

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

Montreal, 24 to 29 March 2003

- Agenda Item 2: Examination of key regulatory issues in liberalization**
Agenda Item 4: Consideration of global framework for ongoing liberalization
4.1: Mechanisms to facilitate further liberalization

**REVISION OF THE MANUAL ON THE REGULATION OF
INTERNATIONAL AIR TRANSPORT (DOC 9626)**

(Presented by the Secretariat)

SUMMARY

This paper provides information on the revision of Doc 9626, *Manual on the Regulation of International Air Transport*, and further work before its publication.

1. INTRODUCTION

1.1 A basic reference document for the Conference is the *Manual on the Regulation of International Air Transport* (Doc 9626), which contains descriptive and analytical material on existing regulatory process and structure at the national, bilateral and multilateral levels, as well as regulatory content and key issues. A preliminary updated version of the Manual (Second Edition) has been prepared for the Conference and will be distributed separately, one copy per Delegation. This paper provides information on the major revisions introduced to the Manual and further work before its publication.

2. MAJOR REVISIONS

2.1 The First Edition of the Manual was published in 1996. Since its publication, the Manual has been widely used and considered as a comprehensive and objective source of information about the many facets of international air transport regulation, and a useful tool for understanding the various regulatory approaches in dealing with air transport matters. As economic liberalization and globalization evolves, many changes have taken place in both the air transport industry and its regulation. In addition to new trends in airline commercial arrangements, business models and practices (for example, see ATConf/5-WP/20), the past decade has also seen new regulatory approaches and arrangements, some in response to the new issues

brought about by the industry changes. In view of these developments and the need to keep current this primary reference material, the Secretariat has undertaken a revision of the Manual.

2.2 The revised Manual has retained its basic structure. Major changes include: an expanded Chapter 2.3 – Key issues in bilateral regulatory process and structure, to cover some additional issues such as effects of competition laws, State aids and transnational ownership of air carriers; an updated Part 3 - Multilateral regulation, to reflect recent developments such as new regional and plurilateral agreements and arrangements, the General Agreement on Trade in Services (GATS) and structural changes in International Air Transport Association (IATA); and a revised Chapter 4.7 on Airline commercial and related activities, to include additional topics such as aircraft leasing, electronic commerce, alliances and codesharing. Two new chapters have also been added to Part 4 – Regulatory content, namely, Chapter 4.8 on Air passengers (discussing such topics as passenger rights, unruly passengers and improperly documented passengers) and Chapter 4.9 on Airports (examining slot allocation, privatization and commercialization of airports). A provisional Table of Contents of the revised Manual is attached.

2.3 The updated and expanded second edition will continue to provide three valuable and user-friendly tools to its users: an encyclopaedia; a textbook for training and education; and a comprehensive dictionary of air transport terminology and names. The Manual will continue to complement and supplement Doc 9587, *Policy and Guidance Material on the Economic Regulation of International Air Transport*, a compendium of conclusions, decisions and guidance by ICAO which is also a basic reference document for the Conference. The Manual will also be suitably cross-referenced to the Template Air Services Agreement (ATConf/5-WP/17), which will be published and made available separately from this document.

3. FURTHER WORK

3.1 The provisional revised Manual distributed at the Conference will contain the text of the first four parts of the Manual which have substantive content material. It will be in English only as translation of this voluminous document into all ICAO languages was not possible because priority was given to the production of working papers for the Conference. For languages other than English, the First Edition continues to be valid as a reference document for the Conference.

3.2 As many of the topics covered by the Manual are also being examined by the Conference, the revision of the Manual will be finalized after the Conference in order that the discussions and outcomes are taken into account. The Secretariat, therefore, welcomes comments from delegates to the Conference on the revised Manual during and immediately after the Conference. Comments, if any, should be sent to the Economic Policy Section before 25 April 2003 (E-mail: ecp@icao.int or Fax: +1-514-954 6744). Any comments received will be taken into account in the finalized version.

4. ACTION BY THE CONFERENCE

4.1 The Conference is invited to:

- a) note the information provided in paragraphs 2 and 3, regarding the revision of the *Manual on the Regulation of International Air Transport* (Doc 9626); and
- b) note that comments on the revised Manual may be submitted to the Secretariat as indicated in paragraph 3.2.

