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What kind of
reassurance is needed
to encourage market
access liberalisation?

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Why reassurances?

- Air carriers all over the world enjoy very different circumstances.
- Most carriers have a unique competitive advantage reflecting those circumstances.
- How can we ensure that carriers have a fair and equal opportunity to compete despite their different circumstances?
- Reassurance on this point is a key factor in determining whether to open-up market access.



A fair and equal opportunity to compete

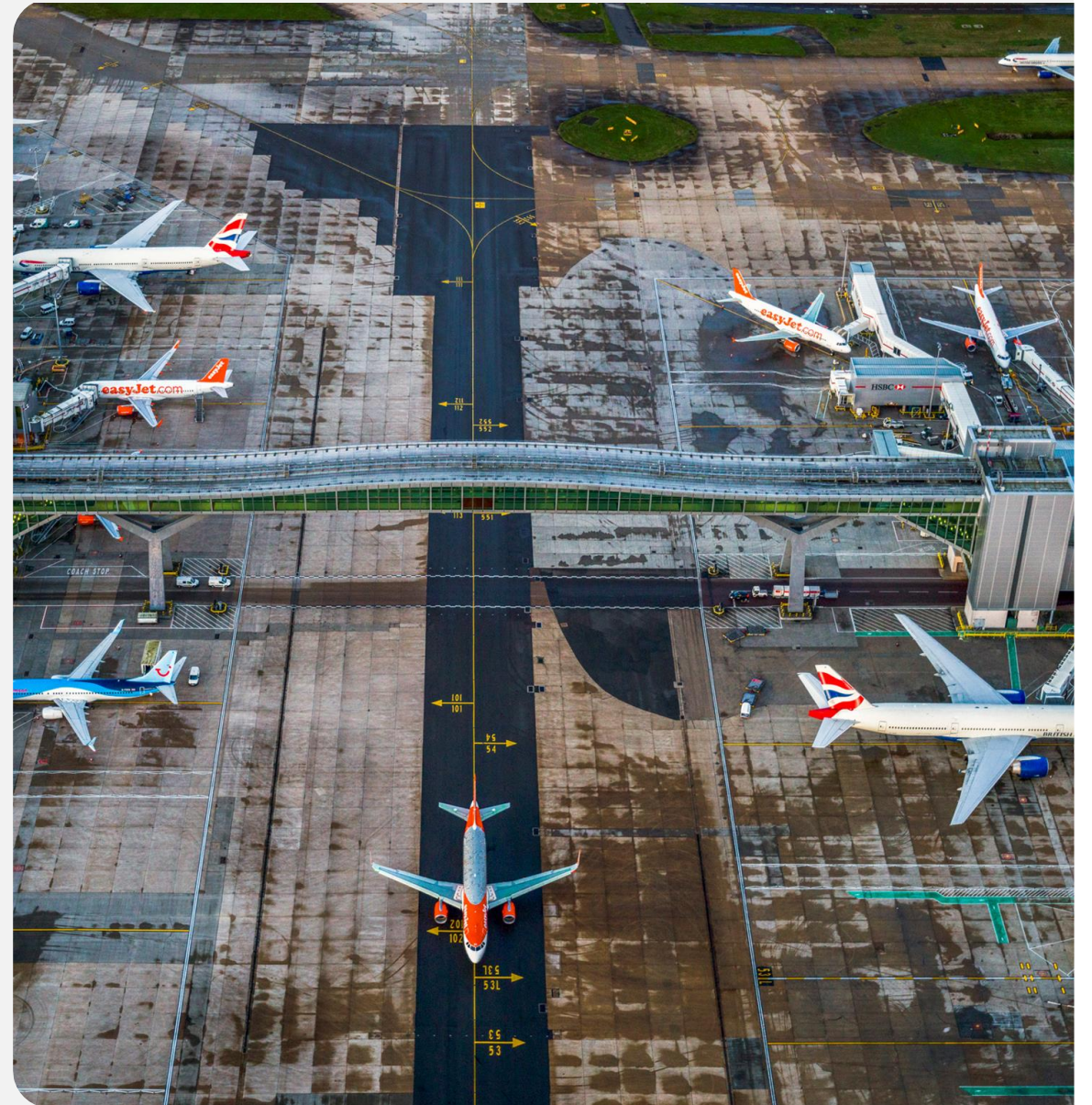
No party should allow its carriers to:

- abuse market power in a way which is likely to severely weaken a competitor or exclude a competitor from a route, or
- enter into arrangements with any other carriers which could prevent, restrict or distort competition



State Ownership

- State ownership of a carrier should not be a problem per se. However,
- public subsidy or support should not provide a carrier with an unfair competitive advantage



State intervention to maintain key services

- In certain territories, or for certain routes, market forces alone might not be enough to deliver connectivity.
- Sometimes, under controlled/prescribed circumstances, State intervention may be necessary.



Commercial freedom and non-discrimination

- Carriers should be free to determine such matters as the frequency and capacity of the services they provide, and their tariffs.
- Carriers should be treated equally, regardless of nationality.



More reassurances, for example....

Transparency is necessary to demonstrate that the provisions of an agreement are being complied with



Carriers should be free to remit locally-earned funds without restrictions



Non-compliance

- Carriers should be properly regulated and comply with internationally agreed standards.
- Being held to account against relatively lenient standards (or not being held to account effectively) could give an unfair competitive advantage.



Dispute resolution

- Non-compliance with the terms of agreements can undermine the fair and equal opportunity to compete.
- Consequently, agreements should include effective dispute resolution mechanisms.

