



ASSEMBLY — 41ST SESSION

ECONOMIC COMMISSION

Agenda Item 35: Economic Regulation of International Air Transport — Policy

ECONOMIC MEASURES TO DEAL WITH COVID-19 AND ITS IMPACT  
ON VENEZUELAN AIR TRANSPORT

(Presented by Venezuela (Bolivarian Republic of) with the support of Panama  
and Dominican Republic)

EXECUTIVE SUMMARY

This working paper details the specific and comprehensive measures applied by Venezuela (Bolivarian Republic of) to cope with the serious economic repercussions on the industry, due to the impact of the COVID-19 pandemic, based on the guidance on economic and social measures developed by the International Civil Aviation Organization (ICAO). These measures provided the ideal framework for the gradual resumption of national and international operations in the country, contributing to the recovery of demand which had been severely depressed.

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

- a) take note of the information set out in this working paper;
- b) adopt and provide, within the framework of the Council Aviation Recovery Task Force (CART) of the ICAO Council, economic measures that foster the equitable, non-discriminatory growth of the global aeronautical industry, enabling States, under equal conditions, to cope with future contingencies that might adversely affect the economic viability of the aeronautical industry.

<i>Strategic Objectives:</i>	This working paper relates to Strategic Objective — <i>Economic Development of Air Transport</i>
<i>Financial implications:</i>	
<i>References:</i>	<i>ICAO Guidance on Economic and Financial Measures, see:</i> <a href="https://www.icao.int/sustainability/Pages/Economic-and-financial-measures.aspx">https://www.icao.int/sustainability/Pages/Economic-and-financial-measures.aspx</a> Report on the ICAO Council Aviation Recovery Task Force Doc 9562, <i>Airport Economics Manual</i> Doc 9161, <i>Manual on Air Navigation Services Economics</i>

<sup>1</sup> Spanish version provided by Venezuela (Bolivarian Republic of)

## 1. INTRODUCTION

1.1 On the basis of the *ICAO Guidance on Economic and Financial Measures*, and in order to contribute to the sustainability and economic recovery of the aviation industry in reaction to the impact of the COVID-19 pandemic, the Venezuelan State has developed different plans to keep transport flows moving, focusing in particular on the promotion of economic development by means of specific and comprehensive measures, guaranteeing acceptable levels of civil aviation safety and protection, and thus providing for the safe, orderly and efficient development of aeronautical operations, ensuring fair competition and preventing market distortions.

1.2 The *Manual on Air Navigation Services Economics* (Doc 9161) provides that States should practice economic vigilance to ensure optimal service provision, while protecting passengers' interests and guaranteeing non-discrimination and transparency in the setting of tariffs.

1.3 For this reason, the International Civil Aviation Organization (ICAO) has laid down guidelines for Signatory States, governing the development of policies to facilitate the economic and financial sustainability of airlines, which focus on post-COVID-19 pandemic recovery.

## 2. ECONOMIC AND FINANCIAL MEASURES

2.1 To promote economic development through enhanced connectivity, the Venezuelan State has provided for a set of incentives, which could be considered as a component of State financial assistance under the types of economic measures set out in the *ICAO Guidance on Economic and Financial Measures*, namely:

- a) ninety-day suspension of municipal and State tax collection throughout the national territory;
- b) updating of aeronautical charges for overflights in the context of air navigation service provision, reducing the cost of charges payable by domestic and foreign aircraft operators;
- c) implementation of special measures through the conclusion of agreements for the cancellation of debts incurred by international airlines in respect of radio aids and overflights;
- d) reduction of touch-and-go landing tariffs for domestic and international flight operations; and
- e) reduction in the regime of tariffs and incentives for paperwork and services provided by aerodrome and airport administrators on the national territory.

2.2 Measures of this kind created the ideal environment for the gradual resumption of national and international operations in the country, contributing to the recovery of demand which had been severely depressed. This situation is illustrated by the 81 per cent recovery observed in the movement of domestic passengers for the first four months of this year.

2.3 As a result, the number of national operations increased by 98 per cent, with a particular boom in tourist routes, which was even higher than the 2019 boom, providing an economic boost for the sector and for all concerned.

2.4 This growth is clearly due to the use of appropriate policies to address the difficulties caused by unilateral coercive measures taken against the Venezuelan State from 2019 onwards, which caused a decline in domestic and international operations, limiting the country's air transport connectivity.

2.5 In addition to the foregoing, in 2020 the aeronautical sector suffered a worldwide recession due to the COVID-19 pandemic, and this produced a crisis unprecedented in aviation history, and situations that have been handled successfully, as is demonstrated by the stable growth of operations, and the renewal of passenger confidence, with the implementation of strict biosecurity protocols.

2.6 Despite the universally unfavourable forecasts for post-pandemic recovery in the industry, the measures taken by the Venezuelan State enabled domestic airlines to deal with the slump in their income caused by the COVID-19 pandemic, enabling them to manage their costs in the short and medium term and thus to develop their capacity to deal with possible future situations that might affect their economic viability, placing their operations at risk.

2.7 The policy followed for the granting of genuine incentives, without discrimination, to domestic and foreign airlines, has contributed to the sustainable recovery and the maintenance of essential connectivity, and the work being coordinated in support of industry is leading to the gradual recovery of the national aeronautical sector.

### 3. CONCLUSION

3.1 It is considered appropriate that Member States, in the context of the action taken to revive the aviation sector, should adopt and provide economic measures that favour the equitable, non-discriminatory growth of the global aeronautical industry, enabling countries under equal conditions to cope with future contingencies that might adversely affect the economic viability of the aeronautical industry.

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