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(NACC/DCA/10)**

Martinique, France, 21 to 23 June 2022

Agenda Item 7: Air Transport Matters

**THE MULTILATERAL AIR SERVICES AGREEMENT (MASA) REPORT OF THE
CARIBBEAN COMMUNITY (CARICOM) SECRETARIAT**

(Presented by CARICOM)

EXECUTIVE SUMMARY

This information paper presents the Report of the Caribbean Community (CARICOM) Secretariat on the Multilateral Air Services Agreement (MASA) for the information of the Tenth North American, Central American and Caribbean Directors of Civil Aviation Meeting (NACC/DCA/10).

<i>Strategic Objectives:</i>	<ul style="list-style-type: none">• Economic Development of Air Transport
<i>References:</i>	<ul style="list-style-type: none">• Report of the Caribbean Community (CARICOM) Secretariat on the Multilateral Air Services Agreement (MASA)



THE MULTILATERAL AIR SERVICES AGREEMENT (MASA)



REPORT OF THE CARIBBEAN COMMUNITY (CARICOM) SECRETARIAT

TO

**THE TENTH NORTH AMERICAN, CENTRAL AMERICAN
AND CARIBBEAN DIRECTORS OF CIVIL AVIATION
MEETING (NACC/DCA/10) FORT-DE-FRANCE,
MARTINIQUE, 21-23 JUNE 2022**

INTRODUCTION

The COVID-19 virus, which spreads quickly and silently through the Caribbean Community (CARICOM), has caused regional governments to avoid social and economic activities, thereby, severely impacting employment, personal incomes, availability of services, and importantly, the sustainability of the transport sector. While there is still considerable uncertainty around the path of the coronavirus pandemic the outlook for the Transportation sector, both globally and regionally, in 2022, is positive. The contributing factors behind this positive outlook are –

- the availability of vaccines;
- the re-opening of economies and lifting of restrictions thereby increasing business activities;
- the signs of strong recovery in the tourism industry and business travel; and
- relaxation of travel rules.

Forever cognizant that efficient transport is critical for strengthening the Community's investment climate and enhancing economic growth, it is opined that the Community stands poised to take advantage of opportunities and developments, which are expected to be derived from the positive outlook for the transportation. To this end, as a community comprising fifteen (15) Member States with a combined population of approximately sixteen (16) million, one such opportunity and for which the time is ripe is the development of intra-regional transport to enable opportunities to shape a more sustainable, resilient, and human-centric regional transport sector.

This Report focuses on the progress made with respect to the **Multilateral Air Services Agreement (MASA)**.

STATUS OF THE CARICOM MULTILATERAL AIR SERVICES AGREEMENT (MASA)

The revised **CARICOM Multilateral Air Services Agreement (MASA)**, entered into force on 17 August 2020, in accordance with Article 32 of the Agreement. Effective 31 May 2022, the Agreement is in force among **eleven (11) Member States** and **eight (8) air carriers** of the Community and one (1) helicopter service designated, pursuant to Article 6(1) of the Agreement, as detailed in **Table 1** below.

	Member State	Date of Ratification	Designated Carriers & Date of Notification (As of 31 May 2022)
1.	Antigua and Barbuda	12 January 2021	• LIAT (1974) Limited Under Administration (12/1/21)
2.	Barbados	4 December 2018	None
3.	Belize	29 July 2019	Maya Island Air Limited and Tropic Air Limited (17/5/21)
4.	Dominica	17 August 2020	None
5.	Grenada	2 June 2021	None
6.	Guyana	24 July 2019	• Trans Guyana Airways (9/12/20)
7.	Saint Lucia	27 March 2020	
8.	St. Kitts and Nevis	25 September 2020	•
9.	St Vincent and the Grenadines	17 July 2020	• Mustique Airways Limited (9/11/20) • SVG Air (1990) Limited (9/11/20)
10.	Trinidad and Tobago	3 July 2019	• Caribbean Airlines Limited (CAL) (2/9/20) • National Helicopter Services (2/9/20)
11.	Jamaica	02 March 2022	None

TABLE 1 – Ratification/Ascension and Designation of Air Carriers by Member States

Further, the MASA is registered with the International Civil Aviation Organisation (ICAO), pursuant to Article 34 of the Agreement.

