number of States that understand that a Convention of this type would be beneficial for the development of international civil aviation, which is why ICAO should continue working on this initiative.

Action: The Assembly is invited to:

- take note of the results presented in the reference document Yellow Cover Report – Eighteenth Meeting of the Air Transport Regulation Panel (ATRP/18);
- recognize the interest of several countries in a Convention on Foreign Investment in Airlines, and its positive contribution to the development of international civil aviation; and
- request the Council to continue to support the liberalization of airlines' ownership and control by developing a model instrument within the Template Air Services Agreement (TASA) that can be used by those who are ready to sign it, amending the **Consolidated statement of continuing ICAO policies in the air transport field** as proposed in paragraph 3.3.

<i>Strategic Goals:</i>	This working paper relates to Strategic Goal: The Economic Development of Air Transport Assures the Delivery of Economic Prosperity and Societal Well-Being for All
<i>Financial implications:</i>	None
<i>References:</i>	Doc 10184 - Assembly Resolutions in Force (as of 7 October 2022) State Letter Ref. No. 2025/10 A42-WP/42, Consolidated Statement of Continuing ICAO Policies in the Air Transport Field Yellow Cover Report – ATRP/18

¹ Belize, Bolivia (Plurinational State of), Chile, Colombia, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Nicaragua, Panama, Paraguay, Peru, and Uruguay

1. INTRODUCTION

1.1 The International Civil Aviation Organization (ICAO) Resolution A41-27 directed the Council to resolve the outstanding issues for the progress of the Convention on Foreign Investment in Airlines, with the aim of multilaterally liberalizing airline ownership and control, in line with the *ICAO Long-term Vision for International Air Transport Liberalization* (ICAO Assembly Resolution A41-27 refers).

1.2 During its discussions over the last triennium, the Air Transport Regulation Panel (ATRP) concluded that it would not be possible to finalize a Convention in its current form and that further work was needed to resolve the outstanding issues.

1.3 The Panel also concluded that it would survey Member States to better understand the “appetite” for a Convention on Foreign Investment in Airlines, as well as what provisions would be needed for them to sign such a Convention.

2. DISCUSSION

2.1 In March 2025, ICAO circulated State letter Ref. No. 2025/10, which requested Member States to respond to the survey on barriers to market access and foreign investment in airlines by April 4th, 2025. The survey received 100 responses, comprising 51% of ICAO Member States and 60% of international revenue-tonne-kilometer (RTK).

2.2 When asked about the benefits of liberalizing airline designation clauses in their air services agreements, the majority of respondents indicated that this is a measure that generates positive impacts on connectivity, consumer welfare, opportunities for new entrants and investment in airlines, and positive or neutral impacts on market distortions (Yellow Cover Report – ATRP/18 refers).

2.3 The States 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, encourage investment, and boost connectivity (Yellow Cover Report – ATRP/18 refers).

2.4 The survey also included a section dedicated to identifying the obstacles perceived by countries to the liberalization of foreign investment and directly questioned whether Member States would sign a Convention on this topic if ICAO concluded such a mechanism.

2.5 Although the results indicated that respondents had difficulty speculating whether their States would sign such a Convention (41%), many respondents indicated that they would be ready to accede to such an instrument (32%). It is important to note that a small number of respondents indicated that they would not sign a Convention on Foreign Investment in Airlines (7%).

3. CONCLUSION

3.1 These results show that there are many States that still need more information to identify the benefits of a Convention on Foreign Investment in Airlines, but there are a significant number of States that understand that a Convention of this type would be beneficial for the development of international civil aviation, which is why ICAO should continue working on this initiative.

3.2 However, given the divergence of views and the considerable number of States that remain uncertain, the development of a model instrument under the ICAO Template Air Services Agreement (TASA) may provide a pragmatic pathway for advancing liberalization, while allowing States to explore and adopt international commitments on this matter in a progressive manner.

3.3 Therefore, to adequately reflect ICAO's support for States' initiatives toward liberalizing air transport, it is proposed that the following paragraphs be added to Section II of the **Consolidated statement of continuing ICAO policies in the air transport field**:

3.3.1 “*Whereas* the results presented on the Yellow Cover Report – ATRP/18 show there is an appetite from Member States for a Convention on Foreign Investment in Airlines;”, as a last paragraph under the considerations of Section II; and

3.3.2 “6. *Requests* the Council to develop, within the ICAO Template Air Services Agreement (TASA), a template for a multilateral instrument on the liberalization of air carrier ownership and control, so the Member States that are ready to adopt such an instrument can use it as a reference document in their negotiations.”, under the operative paragraphs.

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