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ATTACHMENT

PROVISIONAL TABLE OF CONTENTS OF THE SECOND EDITION OF DOC 9626, MANUAL ON THE REGULATION OF INTERNATIONAL AIR TRANSPORT

Part 1 – NATIONAL REGULATION

1.0 Introduction to National Regulation

1.1 Process of National Regulation

- The Legislative Component
- The Licensing Component
- The Ad hoc Authorization Component
- Comity and Reciprocity

1.2 Structure of National Regulation

- The Organizational Component
- The Legal Component

1.3 Key Issues of National Regulatory Process and Structure

- The Relationship Between Air Transport Regulators and Interested Parties
- The Optimum Location of the International Air Transport Regulatory Function

Part 2 – BILATERAL REGULATION

2.0 Introduction to Bilateral Regulation

- Evolution of Bilateral Regulation of International Air Services

2.1 Process of Bilateral Regulation

- Initiation of and Preparation for a Formal Bilateral Consultation
- Consultations and Negotiations: Types of Meetings and Documents
- Consultations and Negotiations: Strategic and Tactical Considerations
- Conclusion, Implementation, Management, Dispute Resolution, Amendment and (Exceptionally) Termination of an Agreement

2.2 Structure of Bilateral Regulation

- Basic Document Types
- Typical Provisions of Bilateral Air Transport (Services) Agreements
- Types of Bilateral Agreements on Subjects Closely Related to Air Transport

2.3 Key Issues of Bilateral Regulatory Process and Structure

- Balancing Benefits in a Liberalizing Environment
- Shortcomings of Bilateral Regulatory Structure
- Bilateral Relations Involving Groups of States
- Competition Law Effects
- State Aids/Subsidies
- Transnational Ownership of Air Carriers

2.4 Types of International Air Services Negotiations

Part 3 – MULTILATERAL REGULATION

3.0 Introduction to Multilateral Regulation

- A Brief History of the Multilateral Regulation of International Air Transport

3.1 Process of Multilateral Regulation

- Formal Multilateral Meetings
- Process within Formal International Organizations
- The Multilateral Treaty Process

3.2 Structure of Multilateral Regulation

- Basic Elements of the Organizational Component
- Basic Terminology of the Legal Component
- The Chicago Conference Documents
- The Warsaw System and the Montreal Convention of 1999
- Other Air Law Instruments
- Regional Multilateral Agreements

3.3 Key Issues of Multilateral Regulatory Process and Structure

- Why the Multilateral Approach?
- Possible Processes in the Quest for a New Multilateralism
- The Likely Generic Structural Elements of a New Multilateral Air Transport Agreement
- The General Agreement on Trade in Services (GATS) and its Air Transport Annex

3.4 International Civil Aviation Organization (ICAO)

- Policy Development Bodies
- Air Transport in the Secretariat
- ICAO Policy, Guidance and Information

3.5 World-wide Intergovernmental Organizations

- Organs of the United Nations
- Specialized Agencies of the United Nations
- Other World-wide Intergovernmental Organizations

3.6 Regional Intergovernmental Civil Aviation Organizations

- Africa
- Europe
- Latin America and the Caribbean
- Middle East

3.7 Regional and Trans-regional Intergovernmental Organizations and Trade Areas

- Regional Intergovernmental Organizations
- Formal Trans-regional Groups
- Informal Trans-regional Groups

3.8 International Air Transport Association (IATA)

- Main Components of the IATA Organizational Structure
- The IATA Traffic Conference Structure
- Tariff Coordination Process
- Trade Association Activities

3.9 Non-governmental Organizations

- Air Carrier Organizations
- Other Aviation Organizations
- Other Organizations Interested in Air Transport

Part 4 – REGULATORY CONTENT

4.0 Introduction to Regulatory Content

4.1 Basic Market Access

- Route Rights
- Operational Rights
- Traffic Rights
- Market Access as Affected by the So-called "Sixth Freedom"

4.2 Air Carrier Tariffs

- Definition of Tariff
- Types and Characteristics of Tariffs
- Methods for Regulating Tariffs
- Key Tariff Issues

4.3 Air Carrier Capacity

- Capacity Regulation by Governments
- Capacity as Viewed by Air Carriers

4.4 Air Carrier Ownership

- Discretionary Criteria
- Reasons for the Ownership and Control Criteria
- Use of the Criteria
- Foreign Investment in Air Carriers

4.5 Air Cargo

- Distinct Features of Air Cargo
- Regulation of Air Cargo

4.6 Non-scheduled Air Services

- Characteristics of Non-scheduled Air Services
- Kinds of International Non-scheduled Air Services
- Regulation of Non-scheduled Air Services

4.7 Airline Commercial Activities

- Currency Conversion and Remittance of Earnings
- Employment of Non-national Personnel
- Sale and Marketing of International Air Transport
- Airline Product Distribution and Electronic Commerce
- Aircraft Leasing
- Airline Alliances and Codesharing

4.8 Air Passengers

- Passenger Rights
- Unruly or Disruptive Passengers
- Improperly Documented Passengers

4.9 Airport Related Matters

- Ground Handling
- Slot Allocation
- Privatization of Airports

Part 5 – GENERAL TERMINOLOGY

5.0 Introduction to General Terminology

5.1 Air Carriers

5.2 Aircraft

5.3 Air Services

5.4 Airports

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1. Model Bilateral Aviation Security Clause
2. Formats for Passenger Tariff Filings
3. IATA Currency Conversion System
4. Pro-rating
5. Guidance Material for Users of Air Transport

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