However, Member States have still to take action to give full effect to the MASA.

THE IMPORTANCE OF THE MASA TO THE CARIBBEAN COMMUNITY

In practice, the MASA provides the required regulatory framework within which a CARICOM air carrier, that is, an air carrier that is registered in a Member State – the majority of which shares are owned by one or more Member States and/or their nationals – can provide air transport services between the Member States that are parties to the Agreement. In addition, the MASA promotes multilateralism for air transport in CARICOM which, therefore, eliminates the need for separate bilateral air service agreements between individual Member States.

Drafting instructions for the preparation of a Model Implementation Bill to give effect to the MASA are at an advanced stage. The instructions propose to address, *inter alia*, the application of the operational principles of the Agreement, through the application mechanism. In addition, given the following benefits to be derived from the

operationalization of this Instrument, work has commenced on a public relations programme and engagement with all regional air carriers and aircraft operators for –

- increased services on low density routes thereby providing increased access to Member States, flexibility in routing and flight scheduling than that which currently obtains in the operations of the established carriers;
- development of regional air cargo operations thereby providing more options for exporters and importers;
- enabling development of low-cost, no-frills airlines and air transportation services; and
- technological development to enhance the delivery of air transport services through the creation of appropriate applications and programmes for code sharing, alliances, and passenger check-in services.

Mandates received from Community Councils and the Conference of Heads of Government included that CARICOM Member States:

- (i) consider opening up the 7th Freedom of the Air only for cargo services, with Third Countries, as the first stage of fostering the operationalisation of the CoIP;
- (ii) sign the MASA and strengthen their institutional capacity and domestic laws to deliver on the rights, benefits and obligations under the MASA;
- (iii) adopt specific International Civil Aviation Organization (ICAO) targets, at the Community level, to improve their safety standards; and
- (iv) remove ownership and control restrictions by amending as far as possible their domestic laws to allow CARICOM nationals majority ownership and control of domestic air carriers.

SUPPORT IN THE DEVELOPMENT OF INTRA-REGIONAL TRANSPORTATION

The MASA makes provision for Member States to designate an air carrier in accordance with Article 6, which once undertaken, will no doubt foster and enhance regional connectivity, with these designated carriers treating the Community as a single domestic space.

OUTSTANDING MATTERS OF THE MASA

The finalisation of the *Built-in Agenda under Article 26 – Undertaking* – of the MASA which has its genesis a mandate of an earlier Conference¹, at which it was agreed that the provisions for *Essential Air Services* and *Subsidies* be considered in a “Built-in Agenda”, is yet to be completed. Subsequent to the aforementioned mandate and following technical consideration, the Built-in Agenda – Article 26-Undertaking – has been expanded to include “*the conditions for a single security check for direct transit passengers on multi-stop intra-Community flights*”.

The following highlights progress made, to date, and action proposed towards completion/finalisation of this particular article of the MASA:

- *Essential Air Services* and *Subsidies* – Consensus to be reached on the protocols proposed.
- The finalisation of *the conditions for a single security check for direct transit passengers on multi-stop intra-Community flights*, item (iii) of Article 26, continues to be a work in progress with the assistance of the International Civil Aviation Organization (ICAO), through its North American, Central American and Caribbean (NACAC) Regional Office, who has agreed to provide the technical and financial support, in collaboration with CASSOS. To this end and over the past year, ICAO has embarked on a number of programmes and projects to assist those Member States and regulators not in compliance with global aviation safety and security standards to improve their standards of compliance and further contribute to the effective operationalization of the MASA.

A Meeting of the **CARICOM Technical Negotiation Team on Air Services** – the Technical Working Group approved by the Conference of Heads of Government, in July 2007, with responsibility for the revision and finalisation of the CARICOM MASA – is being proposed for **18 July 2022**. This Meeting has, *inter alia*, the following as its objectives:

- (i) Finalisation of the draft text and policy framework for (i) Essential air services and (ii) Subsidies; and
- (ii) Determination of the readiness of Member States with respect to the implementation of *the conditions for a single security check for direct transit passengers on multi-stop intra-Community flights* and the mechanism for implementation of same.

