

RATIONALIZATION OF ALLOCATION OF LANDING RIGHTS FOR CIVIL AVIATION

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1. Introduction

Traffic Growth and Increasing Importance of Air Transport

Civil aviation is the most modern mode of transport, particularly in respect of speed and convenience and is growing fast. The phenomenal growth of the global aviation industry can be gauged from the fact that whereas, in 1945, only nine million passengers travelled on scheduled services in the whole world, in 2003 about 1.66 billion passengers were carried, over 180-fold increase. Presently, several airlines and airports individually handle more than nine million passengers in a year. While Appendix 1 provides data regarding global growth of air traffic, the table and charts below provide information regarding past growth of air traffic in India along with an estimate of future traffic. The forecast takes into account the growth in foreign tourist traffic, trade related travel, Indian tourists visiting foreign countries, etc. A large part of the increase in future will be due to higher growth in tourist traffic, both in bound and out bound.

Air Traffic in India-Past Trends and Forecasts for 2025

Year	Aircraft movements (000)			Passengers (000)			Cargo (000 Tonnes)		
	Int.	Dom.	Total	Int.	Dom.	Total	Intl.	Dom.	Total
1995	92	315	407	11,450	25,564	37,014	453	196	649
1996	95	324	419	12,224	24,276	36,500	479	202	681
1997	98	318	416	12,783	23,849	36,632	488	217	705
1998	100	325	425	12,917	24,073	36,990	475	224	699
1999	100	368	468	13,293	25,742	39,035	532	265	797
2000	103	387	490	14,009	28,018	42,027	558	288	846
2001	108	402	510	13,625	26,358	39,983	560	294	854
2002	116	444	510	14,827	29,161	43,988	648	334	982
2003	133	506	639	16,625	32,076	48,701	693	375	1,068
CAGR	4.71	6.10	5.80	4.67	2.81	3.41	5.46	8.45	6.42
2025 (F'cast)	315	1,079	1,394	48,632	76,018	124,650	2,497	1,097	3,594

Source: Past traffic data from the Annual Review of Traffic published by Airports Authority of India.

Notes: (1) Figures for earlier years are not available.

(2) CAGR means Compound average annual growth rate.

(3) Year represents financial year April-March. Thus, 2000 represent 2000-01.

(4) F'cast represents forecast as worked out by the Author.

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Chart 1-Growth of aircraft movements and forecast

