

Air Transport Symposium for  
African States

Abuja, Nigeria, 28-30 April 2008

**An Overview of  
global situation in  
air transport liberalization**

Yuanzheng WANG  
ATB, ICAO

## Presentation to cover:

- Trends and developments
- Issues and challenges
- Role of ICAO

# Principal regulatory developments

- Liberalization
- Regionalism
- World Trade Organization

# Liberalization - a global trend

- National aviation policy
  - **More States embracing liberalization**
- Bilateral open skies agreements
  - **total 142 (91 States) by Feb. 2008**  
*US = 78; Others = 64*
- Regional liberalization arrangements
  - **11 now in operation across all regions,**  
**several more to come**

# European Single Aviation Market

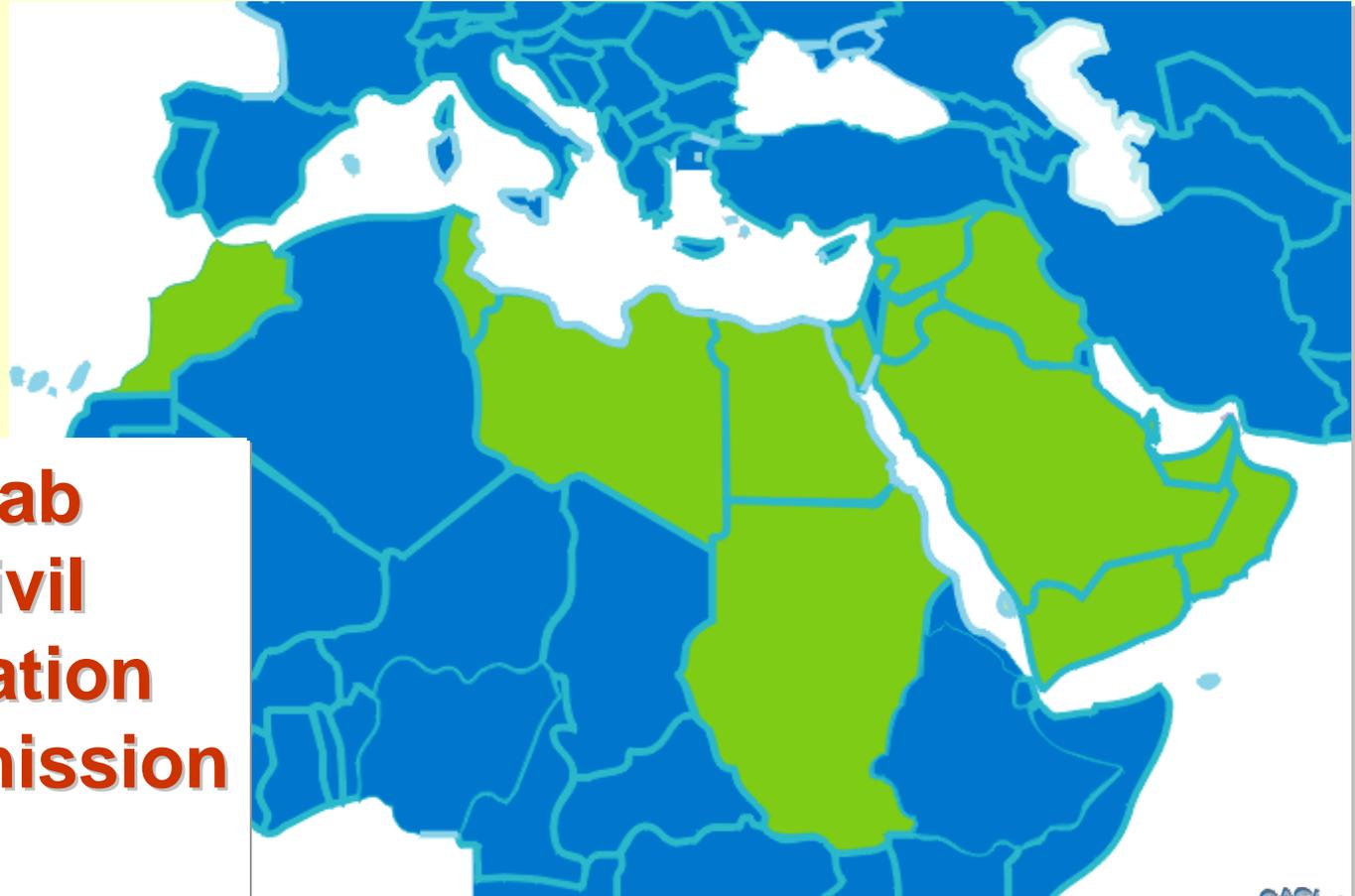
(27 + 3  
States)