¹ The Thirty-Eighth Regular Meeting of the Conference of Heads of Government (July 2017)

The Secretariat looks forward to the participation of the International Civil Aviation Organisation (ICAO), together with the Directors of Civil Aviation of the Community, at the aforementioned Meeting, particularly with respect to item (ii) above.

Noting the receipt of the Reports of the outcome of the *Tenth North American, Central American and Caribbean Directors Of Civil Aviation Meeting (NAACC/DCA/10)* and the recently concluded, *Fourth Ministerial Meeting of the Eastern Caribbean ICAO Contracting States, on the NACC Systemic Assistance Programme (SAP) for the strengthening of Eastern Caribbean Civil Aviation Authority (ECCA)*, May 2022, together with the reports received from ICAO on the Universal Safety Oversight Audit Programme (USOAP) of CARICOM Member States, are required to inform decision on the determination of the implementation of the conditions for a single security check for direct transit passengers on multi-stop intra-Community flights, particularly among those Member States so compliant.

Further, the Caribbean Safety Oversight System (CASSOS) is also expected to provide guidance on the mechanism for implementation of a single security check with the objective of finalisation of a report for submission to relevant Councils by fourth quarter 2022 and, ultimately, to the Conference of Heads of Government, most likely in early 2023.

CARICOM SECRETARIAT
22 JULY 2022

AIR TRANSPORTATION RELATED MANDATES WHICH EMANATED FROM ORGANS OF THE CARIBBEAN COMMUNITY (2019 – PRESENT)

AGENDA ITEMS	DECISIONS OF THE CONFERENCE
THIRTIETH INTER-SESSIONAL MEETING OF THE CONFERENCE OF HEADS OF GOVERNMENT, ST. KITTS AND NEVIS, FEBRUARY 2019	
<p>TRANSPORTATION (<i>Special Session as mandated by the Eighteenth Special Meeting of the Conference</i>)</p> <p>(a) Community of Interest Principle (CoIP) and a Single (Regional Aviation Authority</p>	<p>THE CONFERENCE:</p> <p>Agreed that CARICOM Member States:</p> <p>(i)¹ consider opening up the 7th Freedom of the Air only for cargo services, with Third Countries, as the first stage of fostering the operationalisation of the CoIP;</p>
	<p>(ii) sign the MASA and strengthen their institutional capacity and domestic laws to deliver on the rights, benefits and obligations under the MASA;</p>
	<p>(iii) adopt specific International Civil Aviation Organization (ICAO) targets, at the Community level, to improve their safety standards;</p>
	<p>(iv) Remove ownership and control restrictions by amending as far as possible their domestic laws to allow CARICOM nationals majority ownership and control of domestic air carriers.</p>
<p>(a)1 A Single (Regional Aviation Authority)</p>	<p>Agreed that the establishment of a single aviation authority should coincide with the emergence of a single air traffic management system, a single airspace and a single domestic space;</p>
	<p>Also agreed to the reform of the architecture of the current air traffic management system in order to meet future capacity and safety needs;</p>
	<p>Further agreed to the undertaking of a feasibility study pertaining to the restructuring of regional civil aviation regulatory agencies and the establishment of the single civil aviation authority.</p>
<p>(b) New Arrangements for Taxation of Intra-Regional and Extra-Regional Travel</p>	<p>Mandated that a joint Meeting of the Council for Trade and Economic Development (COTED) and the Council for Finance and Planning (COFAP) be held by the third quarter of 2019, to develop a vision for the proposed reform of airport and sales taxes and security fees, and to</p>

¹ The objective of this mandate is to promote cooperative arrangements in the form of regional economic grouping and functional cooperation symbolic of the affinity and community of interest for cargo operations, through the exercise of route and other air transport rights of respective Member States having such community of interest by an airline substantially owned and effectively controlled by another Member State.

