



ASSEMBLY — 36TH SESSION

ECONOMIC COMMISSION

Agenda Item 40: Regulation of international air transport services

TRANSITIONAL PROVISIONS ON CODESHARING

(Presented by Azerbaijan)

EXECUTIVE SUMMARY

This paper provides information on Azerbaijan's views and experience on codesharing arrangements, including a standard transitional provision for inclusion in the bilateral air services agreements.

<i>References:</i>	Doc 7300, <i>Convention on International Civil Aviation</i> Doc 9626, <i>Manual on the Regulation of International Air Transport</i> Doc 9587, <i>Policy and Guidance Material on the Economic Regulation of International Air Transport</i> Circ 269-AT/110, <i>Implications of Airline Codesharing</i>
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1. INTRODUCTION

1.1 The practice of codesharing is widely used by most international airlines. This allows adapting the work of carriers in narrow terms of competition in the air transportations market. Taking into account the commercial dividends from such kind of airlines cooperation, we can also mention the deficiencies of the use of codesharing practice such as the advertisement of the scheduled flights without indication of the actual carrier, partial reduction of the level of passenger services and actual redistribution and not the transportations stimulation.

1.2 Codesharing with airlines of three and more countries suffers greater losses for opening of the direct air services between the countries. It is evident, that the opening of the scheduled flights often involves the losses for the airlines during the first months of the flights. The airlines should do its best in order to attract the passengers. The transportation of the passengers through the points in third countries according to the agreements on codesharing allows the airlines to avoid the expenses. However, in this case, the passenger feels uncomfortable from such kind of flight in the presence of the ticket for the direct flights and with actual flight through the point (even points) in third countries. All this in general influence on the development of the international relations, business and tourism.

¹ English and Russian version provided by Azerbaijan.

1.3 We welcome any kind of agreements between the designated airlines of two countries on mutual operation of the air line. This, per se allows opening of the direct air service and avoiding of financial losses which are inevitable during the exploitation of the airline. However, granting of the rights for the agreements on codesharing with attraction of the airlines of third countries should be agreed without fail on the bilateral level between the aviation administrations with different kind of reservations.

1.4 Presented below is a standard provision on codesharing we suggest to include in our bilateral agreements as an transitional arrangement before removing all restrictions, which may be considered by other countries for possible use in their codesharing arrangements.

2. **CODESHARING ARRANGEMENTS**

2.1 A designated airline of either side may, subject to the following conditions, enter into codesharing arrangement, whether as the operating airline (i.e. to carry partner airline(s) code on its own services) or marketing airline (i.e. to put its code on partner airline(s) services), in respect of passenger, combination and/or cargo air services with:

- a) designated airline(s) of the same side;
- b) (an) airline(s) of the other side; and
- c) (an) airline(s) of a third country or countries under the following conditions:
 - 1) (an) airline(s) of one Contracting Party holds out authorization of its own Contracting Party for entering into such arrangements on the route or segment concerned;
 - 2) a third country approves authorization for such arrangements between (an) airline(s) of its own side and (an) airline(s) of the other Contracting Party while operating such services to/from or via such third country;
 - 3) intergovernmental arrangements authorizing codesharing operations are in place between the Contracting Party to which territory the operation of such services is planned and the third country or countries;
 - 4) (an) airline(s) of one Contracting Party designated to operate codesharing services and (an) airline(s) of a third country, involved in such services have entered into a commercial arrangement with the designated airline(s) of the other Contracting Party.

2.2 The designated airline(s) of either side may enter into codesharing arrangements between any point(s) in one Contracting Party, via any intermediate point(s), to any point(s) in the territory of the other Contracting Party, and to any point(s) beyond, provided that the services originate from the point of departure. Any intermediate or beyond point(s) may be omitted on any or all services, provided that all services originate from the point of departure.

2.3 The designated airline(s) of each country may provide codesharing services with any airline(s) of the other country between points in the other country. The designated airline(s) shall not, however, exercise traffic rights on domestic segments in the other country.

2.4 All operating airlines involved in the codesharing arrangements should be designated by their respective Contracting Party and hold the underlying traffic rights on the route or segment concerned.

2.5 All marketing airlines involved in the codesharing arrangements may hold out and market third and fourth freedom services on the route or segment concerned. They should hold the underlying routing rights on the route or segment concerned.

2.6 The designated airline(s) of either side will be permitted to transfer traffic between aircraft involved in the codesharing operations without restriction as to number, size and type of aircraft.

2.7 All traffic carried by the codeshared services will be counted against the capacity entitlement of the side designating the operating airline. There will be no limitation on capacity to be offered by the marketing airline on codeshared operations.

2.8 No fifth freedom or stopover rights may be exercised by the marketing carrier on codeshared flights.

2.9 Nothing in these codesharing arrangements will provide the designated airline(s) of either side with any additional own-operated aircraft rights, apart from the ability to enter into codesharing arrangements as stipulated above.

- 2.10
- a) Each airline participating in codesharing should ensure that at the point of sale of a passenger ticket for a service to be operated under the above codesharing arrangements, the passenger is notified, in respect of each journey or each segment of a journey, as to which airline is the actual operating airline. Furthermore, each participating airline should instruct its agents to comply with this notification requirement.
 - b) The aeronautical authorities of both sides may require the designated airline(s) participating in codesharing arrangements to file with them schedules and timetables.

2.11 Applications in accordance with the above codesharing arrangements should be submitted by the designated airline(s) participating in codesharing arrangements to the aeronautical authorities of both sides for approval at least 30 days in advance, unless the requirement for approval is waived in advance by the aeronautical authorities concerned. In case it is foreseen that a decision cannot be made within 30 days, the aeronautical authorities concerned should make an interim reply to the designated airline(s) concerned.