



INTERNATIONAL CIVIL AVIATION ORGANIZATION

A35-WP/196
EC/28
20/9/04
English and
Spanish only¹

ASSEMBLY — 35TH SESSION

ECONOMIC COMMISSION

Agenda Item 27: Regulation of international air transport services, and outcome of the fifth Worldwide Air Transport Conference

STATUS OF THE INTERNATIONAL AIR TRANSPORT SERVICES REGULATION IN THE LATIN AMERICAN AND CARIBBEAN STATES

(Presented by the Latin American Civil Aviation Commission)²

INFORMATION PAPER

SUMMARY

This paper presents information on the progress achieved in the process of liberalization in the Latin American region, as per the Declaration and the results of the fifth Worldwide Air Transport Conference and work developed to this date by the Group of Experts on Air Policy.

1. INTRODUCTION

1.1 LACAC, an organization dedicated to civil aviation issues, has focused its work programme to strengthen the interrelation between economic policies and technical aspects, fostering political decisions that satisfy consumer interests, bearing in mind safety as a permanent objective of this transportation mode.

1.2 As a result of this work, the XV Ordinary Assembly of LACAC (Asuncion, Paraguay, November 2002) issued Resolution A15-5 “Air transport policy criteria and guidelines”, decision which is regularly examined in order to update it according to the changes observed, projecting into the future,

¹ English and Spanish versions provided by LACAC

² Presented by 21 Members of LACAC (Argentina, Aruba, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela)

flexibilization of air transport at all levels and in all the region. Among other considerations of this Resolution, the following can be pointed out: “said policy should aim at liberalizing the provision of commercial air transport services in the region . . . , under the principle of fair competition, supported by a safe, orderly and efficient system.”

1.3 Economic globalization, integration of commerce, sub-regional development of integration processes, and subscription of free trade agreements at the regional level in the future, have forced the creation of sub-regional fora where positions on air transport issues directed towards an orderly and efficient flexibilization of air transport are coordinated and conciliated. Initiatives for integration and flexibility of air traffic in the region are still under way, driven by aeronautical and trade authorities, as is the case of the Fortaleza Agreement, the Andean Community (CAN), and the Association of Caribbean States (ACS). These sub-regional organizations are working with the objective of harmonizing policies in order to flexibilize the granting of air traffic rights, market access, and facilitate fluidity of air transport.

2. **ASSOCIATION OF CARIBBEAN STATES³ (ACS)**

2.1 Within the framework of the Caribbean States Association (ACS) a Resolution on “Criteria of Common Policy about Commercial Air Transport in the ACS” has been adopted. Likewise, efforts are being made in order to develop a binding document that can “join the Caribbean through air and sea”, and an Agreement has been signed by which traffic rights granting the five freedoms of the air are flexibilized. Up to this moment, seven countries have signed said Agreement (Cuba, Nicaragua, Dominican Republic, Panama, Venezuela, Suriname and Barbados) and it is foreseen that it will come into effect when nine countries ratify it. Similarly, the ACS is also working in the harmonization of requisites to obtain operation licenses.

3. **ANDEAN COMMUNITY⁴ - CAN**

3.1 The Andean Community (CAN), based upon the “open skies” principle, has been working on free access of intrasubregional air transport with airlines of its member States. The Aeronautical Authorities Committee of the Andean Community merged Decisions 320, 360, and 361 into Decision 582, referring to “air transport in the Andean Community” considered to be very important for the economic integration process, as it consolidates into one unique standard the different sub-regional reglamentation referring to air policy, updating them as per recent requirements in socio-economical, technical, and entrepreneurial organization matters. In general, the Andean Community has been liberalizing its intra-regional air transport during recent years. On the other hand, progress has been made in the study of a common regulation to obtain operation licenses. Likewise, the possibility to negotiate as a group with MERCOSUR (Fortaleza Agreement) in order to broaden the flexibilization scope for granting aero-commercial rights to the South American region is under study.

³ Antigua and Barbuda, Bahamas, Barbados, Belize, Colombia, Costa Rica, Cuba, Dominica, Dominican Republic, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Saint Kitts and Nevis, Sainte Lucia, Saint Vincent and the Grenadines, Surinam, Trinidad and Tobago, Venezuela, Aruba, France, and Netherlands Antilles

⁴ Bolivia, Colombia, Ecuador, Peru and Venezuela

4. FORTALEZA AGREEMENT⁵

4.1 With respect to the Sub-regional Air Services Agreement of the Fortaleza Agreement, standardization of granting operating licenses for all the sub-regional flights is still being encouraged. Regarding proceedings in the area of air traffic rights, elimination of superposition of two regulatory frameworks is being considered – one referring to bilateral agreements and the other, to the sub-regional system. Said Agreement is exclusively applied to those routes that were not operated within the bilateral agreements. Likewise, a group working on the modification of the Agreement has been established with the purpose of making it attractive to countries and airlines of the sub-region, tending towards liberalization.

4.2 In general, it could be said that an important trend towards integration in commerce can be observed, leading towards a much larger and economically flexible market. Due to the fact that air transport is an important tool for commercial integration and economical, social, and political development, it is expected that air transport policy will be liberalized in the medium term.

5. LACAC AND LIBERALIZATION

5.1 LACAC fosters the above-mentioned processes playing a harmonization and coordination role, allowing a combination of policies and development of air transport, in such a way that it satisfies the interest of the Latin American region, not only of the developed countries, but specially safeguarding interests of less developed countries. The work developed by LACAC on this issue has been intense. Steps taken towards the strengthening of regional air transport and the coordination that should exist amongst the various actors in this new scenario, have been very productive.

5.2 The liberalization process of Latin American air transport is slow, and LACAC, as a specialized organization, has been closely following up all these events, granting all possible support. As of today, it is dedicated to reach agreement among the different positions of the sub-regional groups, with the purpose of designing a general policy protecting all the sub-regions.

5.3 Taking into consideration that the objective of the region is to gradually reach the liberalization of air transport under the principles of fair competition supported on a safe, organized and efficient system, LACAC keeps working in the harmonization and search of synergies that permit the integration of sub-regional policies. To this respect, the Executive Committee, in its recent meeting (Medellin, Colombia, June 31 and July 1 2004), approved on the submission to the next Assembly that will be held on November 2004, a draft Decision updating Resolution A15-5 “Air Transport Policy Criteria and Guidelines”, in the light of the results of the Fifth Worldwide Air Transport Conference: Challenges and Opportunities of Liberalization (Montreal, Canada, 24 - 28 March 2003) (ATConf/5), and the new integration tendencies. This new Decision contains policies related to safety oversight, civil aviation security, facilitation, users rights, market access, commercial aspects, converging interests, legal and financial aspects of air transport.

5.4 In the same manner as with liberalization, LACAC is encouraging air transport integration, based on the strengthening of a “group criteria” and an “integrated system”, where all actors of Latin

⁵ Argentina, Bolivia, Brazil, Chile, Paraguay, Peru and Uruguay

American civil aviation take part, i.e. aeronautical authorities, regulatory entities, airport operators, and airlines.

5.5 To this respect, the Executive Committee will present for approval, during the forthcoming LACAC Assembly, a draft Resolution on the establishment of a “regional air transport integration system”, with a “common regional approach”, with the quantitative objective of increasing in 10% intra-regional air traffic. This regional integration system will take into consideration not only the traffic rights but also other elements, such as infrastructure, environment, training, security, etc.

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