



**WORKING PAPER**

**ASSEMBLY — 40TH SESSION**

**ECONOMIC COMMISSION**

**Agenda Item 32: Economic Regulation of International Air Transport – Policy**

**INTERNATIONAL AGREEMENT ON LIBERALIZATION OF MARKET ACCESS**

(Presented by Brazil and Chile with the support of LACAC Member States<sup>1</sup>)

**EXECUTIVE SUMMARY**

Recognizing aviation as a major factor in promoting and fostering sustainable economic development at national as well as international levels, and that multilateralism in commercial rights to the greatest possible extent continues to be an objective of the Organization, the 39th Session of the ICAO Assembly approved the Resolution A39-15, Consolidated statement of continuing ICAO policies in the air transport field. Among others, this Resolution requested the Council to complete the examination of an international agreement by which States could liberalize market access.

The Air Transport Regulation Panel (ATRP) overtook this task but could not achieve consensus on key issues and was of the view that there is a need to continue to build the case and understanding for liberalization and the benefits which flow from it to States in order to increase the momentum and support for the development of a multilateral agreement in the medium to long term.

Brazil is of the view that no efforts should be spared in order to achieve the highest possible level of liberalization of market access.

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

- a) note the position presented by Brazil; and
- b) request the Council to analyse alternative ways to continue the development an international agreement by which States could liberalize market access, taking advantage of the job already done by ATRP; and come up with a strategy to address the key issues raised by the Panel.

<i>Strategic Objectives:</i>	This working paper relates to Strategic Objective – <i>Economic Development of Air Transport</i>
<i>Financial implications:</i>	No additional funding required.
<i>References:</i>	Assembly Resolution A39-15 – <i>Consolidated statement of continuing ICAO policies in the air transport field</i> A39-WP/8 – <i>Consolidated statement of continuing ICAO policies in the air transport field</i> <i>Summary of Decisions (AT-SD 217/3) of the third meeting of ATC’s 217th Session</i>

<sup>1</sup> Belize, Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Paraguay, Perú, Venezuela.

## 1. INTRODUCTION

1.1 The Assembly Resolution A39-15 – *Consolidated statement of continuing ICAO policies in the air transport field*, encouraged Member States to pursue liberalization of market access and requested the Council to complete the examination of an international agreement by which States could liberalize market access.

1.2 The same Resolution has also requested the Council to: “continue the development of an international agreement to liberalize air carrier ownership and control and a specific international agreement to facilitate further liberalization of air cargo services, taking into account the goals of the *ICAO Long-term Vision for International Air Transport Liberalization*, and the past experience and achievements of States, including existing market access liberalization agreements concluded at bilateral, regional and multilateral levels, as well as the various proposals presented during the Sixth Worldwide Air Transport Conference (ATConf/6)”.

1.3 Needless to say, that these requests show that the Assembly undoubtedly recognizes the relevance of liberalization of market access to the development of international air transport.

## 2. PROGRESS MADE ON THE TASKS

2.1 The ATRP was tasked with this undertaking and began its work at its twelfth meeting (ATRP/12, May 2014). A Working Group (WG) was then established to analyze and prepare draft texts of the different agreements, assigned to different focal points.

2.2 Very extensive work has been done both on WG meetings and at the ATRP/13, 14 and 15 meetings. Difficulties were found in obtaining consensus on three areas, due to the different levels of readiness to open markets amongst the Panel members involved in the job.

2.3 The Agreement on ownership and control had more support from members of the Panel and is well advanced, despite the possibility that some States may not sign it.

2.4 On the other hand, the Agreement on market access raised many controversies, including traffic rights, whether there was need for safeguards/reassurances, labour and social matters, as well as the way forward in the short term on achieving the liberalization of market access on a multilateral basis. There was no consensus of these issues so far.

2.5 As a result of the report of ATRP/15, the ATC, at the third meeting of its 217th Session, (Summary of Decisions AT-SD 217/3):

- a) endorsed the ATRP recommendation concerning the finalization of the development of the draft Convention on Foreign Investments on Airlines;
- b) decided that the ATRP should cease its work on the development of an international agreement to facilitate further liberalization of air cargo services;
- c) noted the ATRP’s advice that it concluded its examination of an international agreement on market access, and tasked the ATRP to work to:
  - i) build a better understanding amongst States and ICAO of the benefits and challenges of liberalization and barriers to opening passenger and cargo market access, and,

- ii) identify gaps in ICAO's guidance and tools in order to give States the tools they need to pursue liberalization and the development of their air transport markets; and
- d) decided that the next ATRP meeting be organized only if required, subject to the progress of the Panel's work by correspondence.

### 3. CONCLUSION

3.1 Brazil recognizes that the finalization of the draft Convention on Foreign Investment on Airlines is a significant step towards the development of international Air Transport, but there is still the urgent need to advance in terms of the liberalization of market access.

3.2 Brazil also recognizes the difficulties caused by the different stages of development in civil aviation throughout the world and the very valuable efforts made by ATRP in trying to get the maximum level of understanding amongst the States represented in the Panel, where there was a view that there is a need to continue to build the case and understanding for liberalization and the benefits which flow from it to States in order to increase the momentum and support for the development of a multilateral agreement in the medium to long term.

3.3 In line with *ICAO's Long-term Vision for International Air Transport Liberalization*, Brazil would like ICAO to take advantage of the work done by ATRP and continue to work to achieve the highest possible level of liberalization of market access.

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