# Middle East

**Arab  
Civil  
Aviation  
Commission**

**(16 States)**

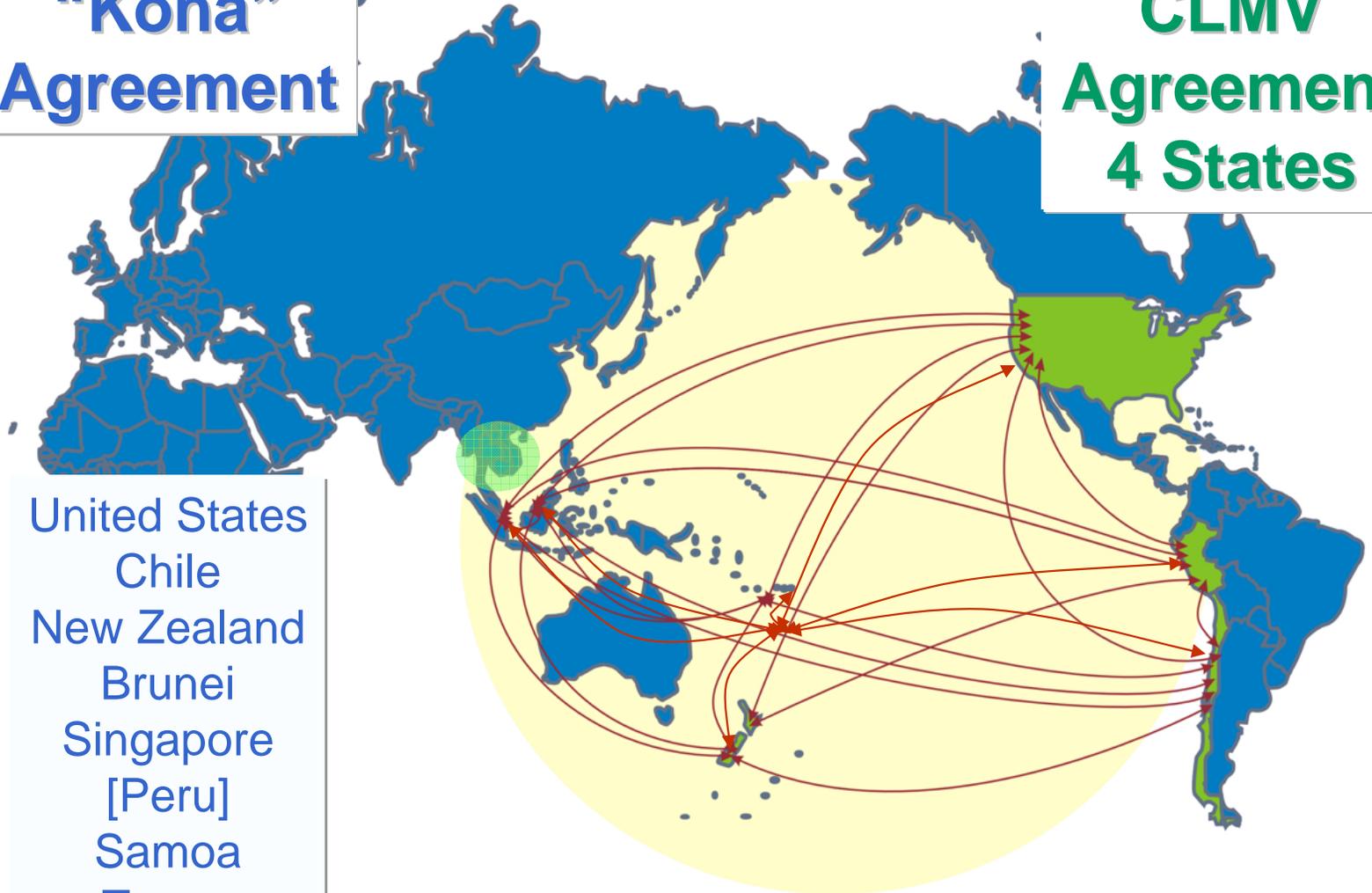


# Asia/Pacific

**“Kona”  
Agreement**

**CLMV  
Agreement  
4 States**

United States  
Chile  
New Zealand  
Brunei  
Singapore  
[Peru]  
Samoa  
Tonga