AGENDA ITEMS	DECISIONS OF THE CONFERENCE
	<p>submit recommendations to the Conference on elements of a tax regime for the regional air transport sector as a strategy for its achievement;</p> <p>Requested Member States to undertake a review of their domestic taxes and other charges related to the air transportation sector, with a view to simplifying and streamlining the relevant tax structures and eliminating taxes which have a regressive effect on the demand for and provision of air transportation services;</p> <p>Agreed to undertake a study to identify an appropriate fiscal regime and related taxation mechanism for effective tax capture, the enhancement of regional tourism, including multi-destination tourism, and to promote the movement of goods and Community nationals.</p>
(e) Restructuring of the Regional Transportation Commission (RTRC)	<p>Endorsed the priorities of the Regional Transportation Commission Work Programme;</p> <p>Approved the proposed structure of the revamped RTRC to wit: eight members led by the private sector and comprising a mix of public and private sector actors;</p> <p>Mandated the Lead Head with responsibility for Transportation, to confirm the Chairman of the Transportation Commission and consult with other CARICOM Heads of Government and the Secretariat on the remaining membership of the Commission;</p> <p>Also mandated that the RTRC meet before the end of April 2019 to determine its funding requirements and possibilities.</p>
FORTIETH REGULAR MEETING OF THE CONFERENCE OF HEADS OF GOVERNMENT OF CARICOM, ST. LUCIA, JULY 2019	
CARICOM SINGLE MARKET AND ECONOMY IMPLEMENTATION PLAN AND IMPLEMENTATION OF WORK PLAN APPROVED AT THE EIGHTEENTH SPECIAL MEETING OF THE CONFERENCE OF HEADS OF GOVERNMENT – (TRINIDAD AND TOBAGO, DECEMBER 2018)	<p>With respect to Implementation;</p> <p>Agreed, inter alia ;</p> <p>(ii) to the revised implementation timelines for the Work Plans as follows: (2) Multilateral Air Services Agreement (MASA)made operational – by December 2019.</p>
FIFTY-FIRST MEETING OF THE COUNCIL FOR TRADE AND ECONOMIC DEVELOPMENT (COTED), VIA VIDEO CONFERENCE NOVEMBER 2020	
ENHANCING REGIONAL TRADE IN INTERNATIONAL AIR TRANSPORT	<p>THE COTED:</p> <p>Encouraged Member States which have not yet done so, to accede to the Multilateral Air Services Agreement (MASA);</p>

AGENDA ITEMS	DECISIONS OF THE CONFERENCE
<p>The Meeting considered Agenda Item 10.1 entitled <i>‘The Multilateral Air Services Agreement (MASA) and its Liberalisation of the Community Air Transportation Services’</i> as detailed in the Working Paper COTED/2020/51/10.1</p>	<p>Also encouraged those Member States among whom the MASA was now in force to proceed with the designation of their air carriers bearing in mind that the CoIP allows for the designation of air carriers domiciled in another Member State or a multinational airline;</p> <p>Urged Member States to ensure that all National Laws, regulations, rules and policies are brought into conformity with the expressed provisions of the Agreement, particularly, regarding the exercise of traffic rights;</p> <p>Agreed to the reactivation of the of the CARICOM Technical Negotiation Team on Air Services to advise on, inter alia, a suitable Community monitoring mechanism for the effective implementation of the MASA.</p>
<p>THIRTY-SECOND INTER-SESSIONAL MEETING OF THE CONFERENCE OF HEADS OF GOVERNMENT OF CARICOM, VIA VIDEO CONFERENCE, FEBRUARY 2021</p>	
<p>CARICOM SINGLE MARKET AND ECONOMY: 7.1 Implementation of the CSME</p> <p>Having considered Paper INS/HGC/2021/32/7.1 entitled “CARICOM Single Market and the Economy (CSME): Implementation of the CSME” and INS/HGC/2021/32/7.1 Add entitled “Draft Summary Report of the Tenth Meeting of the Prime Ministerial Sub-Committee (PMSC) on the CARICOM Single Market and Economy (CSME)”;</p>	<p>With respect to Transportation, <i>inter alia</i>²,</p> <p>(i) the COTED to resolve issues for an effective air transportation system;</p>
<p>FIFTY-SECOND MEETING OF THE COUNCIL FOR TRADE ANDECONOMIC DEVELOPMENT (COTED), VIA VIDEO CONFERENCE JUNE 2021</p>	
<p>Agenda Item 8.1 entitled <i>“Enhancing Regional Trade in International Transport: Implementation and Operationalisation of the Multilateral Air Services Agreement (MASA)”</i> in the Report of the Meeting of Officials Preparatory to the Fifty-Second Meeting of the</p>	<p>THE COTED:</p> <p>Urged Member States to co-operate with the International Civil Aviation Organisation (ICAO) through –</p> <p>(i) provision of all relevant information requested;</p>

² The other decisions were maritime related.

