



**WORKING PAPER**

**WORLDWIDE AIR TRANSPORT CONFERENCE (ATCONF)**

**SIXTH MEETING**

**Montréal, 18 to 22 March 2013**

**Agenda Item 2: Examination of key issues and related regulatory framework**

**Agenda Item 2.1 : Market access**

**LIBERALIZATION OF MARKET ACCESS**

(Presented by Turkey)

**EXECUTIVE SUMMARY**

This working paper presents the considerations of Turkey regarding liberalization of market access and suggests that the Conference discuss this issue with a view to making further progress in liberalization of market access as well as discussing the pros and cons of liberalization.

**Action:** The Conference is invited to agree to the recommendations presented in paragraph 3.

**References:** ATConf/6 reference material is available at [www.icao.int/meetings/atconf6](http://www.icao.int/meetings/atconf6).

**1. BACKGROUND INFORMATION AND WHY LIBERALIZE**

1.1 Civil Aviation is one of the business models that require a global approach since it goes beyond the national borders. Also, safety, security and environmental issues are common concerns to all nations that are part of the civil aviation business.

1.2 ICAO has 191 Member States. Among these countries, some has more economic power and strong civil aviation industry; however, most of the Member States do not have strong civil aviation industry. Today, civil aviation industries are one of the strategic assets of the nations and, this industry helps for development of the nations. Civil aviation industry consist of air transport/airlines, maintenance, repair and operations (MRO), flight training organizations (FTO), other training facilities, airports, terminals, ground support divisions, catering, cargo facilities etc. However, the main concern is always the human element, i.e. customers and employees, job opportunities and investments.

1.3 The rules for safety, security and operations are usually global; almost all States observe the rules of ICAO and domestic regulations. In commercial issues, some of the nations have more restrictive regulations on this industry, while some have a more liberal approach. Most of the countries have airlines and related facilities that are usually government-owned.

1.4 In general, liberalisation of market access in air transport can generate business opportunities for the industry and competition for the supply of goods and services – potentially delivering jobs and growth and ultimately resulting in cost and quality benefits for consumers. With this in mind, and subject to measures that help ensure open and fair competition, as a Member of ICAO, ECAC and some other International Organizations, as well as being in the access process of the European Union, Turkey favours, and encourages ICAO to promote, the on-going liberalisation of international air transport step-by-step taken into consideration the drawbacks presented in this paper.

1.5 Turkey had a good experience regarding the Step-By-Step Liberalization Approach (SBSLA). For many years, there was only one government-owned airline and the customer did not have any other choice rather than the existing airlines. This was bad because the customer, in fact a key actor, did not get what he paid for. However, in the last 10 years, as a first step, the internal market was opened to competition for all domestic airlines. In a second step, the government-owned airline was put up for privatisation. The result is outstanding. The number of passenger tripled, the air fares went down, more and more business was created, and passengers were happy. As a third step, international flights opened for competition for all domestic carriers. As a fourth step, additional traffic rights opened for international carriers. Also, Turkey is adopting more liberal ASA's with other nations. While doing all of these, Turkey is increasing its cooperation and assisting any needy States to create necessary civil aviation capacity, so that more reliable and sustainable civil aviation might be possible. In this context, Turkey is providing training, making conferences, and helping to create capacity to needy States. The next step is regional and/or multiregional liberalisation that might be done case-by-case and with the consent of all stakeholders.

## 2. **TURKEY'S PERSPECTIVE**

2.1 Turkey believes in the advantage of gradual liberalization of market access. Also, Turkey is in line with ECAC/EU papers regarding: "Basic Principles of Fair Competition", "Performance of Air Navigation Services", "EU and ECAC Industry Regulatory Developments", "Slot Allocation", and "Basic Principles of Consumer Protection". We have some different view on: "Air Carrier Ownership and Control" and "Liberalization of Market Access". Liberalization of Market Access is one of the most complicated issues as it relates to fair competition, slot allocation, consumer protection and other similar concepts.

2.2 Although it helps to create strong carriers and make them more sustainable, there are always possibilities of creating monopolies and weakening the small carriers. While it helps for sustainability of strong air carriers, it may not help the sustainability of States' civil aviation industries, which is more important. Markets occupied by strong carriers may not provide services for the routes that are not profitable, and then what happens to public services requirements.

2.3 Turkey also would like to keep principal ownership and control (O&C) of the air carriers in the agreements regarding market access; however, there could be possibilities to waive O&C and/or could be gradually relived case-by-case. This should be left to the stakeholders.

2.4 Turkey favours that the below mentioned issues should be taken into consideration in parallel with the liberalization of market access process in order to provide benefit to all stakeholders:

- a) liberalization of market access should be considered together with more liberalised business opportunities on aviation personnel;

- b) reaffirming the important role of the continuous development and sustainability of global aviation, the developed markets should appreciate the needs of the developing markets as given below:
  - 1) technical knowledge should be transferred to developing States;
  - 2) investments in the air transport sector of developing States would also be promoted;
  - 3) it is important to support the development of technical capacity, investment, training, maintenance opportunities of the developing States in the civil aviation field without harming their national development; and
  - 4) sustainable air transport is only possible if it is globally and fairly distributed all over the world.

### 3. **RECOMMENDATIONS**

3.1 The Conference is invited to:

- a) request ICAO to consider the Step-By-Step Liberalization Approach presented by Turkey in order to provide a smooth and balanced functioning of market access for all stakeholders;
- b) request ICAO to adopt principles of gradual liberalization of market access;
- c) request ICAO to take precautions and put vehicles to prevent air carrier monopolies;
- d) request ICAO to develop practices for sustainable air transport while considering sustainable and globally distributed civil aviation capacity all over the world;
- e) request ICAO to encourage developed countries to appreciate the needs of the other markets which are still under development; and
- f) evaluate liberalization and access to the market issue in the framework of the additional responsibilities of the developed side.

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