

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

**Montreal, 24 to 29 March 2003**

**DRAFT REPORT ON AGENDA ITEM 1.2**

---

## **Agenda Item 1.2: Safety and security aspects of liberalization**

### **1.2.1 Documentation**

**Secretariat (WP/6)** discussed the implications of economic liberalization for aviation safety and security, and examined specific issues and policy options, with emphasis on the paramount importance of safety and security regulation.

**United States (WP/96)** noted some recent improvement in safety but also a danger that political developments and changes in economic regulatory arrangements may blur the responsibilities for safety oversight activity unless the responsibility and lines of authority for safety and security oversight remain clear.

**53 African States (WP/76)** made an in-depth analysis of the implications of liberalization for aviation safety and security in terms of promoting liberalization, on ensuring safety and guaranteeing security, and urged assistance for developing States in addressing the needs of safety and security.

**European Civil Aviation Conference (ECAC), European Union (EU) (WP/68 - information paper)** identified some key issues requiring to be addressed when discussing safety aspects of liberalization and particularly those with regard to the ownership and control of airlines.

### **1.2.2 Discussion**

1.2.2.1 There was widespread support for safety and security to be paramount, regardless of the type of economic regulation employed, and a need to ensure that liberalization did not compromise safety and security. Furthermore, public confidence in international air transport was essential. In respect of aviation security the maintenance of such confidence required vigilance and measures by States and industry to address new forms of security threat.

1.2.2.2 It was felt that liberalization efforts could be de-railed where there were insufficient resources for States to meet their safety and security responsibilities; consequently there was a need for cooperation and financial assistance in this area. International financial institutions, and ICAO itself, recognized this need and were actively providing assistance.

1.2.2.3 Concerns were expressed that some types of liberalization could lead to flags of convenience and efforts to enhance safety and security through, for example, the use of agreements under Article 83 *bis* of the Chicago Convention on the Lease, charter and interchange of aircraft must take this into account.

1.2.2.4 A safety and security system based on the single State concept is becoming increasingly complex given regional liberalization and the global organization of the world economy. While the ultimate responsibility for safety and security lies with the State, regional agreements for safety oversight have proven effective.

1.2.2.5 It was suggested that ICAO should undertake study aiming at specifying which State(s), or even the designated regulatory authority best suited to exercise these responsibilities; and eventually to recommend amendments to the existing ICAO regulatory arrangements on this matter.

### 1.2.3 Conclusions

1.2.3.1 From the documentation and ensuing discussion under Agenda Item 1.2, the Conference concluded:

- a) Economic liberalization has implications for safety and security regulation, which need to be properly addressed at the national, bilateral, regional and global levels, as appropriate, in order to ensure continued safe, secure and orderly development of civil aviation.
- b) The Chicago Convention imposes responsibility on Contracting States for compliance with standards and practices related to safety and security. Irrespective of any change in economic regulation, safety and security must remain of paramount importance in the operation and development of air transport. In a liberalized economic environment, safety and security regulation must not only be maintained but should also be strengthened. Measures to ensure compliance with applicable safety and security standards and enhance regulatory oversight should form an integral part of the safeguards for liberalization.
- c) When introducing economic liberalization, States should ensure that safety and security not be compromised by commercial considerations, and that clear lines of responsibility and accountability for safety and security be established for the parties involved in any liberalized arrangements. Regardless of the form of economic regulatory arrangements, there should be a clear point of contact for the safety and security oversight responsibility in a clearly identified ICAO Contracting State or other regulatory authority designated by that State for any given aircraft operation.
- d) ICAO should continue to play a leading role in developing global strategies for the regulation and oversight of aviation safety and security, both definitively and in the context of facilitating economic regulatory reform. The changing regulatory and operating environment in international air transport calls for the development of new regulatory devices capable of adapting to the changes and addressing related concerns. Pending such new regulatory arrangements, measures must be taken in the interim to ensure that the existing safety and security regulatory system continues to function effectively. Meeting this challenge requires seamless international cooperation and concerted efforts from all Contracting States, regional aviation bodies, the industry and all other stakeholders in civil aviation.
- e) Bearing in mind the limited human and financial resources available in many developing countries required to ensure safety and security when liberalizing, all avenues, including contributions to the ICAO aviation security mechanism, the ICAO technical cooperation programme and the International Financial Facility for Aviation Safety (IFFAS), should be utilized to assist these States to improve safety and security oversight and rectify deficiencies identified by the ICAO safety and security audits.

- f) ICAO should study the need to ensure consistency and precision in the definition of the State or States responsible for safety and security oversight used for operational, liability, economic regulation and related purposes.

— END —