

**WORLDWIDE AIR TRANSPORT CONFERENCE: CHALLENGES AND  
OPPORTUNITIES OF LIBERALIZATION**

**Montreal, 24 to 29 March 2003**

**DRAFT REPORT ON AGENDA ITEM 4.1**

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**Agenda Item 4: Consideration of global framework for ongoing liberalization**  
**4.1: Mechanisms to facilitate further liberalization**

**4.1.1 Documentation**

**Secretariat** (WP/18) addressed the role of ICAO in facilitating liberalization and proposed that ICAO's future role on economic regulation should focus on the development of policy guidance for economic liberalization and should promote and provide assistance to States in harnessing liberalization for their broader benefit. In its relations with the WTO-OMC, ICAO should continue to draw attention to the Organization's policy on trade in services while emphasizing the linkage and interrelationship between safety, security and economic regulation and the Organization's focus on assisting States in the liberalization process.

**Georgia** (WP/43) explained the need for a comprehensive document on the experience accumulated with respect to liberalization.

**Pakistan** (WP/57) believed that bilateral and multilateral framework arrangements may coexist and when underdeveloped States attain a certain level of development they could gradually phase into the multilateral framework.

**WTO** (WP/32) noting that in general air transport to and from Least Developed Countries (LDC) markets is high cost, high priced, with poor service levels which prevents sustainable tourism growth, proposed a joint cooperative program with ICAO and other interested stakeholders to study the possibility of using in these markets subsidized air services along the lines of the essential air service and public interest route programs of industrialized countries as a means of stimulating growth in tourism.

**ICC** (WP/35 - information paper) explained why it favoured a pragmatic approach to different potential paths to further liberalization which could be pursued in parallel and complementary to one another including liberalization within the bilateral framework, a lead sector approach, a phased multilateralism (plurilateralism) and full multilateralism.

**IFALPA** (WP/34 - information paper) explained why in any future work program developed by the Conference there should be an explicit recognition that airline workers are one of the stakeholders whose interest must be considered in evaluating any proposed regulatory changes.

**4.1.2 Discussion**

4.1.2.1 There was widespread support for ICAO's leading role in international air transport and that the Organization should pursue its work on economic regulation, with a refocus on liberalization and assistance to Contracting States in harnessing the benefits of liberalization. ICAO should continue to cooperate with all other organizations involved in the liberalization of international air transport, but the focus for economic regulation should remain with ICAO, whose responsibility for all aspects of international aviation ensures a coordinated and cohesive approach. However, the view was expressed that some States considered other organizations such as the WTO-OMC had a role to play in some areas of air transport.

4.1.2.2 ICAO's promotion of liberalization that permitted each State to choose its own path and pace was regarded as preferable to a multilateral approach. It was felt that the WTO-OMC did not provide a beneficial avenue for developing States to pursue gradual, progressive and orderly liberalization with their sustained participation in international air transport. However, the view was also expressed that the WTO-OMC and its GATS Annex on Air Transport Services offered another opportunity for air transport liberalization which should not be ignored and that ICAO should work positively with this organization to enhance liberalization.

4.1.2.3 The Conference broadly supported the idea for a future role for ICAO as a forum for States to exchange market access. This matter should be further explored by the Organization, it being understood that use of it by States would be voluntary and that ICAO's role would be as a venue and facilitative in nature.

4.1.2.4 There was widespread support for the study of subsidized air transport to Least Developed Countries (LDCs) to stimulate tourism as proposed in WP/32 and it was felt that ICAO should cooperate with the WTO-OMT in this project, subject to reaching agreement on the methodology proposed.

### 4.1.3 **Conclusions**

4.1.3.1 On the basis of the documentation submitted and the discussion, the Conference reached the following conclusions:

- a) Over the years ICAO's work on economic regulation has intensified as States have turned to the Organization for policy guidance and assistance, particularly in response to a rapidly evolving globalized and liberalized air transport marketplace.
- b) ICAO's role on economic regulation needs to be refocussed in order to give a global impetus to regulatory reform and liberalization. ICAO's policy guidance, on which States have come to rely, should focus in particular on liberalization and the Organization should facilitate and promote the liberalization process through its work and in its assistance to States.
- c) Looking to the long term ICAO should explore the feasibility and possible benefits of serving as a global marketplace, where ICAO provides the facilities and any expertise that may be required, for States to discuss and exchange market access at the bilateral and/or plurilateral levels.
- d) In its relations with all organizations having an interest or involvement in global regulatory matters ICAO should cooperate to ensure that ICAO's mandate and role and the broader interests of the aviation community are taken into account by such bodies. Furthermore, ICAO and its Contracting States should ensure coordination with such organizations to harmonise and avoid duplication of effort at the global level. As a paramount objective in its relations with other organizations involved in economic regulation of international air transport, ICAO should ensure that safety and security are not compromised.

#### 4.1.4 Recommendation

##### **RECOMMENDATION 4.1/1**

##### **THE CONFERENCE RECOMMENDS THAT:**

- a) ICAO's future role on economic regulation should focus on the development of policy guidance for economic liberalization which permits States to choose their own path and pace and ensures the safety and security of international air transport. This role should also include the facilitation, promotion and provision of assistance to States in harnessing liberalization for their broader benefit;
- b) in its relations with the WTO-OMC, ICAO should continue to draw attention to the Organization's policy on trade in services, as currently reflected in A33-19, while emphasising the linkage and interrelationship between safety, security and economic regulation and the Organization's focus on facilitating, promoting and assisting States in the liberalization process.

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