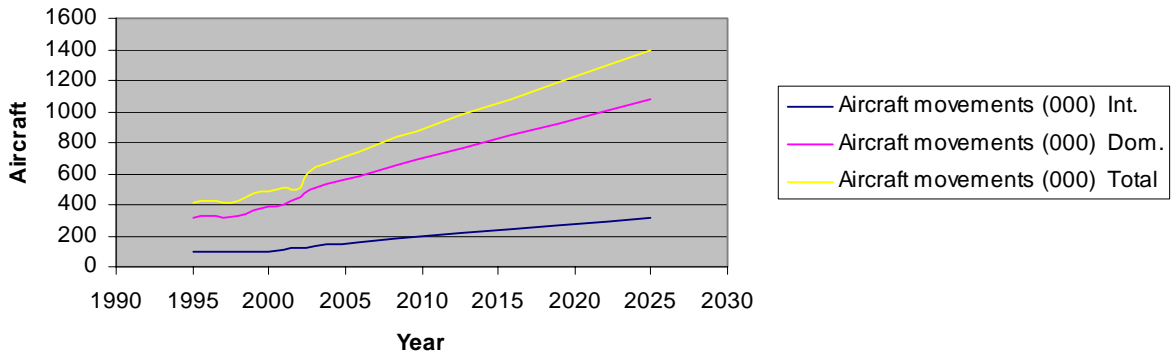


Chart 2-Growth in Passengers and forecasts

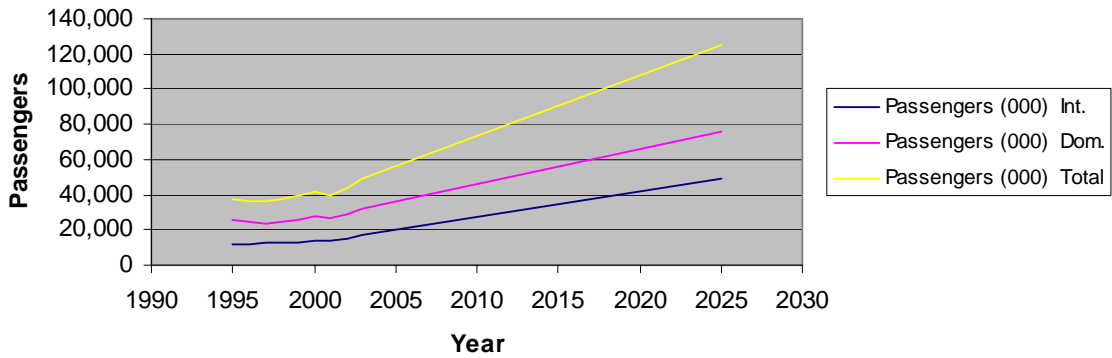
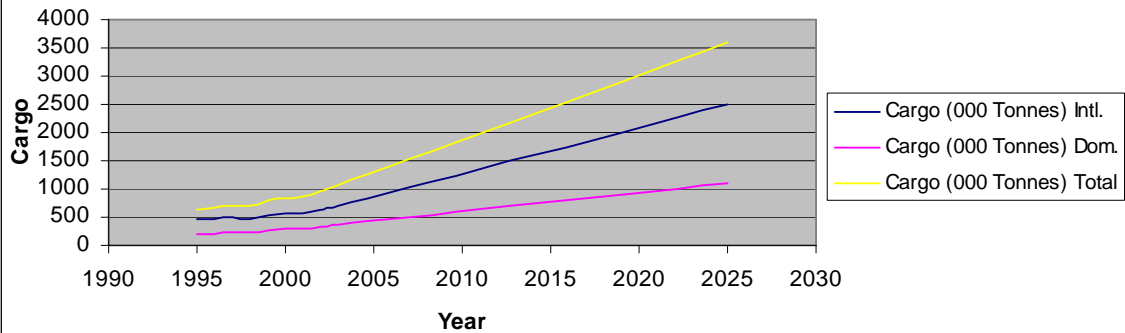


Chart 3-Growth in cargo and forecasts



With phenomenal growth in air traffic, the role of civil aviation in the world economy and social affairs has increased considerably. Tourism, which contributes about 10 percent of world Gross Domestic Product, is highly dependent on air transport. Presently, international air transport services carry more people and time-sensitive cargo than any other mode of international transport. About 40 percent of the world trade in value terms now moves by air. The global passenger traffic is likely to grow at the rate of 6 to 7 percent per annum with Asia/Pacific region registering a higher growth. International cargo traffic is likely to grow faster than the passenger traffic.

Globally, civil aviation is undergoing technological advances in several areas. These include: increase in the size of aircraft, higher speed, greater safety, more comfort and convenience and all these at reduced fares in real terms because of increased productivity and competition. The recent emergence of no-frill airlines is making a dent in the traffic handled by rail and road and providing effective competition to them. Present day airports provide much improved facilities to the users than in the past. Apart from a significant surge in air traffic and technological advances, the last one and half decades have seen manifold changes in the management, operation and regulation of the aviation industry in most parts of the world. A major supporting development for the aviation industry has been the globalization and liberalization of economies and an increasingly active role for the private sector in the economic development of the countries. These economic changes have brought about structural changes in civil aviation throughout the world.

India has not remained insulated from the global trends. Air traffic is growing but at a slightly lower rate than the global rate and somewhat similar trend may be expected in future: in the short run fluctuations in the growth rate is possible. For example, the year 2004 is reported to have witnessed almost 25 percent growth in passenger traffic. But such a growth rate can not be sustained in the long run. Apart from increases in the volume of traffic, several far-reaching changes have been brought about in the structure of the aviation industry in the past few years. The most important development has been unshackling of the airline industry from the monopoly of the State. State-managed airlines have been thrown open to competitive impulses of the private airlines. Capacity limitations on international routes have been considerably relaxed. Domestic private carriers are operating on some international routes. Control on fares and freight rates have been abolished

Major challenges facing civil aviation in India

Despite significant positive developments, presently civil aviation in India is still facing a number of challenges. In the case of airlines, the major challenges are rationalization in the allocation of landing rights with a view to (a) fully meeting the demand for air travel and (b) achieving full or near full utilization of landing or traffic rights granted to India under the bilateral agreements. Other challenges in the case of airlines include enhancing the capacity of Air India and Indian Airlines to meet the demands placed on them and developing a level playing field for them vis-à-vis private domestic airlines thereby enabling them to offer effective competition. Privatization of Air India and Indian Airlines and the extent of foreign participation in Indian carriers, higher fuel prices and taxes, operation on uneconomic routes, making air transport affordable by common man, etc. are other challenges.

