



ASSEMBLY — 42ND SESSION

ECONOMIC COMMISSION

Agenda Item 26: Economic Development of Air Transport

SINGLE SKIES AGREEMENTS

(Presented by Argentina and sponsored by Belize, Bolivia (Plurinational State of), Brazil, Chile, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Nicaragua, Panama, Paraguay and Uruguay)

EXECUTIVE SUMMARY

Doc 9626, *Manual on the Regulation of International Air Transport*, recommends the conditions under which bilateral and multilateral negotiations on air services should be conducted.

This Working paper advocates for a multilateral Single Skies Agreement to be entered by the South American Region (SAM) Member States as a first step towards expanding and enhancing connectivity among them by promoting free competition among airlines.

If this proposal is accepted by the Assembly, technical studies should be undertaken, and a draft memorandum of understanding (MOU) should be developed to serve as a template for this type of negotiations.

**Action:** The Assembly is invited to:

- note the initiative by Argentina, Brazil, Chile, Paraguay and Uruguay to make progress towards a single sky framework for MERCOSUR Member States and its Associate Member States, and its further expansion to the whole South America (SAM) Region;
- instruct the Council to consider, through the appropriate channels, the proposal to promote open skies agreements among Member States within each the International Civil Aviation Organization (ICAO) region aiming at strengthening air traffic among them, and to progress towards the adoption of single skies agreements; and
- should the Assembly agree to the statement and proposal contained in the previous item, consider establishing working groups to draft templates for model agreements to be provided to Member States in each ICAO Region for their eventual accession, based on the notion of *lex mercatoria* ("law merchant").

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| <i>Strategic Goals:</i>        | The paper relates to Strategic Goal: <i>The Economic Development of Air Transport Assures the Delivery of Economic Prosperity and Societal Well-Being for All</i> |
| <i>Financial implications:</i> | NIL                                                                                                                                                               |
| <i>References:</i>             | Doc 9626, <i>Manual on the Regulation of International Air Transport</i>                                                                                          |

<sup>1</sup> Spanish version provided by Argentina

## 1. BACKGROUND

1.1 As one of the first of its kind, the seminal 1946 Air Services Agreement between the United Kingdom and the United States (today known as the Bermuda I Agreement) paved the way for international air transport regulation development, becoming the prevailing model agreement for the next four decades. By mid-1977, the original Bermuda Agreement was replaced by the more complex and detailed Bermuda II Agreement, with both instruments known ever since as the Bermuda I and the Bermuda II agreements, respectively.

1.2 Liberalization, as conceptualized by Alfred Kahn, became widespread and gained the industry's support in response to fast-paced regulatory and operational changes.

1.3 The ensuing single skies agreements, such as the Single European Sky, have promoted cooperation and strengthened ties among countries, facilitating both the movement of people and the sharing of best practices in terms of ideas and programs.

1.4 Single skies agreements effectively boost market access, since countries with the greatest connectivity in a region promote their airlines' expansion beyond national borders.

1.5 For all these reasons, a liberalization-based Single Sky model MOU template is needed to promote exchanges among States within every International Civil Aviation Organization (ICAO) region.

1.6 Argentina has adopted an Open Skies Policy, implementing first, second and third generation reforms.

1.7 The Argentine Aeronautical Code has been modified accordingly through new provisions that reflect the Open Skies Policy.

1.8 Over a dozen second-generation decrees have been issued, including Decree 599/2024 on Market Access, which, coupled with other provisions, served to put an end to a monopoly in the provision of ramp handling services. Likewise, third generation reforms are being implemented, such as enhancing the regulatory powers of the Civil Aviation Authority.

## 2. DISCUSSION

2.1. It is a well-known fact that one of the main benefits of Open Skies Agreements among ICAO Member States is the ensuing competition enhancement among airlines of different states that comes with the elimination of restrictions in terms of service frequency, aircraft types and fares that they may offer.

2.2 In addition, fully integrated civil aviation markets will boost investment in and development of the aviation industry, as has been the case in the European Union with the creation of the European Union (EU) Common Aviation Area.

2.3 All of the above results in better and more efficient services for passengers and air cargo recipients, by providing them with more options and access to better fares, thus catalyzing the positive economic impact of aviation, as noted in background information documents and studies conducted by International Air Transport Association (IATA) and Airports Council International (ACI).

2.4 These can be considered tactical measures that converge in a single skies' strategy for MERCOSUR (South American Common Market) Member States and its Associate Members, with a view

to expanding it to the entire SAM Region.

2.5 The success of our national Open Skies Policy translates into greater connectivity in both domestic and international services and a strengthened direct connectivity from inland cities to regional and international destinations. As an example, official statistics show that, within a year, only 9 out of 23 newly created international routes include Buenos Aires, the Argentine capital, in their city pairs. Also worth noting is a 45% increase in passengers boarding an international flight at an inland city.

2.6 As a result, a new record in air passenger traffic was reached, as well as new and better connection routes being created, with a surge in both domestic and international economic exchange, cultural travel and tourism at lower fares. This is particularly relevant for Argentina, the eighth largest country in the world, as in some cases, this means saving our inland citizens a 2,000 mile domestic connection flight to a hub before they could reach a regional or international destination. In addition, one year after the open skies public policy was implemented in December 2024, air passenger traffic reached record numbers, with the highest growth rate in our history, according to public and private statistics.

2.7 As for ground handling services, more than a dozen ground handling service providers, including several global operators, have applied for and obtained the relevant operator certificates.

2.8 Based on the Argentine experience, which mirrors the United States' deregulation policy in the 1970's and the European deregulation policy package, in the Latin American Civil Aviation Commission (LACAC) region, together with Brazil, Uruguay, Paraguay and Chile, we aim at promoting an open skies framework for MERCOSUR Member States and Associate Member States, with the clear will of extending it to include the whole SAM region.

2.9 In principle, the single sky notion is conceptually linked to and depends on a pre-existing harmonized integrated regulatory framework that would apply to signatory countries.

2.10 Such a framework would not preclude national aviation authorities and agencies from joining different schemes that would allow for the coexistence of a unified approach and different multilateral integration schemes as may exist in the field of public international law.

2.11 It is well understood that for the final intended scope of this strategic project to be reached, policies covering a wide range of aviation domains, including customs, immigration, security and phytosanitary controls, as well as facilitation, should be previously harmonized with the ultimate goal of strengthening safety.

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