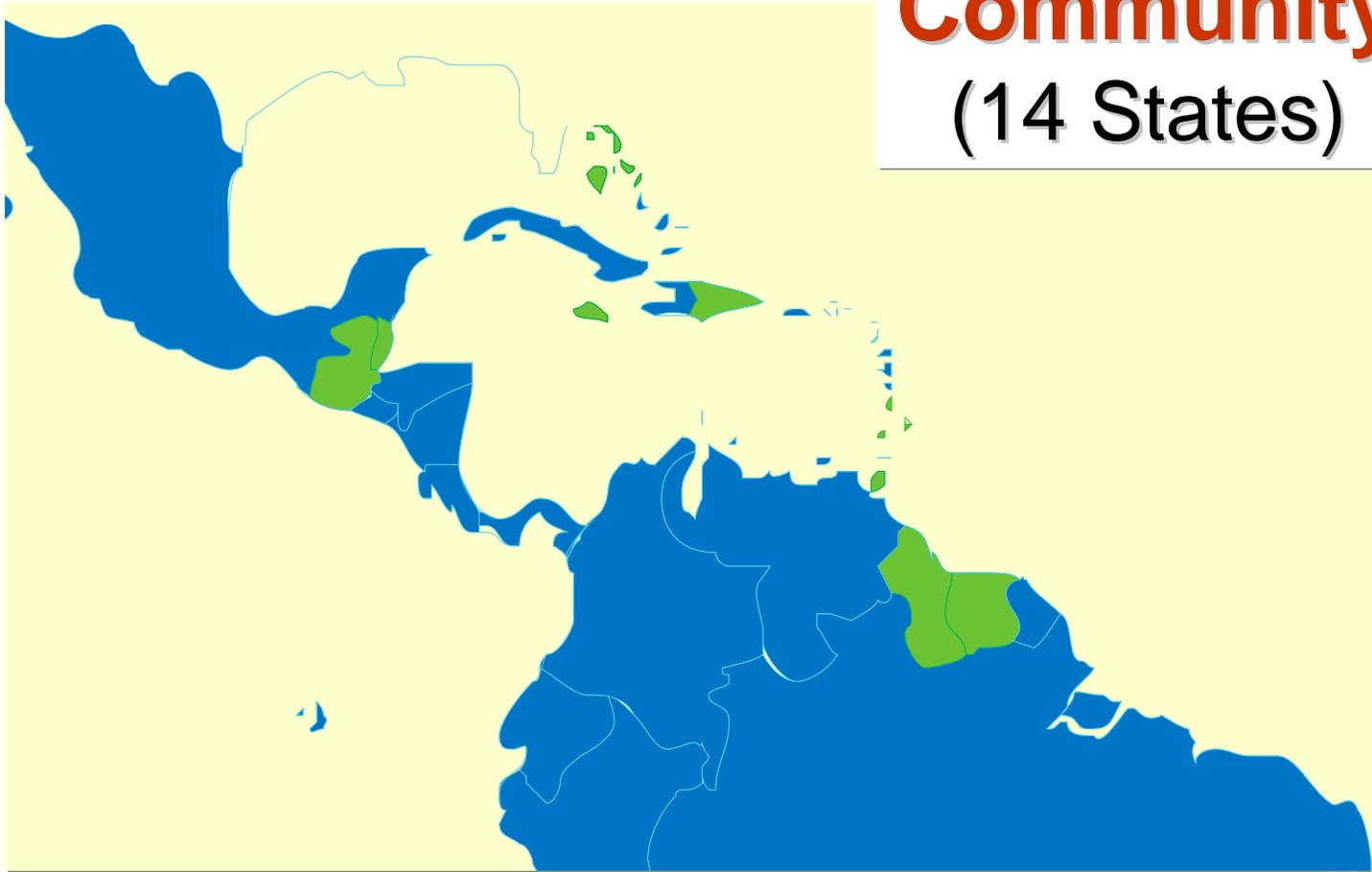
# Latin America

**Andean  
Pact**  
(5 States)

**Fortaleza  
Agreement**  
(6 States)



# Caribbean Community (14 States)

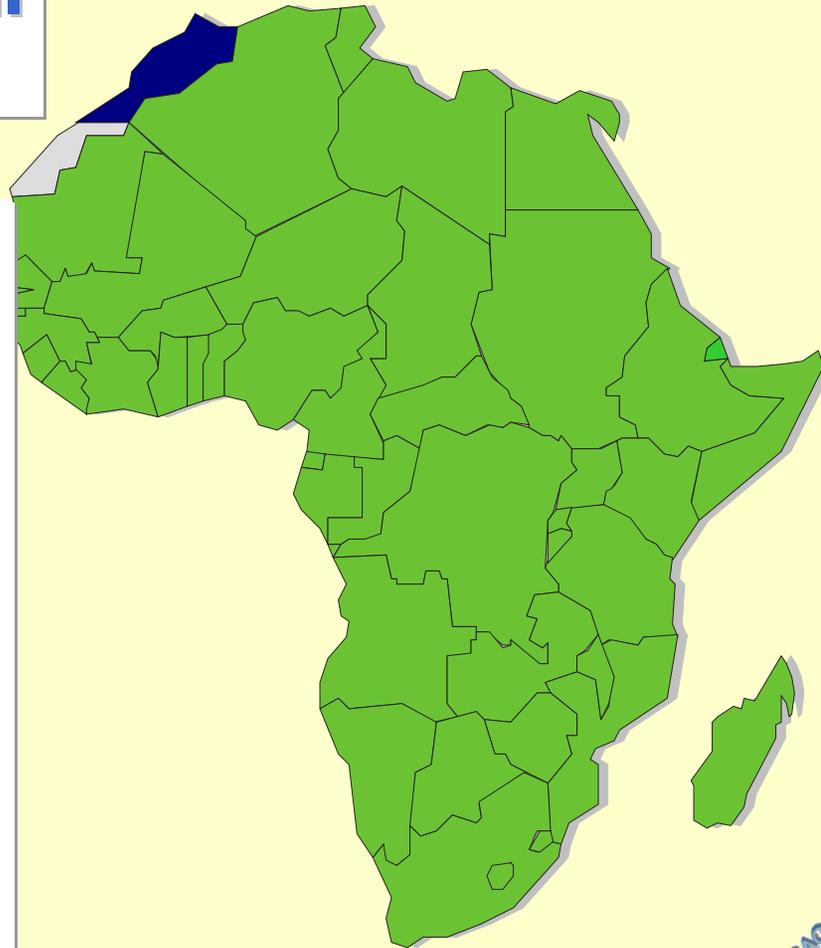


**Yamoussoukro II**  
(53 States)

**Banjul Accord**  
(6 States)

**Central African  
Economic Union**  
(6 States)

**COMESA**  
(20 States)



# Major Industry developments

- Globalization: airline alliances
- Consolidation: mergers/acquisitions
- New business models: LCCs
- E-Commerce: CRS, E-ticketing
- Environment and rising Fuel cost

**Driving regulatory change**

# Challenges

- Trade in service (GATS AT Annex review)
- Bloc negotiations
- Safety and security
- Ownership and control
- Participation and fair competition
- Consumer interests
- Taxation

# Bloc negotiations

## The EU experience

- Negotiating with the U.S. (**1<sup>st</sup> stage agreement entered into force in March 2008**)
- Mandates to negotiate with Canada, Australia, China, India, Russia, etc.
- Negotiating Horizontal agreements

# Implications of bloc negotiations

- Inclusive or bloc fortress?
- How to achieve balance of benefits?
- How to manage negotiated rights?
- Impetus for global liberalization?

# Liberalized Ownership and Control

## To become a normal industry?

- How to maintain the link? (safety, economic implication)
- How to handle cross-border mergers? (Air France / KLM)

**Shaking the basis of bilateral system**

# Role of ICAO

AT Conf/5 : new focus

**“Facilitate, Promote and Assist  
States in the liberalization process”**

# Objectives of Liberalization

- “Creating an environment in which international air transport may develop and flourish in a stable, efficient and economical manner without compromising safety and security”  
*(ATConf/5 Declaration)*
- **Ensuring participation of all States in the international air transport system**
- Broader benefits for national development and the world economy

**A process not an end**

# Facilitating Liberalization

- Template Air Service Agreements (TASAs)
- Databases on economic regulation
  - Case studies on liberalization experience
  - State Policies on ownership and control

[www.icao.int](http://www.icao.int) → site index



## Conclusions

- Liberalization, a global trend
- Opportunities and challenges
- ICAO to facilitate