The airports in the country are not suitably developed and the standard of service provided by them is generally poor. Presently, there are 12 designated international airports in the country including Srinagar airport which was declared as international airport recently but all of them lack world class facilities. The two major airports at Delhi and Mumbai are in urgent need for expansion of capacity, apart from major improvements for providing quality services. They are congested during night in respect of international operations, mainly due to the night curfew at the airports in the west and the east and geographical location of India. Domestic operations create congestion during morning and evening hours at major airports. There is growing concerns regarding safety and security. Increasing noise levels and other environmental impacts and their associated costs are other areas of concern. Mumbai and Delhi airports are still to be developed as major hubs. A new international airport at Mumbai under consideration for over 30 years is still not in sight. Cargo

facilities are inadequate. Privatization of airports at Mumbai and Delhi is still in the pipeline and posing several issues. Other airports also need expansion and considerable improvement. On the other hand, several airports have unutilized capacities and if managed properly can relieve congestion at some other airports. Presently, only ten out of 125 airports are financially viable and others are cross-subsidized by these airports. The challenge before the Government and the Airports Authority is how to minimize the losses incurred by 92 percent of the existing airports.

In the case of air navigation services, the challenge is how to increase capacity and enhance safety on routes by installing modern equipment, finding solution to the problem created by the reservation of a large segment of air space for Defence and challenges from some neighbouring countries in developing alternate air routes bypassing India.

As regards regulation, there is no independent regulatory authority for civil aviation, especially for economic issues. Moreover, there is no well defined civil aviation policy which should preferably be a part of integrated transport policy.

This paper deals with one major aspect of civil aviation, namely rationalization in the allocation of landing rights. Presently, this subject is of considerable topical interest as fast changes are taking place in the world as well as India in liberalising grant of landing rights. During the last one or two years major developments have taken place in this field in India and more are taking place. The paper also deals, in brief, issues related with the main subject.

2. Need and Concept of Landing Rights

Landing Rights: Why needed?

The need for grant of landing rights in international air transport has arisen due to inherent sovereign rights of the States over the air space above their respective territories and as such the imperative requirement for an agreement between two or more States for grant of landing right for any international flight. The Convention on International Civil Aviation (commonly called the Chicago Convention) in Article 1 recognizes the sovereign right of the States over the air space above their respective territories. At the time of Chicago Convention in 1944, an attempt was made to globalize these rights through a multilateral agreement but this effort failed. The primary reason for this failure was the fear of a large number of States, especially developing ones, that their air carriers, mostly owned by the governments, will not be able to stand the competitive powers of the mega carriers of the developed world, mainly because of economies of scale. Subsequently, in various international forums the difference in the approaches of developed and developing world in this regard has been clearly observed. The landing right is often considered to be of commercial value and an intangible asset which should not be passed on easily without obtaining reciprocal benefits. Sometimes, the grant of landing right becomes a part of country's foreign policy.

Concept and Scope

In the context of civil aviation, 'landing right' means the right granted to an airline operator to land its aircraft at an airport. In international parlance, the landing right is often called 'traffic right'. It is a market access right granted by a government or regulatory authority established by the government for use by a designated carrier over an authorized route. It is the right to transport passengers, cargo, and mail, separately or in any combination. Landing right encompasses revenue traffic and certain non-revenue traffic, such as the carrier's cargo or mail. Landings rights can also be for non-traffic purposes or technical reasons, such as fuelling, change of crew, lifting of food or even some repair work. The landing right of an airline operator could be for international operations or domestic operations or both.

The issues connected with allocation of landing rights for international operations are complex because two or more operators from different countries are involved and governments or regulatory authorities from these countries have to come to an agreement regarding the extent of grant of landing rights, which has to be mainly on reciprocal basis. In international operations, landing rights can take several forms depending upon the type of operation. On the other hand, the issues connected with allocation of landing rights for domestic operations are relatively simple as there are only two involved parties, airline operator and the regulatory authority, which is the government or an

entity established by the government. Landing rights for domestic operations are rarely given to foreign carriers.

