

A New Zealand Official's Perspective

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Outline

- Airline industry trends
- Economic regulation
- State aid



Industry trends

- Expensive new technology
- Competition and co-operation
 - IATA
 - global airline alliances
- “No-frills” airlines
- Infrastructure development



Bilateral regulation

- Aviation policies - balance
- Bilateral air services agreements (ASAs)
 - routes
 - capacity/frequency
 - traffic rights (“freedoms”)
 - tariffs regulation



“Open skies”

- Open:
 - routes
 - capacity/frequency
 - traffic rights (including cabotage?)
- Tariffs regulation - no prior approval required
- Planning certainty and flexibility



Foreign investment in international airlines

- “Substantial ownership and effective control” by nationals
- Removing the ownership limits - NZ model
 - “Effective control”
 - “Principal place of business”
 - “Place of incorporation”



Multilateral regulation

- Multilateral ASAs
 - European Union
 - internal market
 - external?
 - MALIAT - Pacific Rim
 - Brunei, Chile, New Zealand, Singapore, USA
 - Peru, Samoa
 - PIASA - Forum Island Countries
 - negotiations in Vava'u last week



International fora

- APEC - 8 options
- OECD - air cargo?
- WTO - GATS review
- ICAO - March 03 Conference



Other economic regulation

- Allocation of air rights
- Non-scheduled (charter) flights
- Competition regulation
 - multiple jurisdictions



State aid?

- “Essential” air routes
- Bail out
- Financing new technology aircraft
- Tax subsidies to encourage fleet renewal



Conclusions

- Pressure for changing the economic regulatory framework
- Creating opportunities for efficient airlines

