



Jamaica's experience with Air Transport Liberalization

Jamaica has always taken a pragmatic approach to the liberalization of Air Transport Services.



Advantages

- 🚲 Increase in international air transport opportunities for airlines.
- 🚲 Promotes fair competition based on fair trade and commercial considerations in the market place
- 🚲 Allows airlines to offer a variety of services to the public at the lowest price



Issues to be considered

Disparities in :

- 🚲 Size of countries
- 🚲 Level of economic development
- 🚲 Technology and financial resources
- 🚲 Size of airlines

Air Transport Agreement

- ✈ Countries must be selective in “opening up”:-
- ✈ Full liberalization is best suited for large markets.
- ✈ Limited market & thin routes are not candidates for liberalization.

Jamaica's Air Transport Agreements

🚲 Bilaterals under the traditional approach-
eleven European countries including:

🚲 Germany

🚲 Russia

🚲 Belgium

🚲 Sweden

🚲 The Netherlands

🚲 Scandinavian Countries

Air Transport Agreements Cont'd

- More recently, multilateral agreements have been concluded with Caricom states and the Association of Caribbean States.
- There have been consultations with Canada & the UK regarding liberalizing of specific areas of their agreements.

Consultation between Jamaica and the UK - 2001

- ✈ Expansion of Jamaica's operation to points in the UK- with the exception of Heathrow and Gatwick
- ✈ Increase in the number of fifth freedom rights beyond the UK
- ✈ Introduction of liberal code-share rights

New European Union Regulation

- 🚲 The EU Court of Justice has ruled that the nationality clause of substantial ownership and control violates the rights of establishment rules of the community.
- 🚲 Are there implications for Jamaica ?

Jamaica- USA Experience

🚲 Liberalization since 1979

🚲 **Motivating factors:-**

🚲 the proximity to Jamaica

🚲 the potential of an extensive market

🚲 a large market able to support competition

Benefits of the Jamaica - USA experience

AIR JAMAICA GATEWAYS - USA 1979 - 2003

<u>YEARS</u>	<u>Gateways</u>
Up to Apr, 1979	MIA, NYC, PHL, CHI(1)
1979 – 1981	MIA, NYC, PHL, CHI, HOU(2)
1982	MIA, NYC, PHL, CHI, BWI
1983	MIA, NYC, PHL, BWI, ATL
1984	MIA, NYC, PHL, BWI, ATL, LAX(3)
1985 – 1988	MIA, NYC, PHL, BWI, ATL, LAX, TPA(4)
1989	MIA, NYC, PHL, BWI, ATL, LAX, TPA, SFO(5)
1990	MIA, NYC, PHL, BWI, ATL, LAX
1991	MIA, NYC, PHL, BWI, ATL