Freedoms of Air

Globally, the most basic way the international traffic rights are expressed is one of the *freedoms of air*. While International Civil Aviation Organization (ICAO) has formally recognized only five freedoms of air, in actual practice other freedoms of air have gradually evolved. According to the *ICAO Manual on the Regulation of International Air Transport*, there are presently nine freedoms of air denoting different types of landing rights, which are detailed in Appendix 1. These freedoms are not automatic but have to be exchanged after detailed negotiations between the concerned States except for the rights relating to first and second freedoms, which are covered by a separate multilateral agreement discussed in the following section. Moreover, the freedoms of air could be subject to other restrictions such as number and capacity of aircraft to be operated, choice of routes and airports, time slots for landing, charges for landing, etc.

3. International Practices and Recent Developments

Sovereignty and international regulation

In 1944, the international aviation community and representatives of the States organized a major international conference in Chicago to consider regulation of international air transport with a view to developing and ensuring safe, secure, efficient and economical international air transport services and to avoid arbitrary action of the States which could hinder such development and also to establish standards to maintain safety and security of international operations. This conference culminated in signing of three major agreements.

The first agreement was the *Convention on International Civil Aviation* (the Chicago Convention) to which presently 188 States, including India, are signatories. This Convention established the International Civil Aviation Organization and the primary basis for the regulation and development of international air transport. The provisions of the Convention are binding on all the Contracting States. The ICAO has a General Assembly which meets at least every three years. It has also a permanent Council with 36 members of which India is a member.

The second agreement was *International Air Services Transit Agreement* which provided for the multilateral exchange of first two rights of freedom, namely (a) over-flight (the privilege to fly across the territory of other contracting States without landing) and (b) non-traffic stop for scheduled air services among its contracting States (the privilege to land for non-traffic purposes). As many as 115 States, including India, have ratified this agreement. This agreement applies to only those States which have ratified it.

The third agreement was *International Air Transport Agreement* for grant of the right to first five freedoms of air. This agreement was to have far reaching consequences in liberalising international air transport operation and grant of landing rights. However, only 19 States (out of which eight States, including the United States which later withdrew) could ratify this agreement. Thus, this agreement is of no practical value for international air transport. India is not a signatory to this agreement. Had this agreement been ratified by the States, the shape of international air transport would have been different from that it is today. There would have been almost no place for bilateral or regional agreements. It is also possible that many smaller airlines from developing countries would not have survived the level of international competition such an agreement would have generated, primarily because of the economies of scale.

Bilateral Agreements

The lack of success in 1944 of the efforts by the international aviation community to establish a multilateral regulatory regime for the commercial aspects of international air transport led the States to control and regulate international air transport within their territories. This resulted in the global development of bilateral air services agreements to regulate international air transport between any two States. Today, such agreements constitute the largest volume of international air transport

regulatory documents. Presently, bilateral air services agreement is the primary basis for most of international air transport operations.

Each bilateral air services agreement is unique in nature. The key element of the agreement is determining the basis for sharing of perceived future traffic between the two countries and sometimes beyond. Sharing of traffic is essentially based upon the policy of equal opportunity for both the States in grant of traffic rights. Sometimes, political considerations do play a part in deciding the allocation of landing rights but such cases are exceptional. The bilateral agreements have several other provisions most of which, while not identical, have a similar thrust. Such commonly found substantive provisions include: recognition of sovereignty, airline ownership, designation of air carrier and authorization, fixation of tariffs, exchange of traffic statistics, right to carry on commercial activities in the territory of the other party, mutual recognition by the parties of each other's certificate of airworthiness, competency and licences, procedure for cooperation regarding safety and security, use of computer reservation system, provisions regarding exemption from payment of customs duty and taxation of earnings of the air carriers, user charges, and application of national laws, etc. ICAO provides guidelines on most of these issues and in many cases on the wordings of the Articles of the agreements, but these is advisory only.

