



DIRECTORS GENERAL OF CIVIL AVIATION-MIDDLE EAST REGION

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Agenda Item 9: Air Transport

LIBERALIZATION OF AIR TRANSPORT SERVICES, AND QATAR VIEWS TOWARDS THE ARAB AFRICAN LIBERALIZATION PROJECT

(Presented by Qatar)

SUMMARY

This paper provides quick background on the evolution of air services agreements and traffic rights, indicating the main concern of countries for having traffic rights and defending their designated carriers' interests. The paper also presented State of Qatar strategic view regarding liberalization of Air Services agreements, and adoption of open skies policy, and the steps taken by state of Qatar in this regard. The action requested from ICAO meeting is to strongly support the immediate application of Damascus convention 2004 for liberalizing air transport between Arab countries, and to take a further step towards establish an economic entity for a single aviation market between Arab countries and Africa.

1. INTRODUCTION:

1.1. A struggle on air traffic capacity arises since early times of commercial aviation by the beginning of the twentieth century, where there was consensus on the states' rights for determining capacities and controlling volume of traffic, especially after the refusal of most of the contracting states entering in the Air Transport Agreement 1944, where only 11 countries had committed to it, and rest of countries preferred to regulate traffic through bilateral agreements.

Since early times of civil aviation there was a strong believe that future of international transportation will be for Air Transport; hence there was a need for protection of civil aviation industry by establishing clear classified liabilities for airlines against customers' claims, but instead of offering different options for air transport, limitations had been created which hindered sometimes the ease of transportation of people.

Discussion

2.1. Accordingly different models for bilateral agreements had been formed, starting by (Bermuda I) for bilateral agreements, which had been developed to (Bermuda II) which was a compromise between (liberalism) and (Protectionism), and set principles of (Fare & Equal Opportunities) and principles of designation of carriers, route schedules, number of flights, and fares.

2.2. Air service agreements had limited air routes by determining points of arrival and departure, and limited capacity of traffic, by limiting aircraft capacities, and number of flights to an extent that limited seats offered, and number of carried passengers weekly, and air cargo traffic, as well as number of designated carriers.

The strange thing is that large number of countries which are rich in natural resources, and are big industrial countries, which depend on tourism to develop their economy, were the countries that proposed limitations on air capacities, despite the negative results on such countries' economies.

The main concern for such countries was defending their national carriers which mostly were owned by their governments, where large amounts of investments were poured in this sector which was a burden on their budgets; accordingly governments were very conservative as to secure revenues generated directly from these investments. On the other hand some countries started to act in a different direction by adopting liberalized and open skies policies which resulted in developing the capabilities of the national carrier as a result of the competition which influenced carriers to perform more professionally than carriers working in conserved markets, indirect revenues started to be generated from other activities as a result of this liberalized policy, which encouraged governments to invest in airports, and at the same time airlines could be established and developed at lower investments through (Dry Leasing) of aircraft.

Bit by bit states started to believe that customers have the rights to freely choose between carriers, by offering large capacities and offer choices for customers at all times. And trend towards liberalization of air transport started to grow, and agreements became more liberal specially regarding number of flights operated by carriers, or aircraft capacity, or multi designation, and open the markets for charter flights, and cargo operation, and allow carriers to enter in commercial agreements, followed by liberalization of tariffs, but at the same time provide all safeguards to protect competition, and provide fair and equal opportunities, and prevent monopoly or dumping of fares which might harm other carriers operating on same routes, or affects the market negatively.

2.3. At a later stage, some countries had concluded multilateral open skies agreements, which encouraged ICAO to draft an international multilateral open skies agreement.

3. QATAR EXPERIENCE:

3.1. State of Qatar has a strategic view regarding the right of passengers to freely move and to have several options that provide easy and smooth travel, accordingly adopts liberalized policy to remove all obstacles towards free transportation but still considering sovereignty and security measures. State of Qatar adopts open skies policy in bilateral agreements concluded with other countries as the one of the mile stones in building national economy.
Qatar Experience

State of Qatar concluded more than 86 open skies bilateral agreements fully and semi liberalized, where fully liberalized agreements includes all third, fourth and fifth freedoms traffic rights, and semi liberalized agreements includes liberalization of third and fourth freedoms traffic rights, from which 12 agreements are concluded with Arab countries, and 33 with European countries, and 31 agreements with African countries. And state of Qatar still working actively towards liberalizing the rest of its bilateral agreements.

3.2. As well Qatar had adopted free pricing policy, by liberalizing the tariffs clause in the air service agreements, where it was liberalized with 54 countries and had been requested from the rest for liberalizing such clause.

And in accordance with the liberated and free competition policy adopted by government of Qatar, Civil aviation Authority had removed all restrictions of tariffs and ticketing service charges by the beginning of the year 2015, as to offer more flexibility in the market and allow airlines to perform better in a free environment, but assuring all carriers working in Qatar market that civil aviation authority will still watch closely any malpractice which might affect fair and equal opportunity principal, or any action that might affect market balance or create a monopoly situation that might harm another carrier working in the market, as to maintain market balance.

4. ACTION BY THE MEETING:

4.1. Since the International Civil Aviation Organization is aiming for dissemination of liberalization and open skies policy to support operations economics in a free competition environment. We strongly supports calling for the immediate adoption of Damascus treaty 2004, for liberalizing air transport between Arab countries, which will result in the benefit of countries on short and long terms.

We can benefit from the EU example in liberalizing the inter-traffic between Arab countries, as a step towards liberalization of traffic between the Arab Countries and the African market, and to establish an economic entity for a single air transport market, we can call it “**Arab African Skies**”.