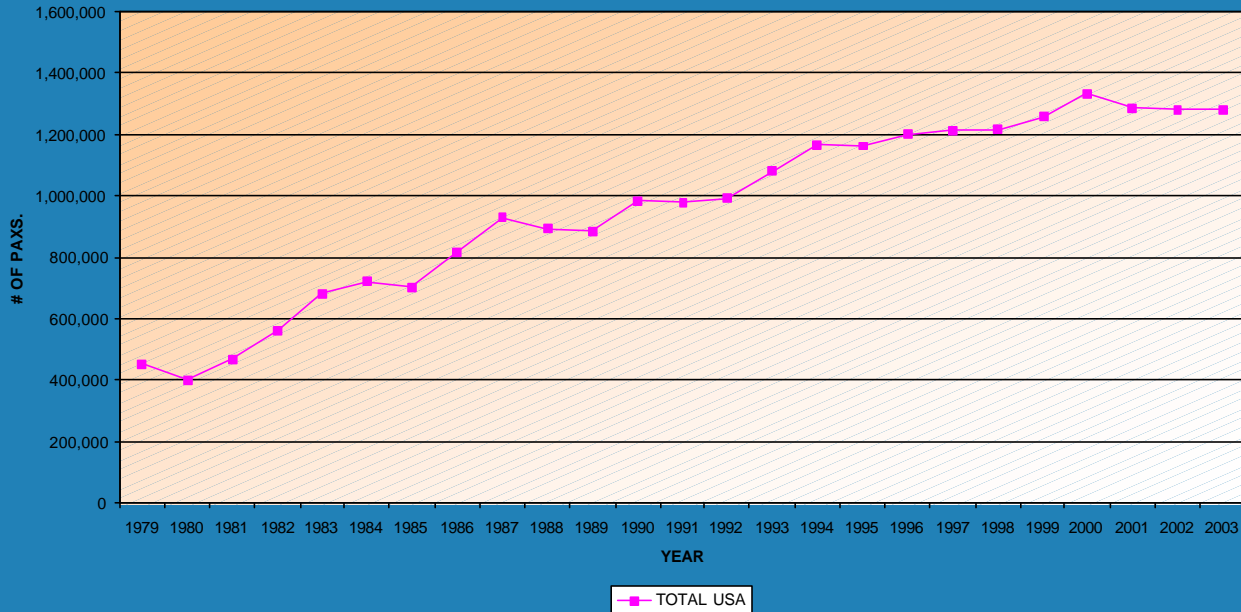


Air Jamaica Gateways cont'd

1992 – 1994	MIA, NYC, PHL, BWI, ATL, MCO
1995	MIA, NYC, PHL, BWI, ATL, MCO, FLL
1996 – 1999	MIA, NYC, PHL, BWI, ATL, MCO, FLL, CHI, LAX
2000	MIA, NYC, PHL, BWI, ATL, MCO, FLL, CHI, LAX, PHX(6)
2001	MIA, NYC, PHL, BWI, ATL, MCO, FLL, CHI, LAX, PHX, BOS, HOU
2002 to date	MIA, NYC, PHL, BWI, ATL, MCO, FLL, CHI, LAX, BOS, HOU

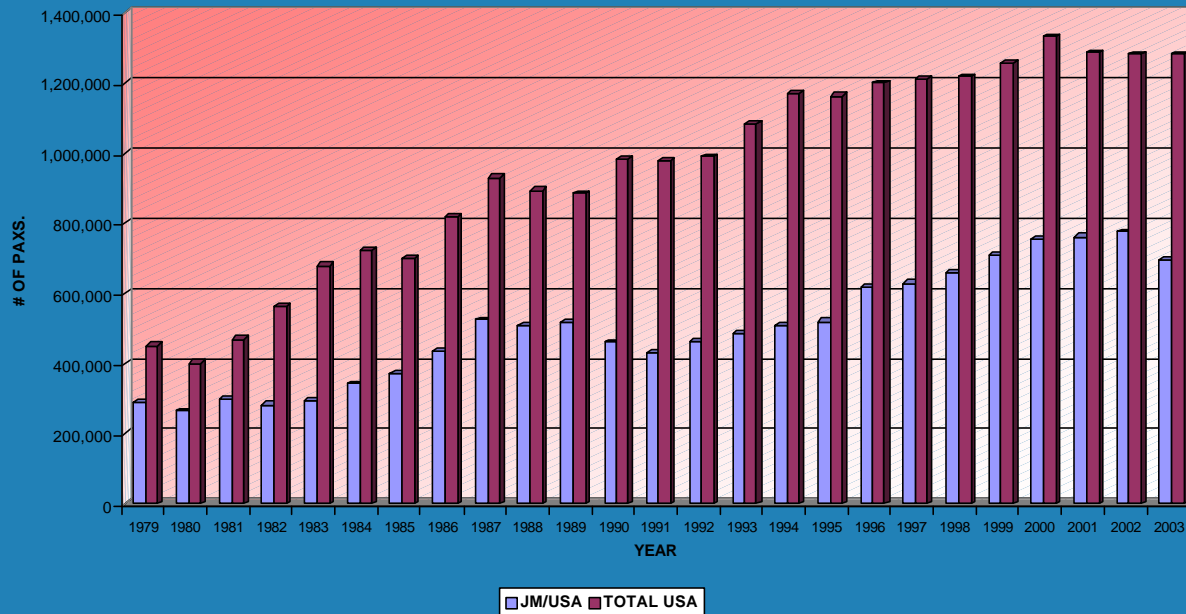
Passenger Arrivals – US Market

PASSENGER ARRIVALS - US MARKET
1979-2003



Passenger Arrivals – Cont'd

PASSENGER ARRIVALS - US MARKET
1979-2003



Open Skies Agreement of 2002

- ⚓ Some the provisions of this new agreement are essentially similar to that of 1979.
- ⚓ Multiple designation
- ⚓ Fair competition
- ⚓ Commercial opportunities
- ⚓ Pricing



Open Skies Agreement 2002

New Provisions

- ✈ Extended market access
- ✈ liberalize air cargo operations
- ✈ broad code-sharing opportunities

Are there any concerns regarding this liberalized regime?

- 🚲 New development whereby US airlines operating to Jamaica are code-sharing between themselves thereby strengthening their market position relative to any single code share arrangement.

Conclusion

- 🚲 Jamaica supports the principle of liberalization on the basis that:-
- 🚲 there is sustained participation for its airlines
- 🚲 it facilitates fair and not free competition
- 🚲 its airlines will not be marginalized.



Conclusion

Air transport is a strategic sector of the Jamaican economy and must remain sustainable