During the last decade considerable progress has been made throughout the world in liberalizing the provisions of bilateral agreements with respect to market access or landing rights. Such changes are still continuing. According to ICAO, between January 1995 and December 2001, over 600 bilateral agreements were reported to have been concluded or amended. About 70 percent of these agreements and amendments contained some form of liberalized arrangements, such as unrestricted traffic rights, covering Third, Fourth and in some cases Fifth Freedom rights, multiple designation with or without route limitations, free determination of capacity, etc.

Multilateral Agreements

In addition to the liberalization of bilateral agreements, some agreements negotiated in recent years have sought to liberalize air services on a regional or sub-regional basis or among a group of like minded States. These regional and/or plurilateral liberalization arrangements have the basic objective of providing greater market access and improving services among the member States concerned. Small groups of States of comparable size and development would find it easier to agree on market access than larger diverse groups of States. The smaller groups would also provide a more manageable environment to test the liberalized air transport policies. According to ICAO, before 1994 there were just two regional arrangements but today there are eight regional arrangements. Of these agreements, seven provide for instant or phased-in liberalization leading to full market access. Several other such arrangements are in the pipeline.

Open Skies Policy

Open skies policy strictly means right to land at any airport in a country without the need for any prior agreement and without any restrictions. Presently, no country in the world has declared unconditional complete open skies policy. Wherever open skies policy has been accepted, either it is reciprocal, regional, periodic, or for any specific purpose. Prior permission may be required and conditions may also apply. For example, USA has entered into open skies agreement with several countries including India but almost all of them are bilateral. India is following open skies policy regarding international cargo, international tourist charters and scheduled services during peak periods without insisting on reciprocity. However, for additional scheduled flights commercial agreement with Air India is necessary. Globally, since 1992, all over the world over 90 open skies bilateral agreements were concluded, involving approximately 75 States with the United States being partners in 61 cases. These agreements permit unlimited access by airlines of the participating States to a number of airports. Generally, such agreements had positive impact on air traffic. However, open skies agreements do not permit carriage of domestic passengers in the other country.

ICAO Fifth Worldwide Air Transport Conference

ICAO organized a major worldwide air transport conference in March 2003 in Montreal, Canada which was attended by 145 contracting States of ICAO including India and 26 international agencies. This was the fifth conference in the series held almost once in every decade to discuss

global air transport economic issues. The basic theme of March 2003 Conference was “Challenges and Opportunities of Liberalization”. The main focus of the Conference on “how to” rather than “whether to” liberalize international air transport. On the subject of liberalization of market access the following major conclusions emerged.

“Since the Worldwide Air Transport Conference in 1994, considerable progress has been made in the liberalization of market access, particularly at the bilateral, sub-regional and regional levels. More importantly, States have generally become more open and receptive towards liberalization, with many adjusting their policies and practices to meet the challenges of liberalization.

“While multilateralism in commercial rights to the greatest extent possible continues to be an objective of ICAO, *conditions are not ripe at this stage for a global multinational agreement for exchange of traffic rights. States should continue to pursue liberalization in this regard at their own choice and own pace, using bilateral, regional, and/or multilateral avenues as appropriate.*”

Although the Conference received a big support for liberalization in grant of traffic rights, it conceded freedom to the States to liberalize grant of traffic rights at the pace and timing of their own choice. The primary reason for this outcome was that globally there is a substantial difference in the size of airlines, their financial position and their competitive strength. Accordingly, one common formula for all the States can not be the appropriate solution. Nevertheless, with the present trends it can be expected that ultimately there may be complete open skies in the whole world in distant future.

General Agreement on Trade in Services (GATS)

The General Agreement on Trade in Services (GATS) provides a multilateral regulatory framework for the liberalization and expansion of trade in all service sectors under such trade principles as most-favoured nation and transparency. Currently, the GATS has an Annex on Air Transport which covers three so-called soft rights, namely aircraft repair and maintenance, selling and marketing of air transport, and computer reservation system services. In 2000, the WTO-OMC took up its mandated review of the Air Transport Annex with a view to expanding its scope of coverage. Although the review was completed in October 2003, no consensus on expansion of the Annex could be reached with the result that the present Annex remains effective. The next review is scheduled for this year. ICAO’s approach, which has an important role in liberalizing international air transport regulatory system, is that future regulatory arrangements should be based on the general goal of gradual, progressive, orderly and safeguarded change towards market access.

