



DIRECTORS GENERAL OF CIVIL AVIATION-MIDDLE EAST REGION FIFTH MEETING (DGCA-MID/5)

(Kuwait, 4-6 November 2019)

Agenda Item 8: Economic Development of Air Transport

SMARTER REGULATION

(Presented by International Air Transport Association)

SUMMARY

Recognizing the value of aviation to the wider economy and society, ICAO's strategic objectives include the economic development of air transport. Regulations inconsistent with these policies act as a hindrance on aviation's ability to serve as a catalyst for economic and social development and a key contributor to the achievement of the UN's Sustainable Development Goals (SDG).

The paper highlights the importance of collaboration to apply a good regulatory practices to Aviation in order to remove barriers to sustainable growth in the Middle East Region (MID).

1. INTRODUCTION

1.1 Aviation is a vital engine of the global economy. The industry flies a third of world trade by value. It transports over half of international tourists. Aviation is also a connector of nations, families and businesses. It is a direct link between the rapidly developing economies of the Middle East Region (MID).

1.2 Today, aviation supports 65.5 million jobs and US\$2.7 trillion in global GDP. Over the course of the next 20 years, these figures are expected to rise significantly, to a total of 97.8 million jobs and US\$5.7 trillion in GDP.

1.3 However, there is also a risk of falling short. A proliferation of regulations and policies inconsistent with international policy guidance, or which are simply detrimental to the growth and sustainability of the aviation sector, creates additional difficulties for aviation to deliver on its promise.

1.4 One way of helping aviation deliver on its potential is by applying a ‘smarter regulation’ approach to the sector. Smart regulation delivers clearly defined, measurable policy objectives in the least burdensome way. It is achieved through a transparent, objective, and consultative process. A national or regional policy framework consistent with ICAO policy guidance, and with globally accepted smarter regulation principles, can contribute to unlocking the full value of aviation.

2. DISCUSSION

2.1 A number of governments and international organizations around the world have adopted “smarter” or “better” regulation initiatives in order to improve regulatory practice and support economic growth. Examples include:

- a) the Council of Australian Governments’ best practice regulation guide, adopted in 2007;
- b) the OECD Council’s Recommendation on Regulatory Policy and Governance, adopted in 2012;
- c) Canada’s Red Tape Reduction Initiative, which began in 2012;
- d) Malaysia’s Best Practice Regulation Handbook, adopted in 2013; and
- e) the European Commission’s Better Regulation Initiative announced in 2015.

2.2 Following the lead of governments in this area, IATA adopted its own smarter regulation methodology in 2014. The set of principles seeks to capture the common themes among the various government or international organization programs worldwide. It includes policy design and development principles and is available in Appendix 1. Key examples include:

- a) consistency and coherence – regulations should be consistent with existing (and planned) rules and practices, so that there are no overlaps and contradictions (nationally or internationally);
- b) there should be an assessment of the regulation impacts;
- c) the drafting of the regulation should involve those who are potentially affected; and
- d) the decision-making process should be transparent and objective.

2.3 These principles were subsequently adopted by ICAO as Good Regulatory Practices at its 39th Assembly in 2016.

APPENDIX A

IATA'S SMARTER REGULATION METHODOLOGY

DEFINITION STATEMENT

Smart regulation delivers clearly defined, measurable policy objectives in the least burdensome way. It is achieved through a transparent, objective, and consultative process.

POLICY DESIGN PRINCIPLES

- Consistency and coherence – Regulations should be consistent with existing (and planned) rules and practices that are applicable to regulated activities so that there are no overlaps and contradictions (nationally or internationally). They should also be predictable and applied with clear oversight responsibility and without discrimination against those being regulated.
- Proportionality – Regulations should be used only when their necessity is demonstrated and should be proportionate to the problems identified so that the costs of compliance are minimized by pursuing the most cost-effective solution.
- Targeted at risk – Regulations should have specific and well-defined objectives that respond directly to the problems identified. Whenever appropriate, flexibility should be given to those being regulated to meet defined objectives.
- Fair and non-distortive – Regulations should be applied fairly and not create discriminatory burdens on any group/s in particular.
- Clarity and certainty – Audiences subject to regulatory compliance need to clearly know the regulations that will apply, what is expected of them, and have sufficient time to be able to comply with new requirements.

PROCESS PRINCIPLES

- The objective of the regulation should be identified based on sound evidence and available alternatives must be considered to select the most appropriate solution.
- There should be an assessment of the impacts from the regulation.
- The drafting of the regulation should involve those who are potentially affected; the decision-making process should be transparent and objective.
- The process of developing the regulation should focus on reducing the compliance burden and allow for regular and systematic review (and subsequent modification, if needed) to ensure that the regulation is still appropriate.
- There should be clear procedures to respond to adjudications and appeals and to revise the regulation if necessary.

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