

Statement of Policy Principles

regarding the Implementation of Bilateral Air Services Agreements

Whereas:

International air transport is of fundamental importance to the global economy. Estimates of its support to 8% of world GDP and 32 million jobs probably underestimate air transport’s full economic significance.

Restrictions in bilateral air services agreements on market access, investment, and pricing may reduce the contributions of international air transport to trade, tourism, job creation, and economic growth.

Some of these restrictions may no longer serve a valid public policy purpose and often differ from the treatment of other economic sectors that are considered equally strategic to national economies.

Some countries have long waived or eliminated certain of these restrictions on a case-by-case basis.

The International Air Transport Association (IATA), representing its member airlines, has called on governments to provide the airline industry with a higher degree of commercial freedom, as is already the case in other economic sectors, and to do so fast in order to meet the needs of the industry.

We, the undersigned authorities with responsibility for the international civil aviation policies of the Republic of Chile, Malaysia, the Republic of Panama, the Republic of Singapore, the Swiss Confederation, the United Arab Emirates, and the United States of America, therefore declare:

That we recognise the importance of promoting compatible regulatory approaches and reducing the potential for conflicts.

That we intend the following policy principles, although non-binding, to guide our implementation of existing air services agreements with other countries as well as our approach to the negotiation of new or amended air services agreements in the future.

That these policy principles are without prejudice to the primacy of requirements related to aviation safety, aviation security, and fair and equal opportunity to compete, and are based on the understanding that the pursuit of valid social or public policy purposes may justify a different approach in a particular air services relationship:

1. Freedom to access capital markets

- a. We should generally respect the policies of other countries that seek to encourage foreign investment in their airlines. Accordingly, on the basis of reciprocity, and in the absence of valid social or public policy concerns, we should waive, where our legal systems permit us to do so, or otherwise refrain from exercising rights under existing bilateral air services agreements to disallow service by an airline of the other party to that agreement on the grounds that it is not owned and controlled by nationals or the Government of that other party.
- b. Furthermore, also on the basis of reciprocity, we should eliminate, replace, or otherwise reduce the negative effects of traditional nationality clauses when negotiating new or amended air services agreements, including through expedited methods such as joint memoranda of understanding or a public

exchange of letters.

c. We should give sympathetic consideration to the possibility of a multilateral agreement to accomplish this goal.

2. Freedom to do business

- a. Restrictions on market access in international civil aviation should be the exception, not the rule. Accordingly, on the basis of reciprocity, and irrespective of any infrastructure constraints, we should consider waiving, where our legal systems permit us to do so, provisions in existing air services agreements that limit the number of airlines that may be designated or otherwise authorized to operate as well as provisions that limit the rights of airlines to provide such services.
- b. Furthermore, on the basis of reciprocity, we should reduce or eliminate such restrictions when negotiating new or amended air services agreements, including through expedited methods such as joint memoranda of understanding or a public exchange of letters.

3. Freedom to price services

- a. Airlines should generally have the freedom to set prices for international air transportation in accordance with their assessment of the market. Accordingly, on the basis of reciprocity, we should waive, where our legal systems allow us to do so, provisions in air services agreements requiring the filing of tariffs and should abstain from exercising rights under double approval, country-of-origin, or similar provisions that interfere in market-based pricing decisions of airlines.
- b. Furthermore, on the basis of reciprocity, we should replace restrictive pricing provisions, such as double approval pricing, with liberal provisions when negotiating new or amended air services agreements, including through expedited methods such as joint memoranda of understanding or a public exchange of letters.

4. Fair competition

We recognise that measures taken by a government to deny airlines a fair and equal opportunity to compete may cause us to refrain from or stop implementing some of the principles contained in this statement.

5. Legal effect

Signature of this Statement of Policy Principles creates no legal obligations on the signatories or the countries they represent.

6. Endorsement by representatives of other countries

This Statement of Policy Principles may be endorsed at any time by an authority with responsibility for international civil aviation policies of any other country through a letter sent to IATA.

IATA will publish such endorsements as soon as they are received.

Done at Montebello, Québec, Canada, on 16 November 2009

For the Republic of Chile	For Malaysia	For the Republic of Panama
For the Republic of Singapore	For the Swiss Confederation	For the United Arab Emirates
For the United States of America		
Endorsed by the European Commission		
Witnessed by IATA	Witnessed by Chairman	Witnessed by ICAO