Slot Allocation at Busy Airports

The problem arising from capacity constraints at the airports and allocation of slots for landing rights is becoming serious at airports in some developed countries and even at some airports in developing countries. The shortage of slots is also coming in the way of countries including India getting entitled additional slots from airports, such as at London-Heathrow airport, although landing rights have been obtained under the bilateral agreements. Globally, there are no set internationally accepted rules for allocation of slots at congested airports. The practices in this regard vary from grandfather rights to the sale and purchase of slots.

The International Conference on Air Transport in March 2003 discussed this issue and recommended that “in liberalizing market access, due consideration should be given to airport capacity constraints and long-run infrastructure needs. Problems involving air carriers which are unable to exercise their entitled traffic rights at a capacity constrained airport may, if necessary, be addressed in the context of discussions on the relevant air services agreements. In this regard, sympathetic consideration should be given to the request for preferential treatment from those States whose airports are not slot-constrained but whose air carriers are unsuccessful in obtaining slots at slot-constrained airports, consistent with relevant national legislation and international obligations.” The Conference further observed that “any slot allocation system should be fair, non-discriminatory and transparent, and should take into account the interests of all stakeholders. It should also be globally compatible, aimed at maximizing effective use of airport capacity, simple, practicable and economically sustainable”. It is to be noted that the recommendations of the Conference are ambiguous and can be interpreted and twisted in many ways and do not provide any definite solution to the problem. However, fiscal measures have not been included in the recommendations.

General Impact of Liberalization in Grant of Landing Rights

Studies regarding the impact of global liberalization in the grant of landing rights indicate overall positive impacts, including increase in the level of competition resulting in lower tariffs in real terms, improved facilities and services, higher growth in traffic, especially the tourist traffic and consequently favourable impacts on the economies of the countries.

4. Practices and Recent Developments in India

Bilateral Agreements and Landing Rights

India is gradually liberalizing its air transport services, including rationalization of allocation of landing rights, both on international and domestic routes. The liberalization process in domestic air services commenced in the year 1986 but in international scheduled services it commenced only recently. The liberalization process can be considered evolutionary rather than well thought out and planned. The government has been periodically reacting to the field situation in the country, international developments and pressures from the aviation industry, especially the private operators.

International scheduled passenger services from and to India are essentially governed by the provisions of bilateral agreements between India and the concerned foreign countries. From the operational angle, these bilateral agreements can be placed in four categories, namely, (i) agreements where Indian and foreign operators are fully utilizing their traffic rights, (ii) agreements where Indian operators are utilizing only a part of their traffic rights, (iii) agreements where Indian operators are not at all utilizing their traffic rights and (iv) agreements where none of the parties are presently operating any services. It has to be noted that bilateral agreements contain enabling provisions and are not mandatory in the sense that agreed services must be operated. Actual operation of services by any airline having traffic rights depends upon a number of factors, including commercial viability of the service, availability of capacity and availability of suitable aircraft with the airline, availability of suitable slots, etc. Thus, it is not necessary that each and every traffic right must be utilized.

Inadequate Utilization of Landing Rights

In an ideal situation, airlines of every country can expect to share 50 percent of the total traffic between two countries. If it is achieved in actual practice, it can be generally concluded that the country is almost fully utilizing its traffic rights. Presently, Indian carriers' overall share in international passenger traffic is about 30 percent. According to a paper prepared by ICAO Secretariat for a Regional Workshop on Regulatory Mechanism in Bangkok in 2001, India had registered as many as 66 bilateral agreements (17 in the Asia/Pacific Region and 49 outside the region) but its two national carriers, Air India and Indian Airlines provided service only to 38 international points (Air India 22 and Indian Airlines 16). Thus, India is not utilizing fully its traffic rights. The bilateral agreements are based on the premise that the airlines of the two countries will equally meet the future traffic demand. Non-utilization or partial utilization of traffic rights by India is resulting into shortage of capacity on certain routes, especially during the peak periods.