AGENDA ITEMS	DECISIONS OF THE CONFERENCE
Council for Trade and Economic Development (COTED/2021/52/8.1/REP MO);	(ii) assurance of the availability of the relevant personnel and counterparts to engage with the consultants assigned by the Organisation; and (iii) provision of support to the consultant(s) during their engagement to enable the effective implementation of the programmes identified.
	Agreed that a Special Meeting of the COTED – Transportation would be convened at the earliest opportunity and not later than the third quarter of 2021.
FORTY-SECOND REGULAR MEETING OF THE CONFERENCE OF HEADS OF GOVERNMENT OF THE CARIBBEAN COMMUNITY VIDEOCONFERENCE, 5-6 JULY 2021	
AGENDA Item 11: - ADVANCING THE CARICOM AGRI-FOOD SYSTEMS AGENDA: PRIORITISING REGIONAL FOOD AND NUTRITION SECURITY (Mandate of the 32nd Inter-Sessional Meeting of the Conference) (CONFIRMED)	<p>Also noting the need to address transportation and logistics considerations in the context of efforts to advance the CARICOM Agri-Food Systems Agenda;</p> <p>THE CONFERENCE: Commended the Special Ministerial Taskforce (MTF) on Food Production and Food Security on the work done to date;</p> <p>Agreed:</p> <ul style="list-style-type: none"> (a) that priority attention be given to the determination of the quantum of investment required and the attendant implementation timelines; (b) that priority also be accorded to proposals to incentivise private sector partnership in addressing transport and logistics requirements for implementation of the Agri-Food Systems Agenda; (b) that the Lead Head of Government with responsibility for Transport and the Lead Head of Government with responsibility for Agriculture work together to explore possible options with a view to recommend to Heads of Government, solutions for the Regional maritime transport system; (c) that the Conference will remain seized of these issues and that the Item, “Advancing the CARICOM Agri-Food Systems Agenda: Prioritising Regional Food and Nutrition Security”, be maintained as a standing Item on the agenda of the Conference;

AGENDA ITEMS	DECISIONS OF THE CONFERENCE
	<p>(d) to the revival of the Regional Transportation Commission incorporating agriculture, finance and transportation technical experts, working in conjunction with the PMSC on the CSME to support and explore practical solutions towards the creation of a regional maritime transportation system with the aim of:</p> <ul style="list-style-type: none"> (i) Reviewing previous work which has been completed on maritime transportation; (ii) Exploring financing and implementation options for the management and operations of the proposed regional maritime transportation system; (iii) Developing options with regard to issuing of an Expression of Interest for the management and operation of a regional maritime transportation system.
<p>AGENDA ITEM 19: THE REVIVAL OF REGIONAL AIR TRANSPORT POST COVID (CONFIRMED)</p>	<p>Having considered Paper HGC/2021/42/19 entitled “<i>The Revival of Regional Air Transport Post COVID</i>”;</p> <p>THE CONFERENCE:</p> <p><u>Mandated</u> the Secretariat to compile a list of fees and taxes which are applicable at the Region’s airports;</p> <p><u>Agreed</u> to the convening of a Special Meeting of the Conference during the week of 12 July 2021 for urgent discussions on the matter of travel taxes;</p> <p><u>Also agreed</u> to request the Caribbean Development Bank (CDB) to provide technical support for this effort.</p>
<p>AGENDA ITEM 22. CARIBBEAN REGIONAL POST-COTONOU DEVELOPMENT COOPERATION PROGRAMMING (Proposed by Antigua and Barbuda) (CONFIRMED)</p>	<p>THE CONFERENCE, <i>inter alia</i>:</p> <p><u>Further Agreed</u> that the areas of transportation and health should form part of CARIFORUM priorities for negotiating a Caribbean Regional Multi-Annual Indicative Programme, Post-Cotonou, with the EU;</p>

AGENDA ITEMS	DECISIONS OF THE CONFERENCE
Having considered Paper HGC/2021/42/19 entitled "Caribbean Regional Post-Cotonou Development Cooperation Programming";	

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