Recent Liberalization Initiatives

In recent years there is a gradual change in the approach of the Government of India. Within the ambit of bilateral agreements, India is liberalizing grant of traffic rights to foreign airlines, including fifth freedom rights. Also, Air India permits foreign carriers to use its right to operate certain services subject to commercial arrangement. Moreover, additional frequencies are permitted to the foreign airlines during peak season. In this process Air India collects commercial rents or fees from those airlines using its traffic rights or operating extra flights. It is understood that presently the total annual income from such fees is about Rs. 128 crores. This is a significant amount but perhaps much less than the revenue earned by the foreign airlines from additional services. This arrangement helps foreign airlines serving Indian airports to provide additional capacity to meet the demands. Moreover, this arrangement has provided considerable respite to the tourists and other travellers to and from India. As a short-term policy, this approach can be considered satisfactory. But from a long-term point

of view such a policy may not be considered appropriate as it adversely affects the role of Indian carriers.

In October 2003, the then Prime Minister of India announced open skies policy with ASEAN, to be a part of the free trade agreement planned with the trading block. The liberal policy was to allow major carriers like Singapore Airlines, Thai Airways, and Malaysian Airline to tap the Indian market without restriction. Under the "open skies" policy with ASEAN, airlines of that region were to be allowed to operate daily flights to the four metros and flights at other 18 stations without any restrictions.

While the Government has been becoming liberal in permitting foreign airlines to operate additional services subject to commercial agreement with Air India, no such permission had been given to private Indian operators to provide services on international routes. In the past Government policies have been obsessed with protecting the interest of Air India and Indian Airlines. While domestic operations were thrown open to private sector in 1986, the international operations remained entirely in the domain of Air India and Indian Airlines with some relaxation only last year when Jet Airways and Air Sahara were allowed by the previous Government to operate regular air services to and from India to the six countries grouped under the South Asian Association of Regional Cooperation (SAARC) including Pakistan, Nepal, Bangladesh, Bhutan, Sri Lanka and Maldives. Presently, these airlines are operating scheduled services to Nepal and Sri Lanka.

The present Government has made further relaxation and decided to permit private Indian carriers to operate on all international routes except on routes to Gulf countries. It is further reported that Jet Airways and Air Sahara are planning to commence international services to London, Paris and certain other stations. Recently, Government has entered into an open skies agreement with USA. Under this agreement both countries will be free to select routes and destinations based on consumer demand without any restrictions on capacity, frequencies and designations of airlines and pricing. Other bilateral agreements are being revised to increase capacity on a number of routes.

It may be noted that the Government has been liberalizing international air transport services in bits and pieces. Time has come when the Government has to formulate a clear long term policy for civil aviation. In fact, it will be more appropriate to formulate a long term integrated transport policy covering all modes of transport, including civil aviation.

BOX TWO

RECOMMENDED APPROACH FOR INTERNATIONAL SCHEDULED SERVICES

As soon as possible, develop a long term policy for civil aviation, preferably as a component of an integrated transport policy covering all modes of transport.

Enable Air India and Indian Airlines to add capacity and generate a level playing field. Along with liberalization, the national carriers Air India and Indian Airlines should be freed from written and unwritten social and other obligations not applicable to other airlines.

Immediately permit Indian private carriers to utilize the unutilized traffic rights. Till Indian carriers are able to utilize traffic rights granted to India, permit foreign operators to provide capacity to meet the demand.

In the medium term on selected routes private carriers should be permitted to provide services along with national carriers Air India and Indian Airlines. In the long run, all Indian carriers should be treated alike in the allocation of landing rights

Future bilateral agreements should provide the possibility of multiple designations. The existing bilateral agreements should be revised to provide for multiple designations, wherever this is not provided.

While considering these proposals, the Government should keep in mind recent boom in traffic and future expectations of higher growth in inbound and outbound tourist traffic.

The long term objective should be to enable Indian carriers achieving a share of about 50 percent of total scheduled services from and to India.

Source: Author

International Tourist Charters

As a part of the ongoing move towards liberalization of air transport services, the policy relating to international tourist charters has been considerably liberalized in stages. This liberalization is primarily to encourage tourism. The liberalization is unilateral and not part of any bilateral or multilateral agreement. It covers both inbound and outbound traffic. Inbound charters are permitted to all airports in India. Customs and immigration facilities with short notice are to be provided at airports. A tourist charter flight can transport the tourists on domestic sectors also within India. There are no restrictions with respect to size of aircraft, frequency, and total number of charters, tariffs and marketing. Indian passport holders are allowed to travel on such charters. Carriage of cargo is

permitted on charter flights. The operators can operate charter flights on a regular basis like scheduled flights. An operator organizing outbound charters needs to organize inbound charters, maintaining a ratio of 1:2 in the number of inbound and outbound charters. The obligation of 1:2 is not required in case of outbound charters with aircraft size of nine or less passengers and also in case of religious pilgrimage like Haj.

The policy of the Government in regard to international tourist charters is quite liberal except perhaps in the matter of maintaining the ratio between outbound and inbound charters. The present liberal policy is yielding results and is helping in the promotion of international tourism to India. This policy is particularly important because of the general shortage of capacity with the international airlines operating from and to India during peak seasons. The present policy needs to be continued.

International Cargo Services

During the 1980's, India faced a chronic shortage of capacity for the carriage of international cargo meant for exports. This was essentially due to serious imbalance between the demands for capacity for exports and imports by air and inadequate supply of capacity with the national carriers. The volume of exports had been almost double of imports. The airlines were reluctant to do empty haulage with controls on freight rates. As the export industry demanded on-time delivery of raw material and manufactured goods, and as the time sensitive materials were to be delivered more frequently by air, capacity constraint was regarded as the key obstacle that hindered the industries from enhancing exports and earning foreign exchange.

In this environment, in 1990, the Government adopted a bold policy of "open skies" for international air cargo. As per this policy any airline, both Indian and foreign, which meets specified operational and safety requirements, is allowed to freely operate scheduled and non-scheduled cargo services to/from any airport in India where custom/immigration facilities are available. Regulatory control over cargo rates is abolished and thus the carriers are free to set their own rates. The "open skies" policy for international cargo services is unilateral without comparable rights for Indian carriers from bilateral partners in return. Initially, the policy was for a period of three years but now it is without any time limit. The "open skies" policy for cargo led to an immediate strong growth in international cargo traffic and removed the shortage of capacity for exports. The imbalance in the volume of exports and imports still continues to remain in the ratio of about 2:1 as in the past. The present policy needs to be continued.

Liberalization in Domestic Air Services

The airline industry in India was nationalized by the enactment of the Air Corporations Act, 1953. This Act gave birth to Indian Airlines and Air India. The former was to operate essentially on domestic routes while the latter was to operate on international routes. The Act also gave monopoly power to Indian Airlines to operate on domestic scheduled services to the exclusion of any other operator. Air India became the only Indian carrier to operate on international routes except for some routes to the neighbouring countries which were given to Indian Airlines.

This arrangement worked well for sometime and the Indian Airlines expanded its fleet and services in the country and Air India outside the country. However, in late seventies and early eighties the Indian Airlines was unable to meet the demands fully because of shortage of capacity and long waiting lists for passengers became common. Liberalization of domestic air transport industry in India commenced in 1986 at a very low key when the so called air taxi operators were permitted to operate domestic services. This was done hurriedly in a rather haphazard manner. Even then it made an immediate major difference to the domestic air travel. A major landmark in the liberalization of the air transport industry was the repeal of the Air Corporations Act in 1994 which enabled the Government to permit private operators to provide scheduled services both on domestic and international routes.

Initially, the liberalization of domestic air services had both positive and negative impacts. The positive impacts were deployment of adequate capacity on most of the routes and therefore a passenger desirous of travelling to any station could easily obtain a seat. Secondly, the airline services improved considerably because of competition. Thirdly, the passenger had a choice and not entirely dependent upon the services of only one airline. Lastly, the air services were commenced on some new routes, which were not connected by air earlier. The negative impacts included Indian

Airlines losing much of its trained manpower, its traffic and also revenues that affected its profitability. Not only Indian Airlines lost but certain new private airlines, which were established in the wake of liberalization, were adversely affected. At least six private airlines, East-West, Modi-Luft, NEPC, Damania, Gujarat Airways and Span Air were closed and according to an estimate, the capital losses involved in these closures were to the tune of Rs. 10 billion.

As per the new policy, entry of new airlines is freely permitted but the operator has to fulfill certain conditions. The operator is required to have a stipulated level of fleet size and subscribed equity capital. For example, scheduled operators should have at least five aircraft (by outright purchase or lease) and a minimum subscribed capital of Rs. 10 crores. (Rs. 30 crores if operators have an aircraft of maximum take-off mass exceeding 40,000 kg.). Foreign equity participation up to 49% and investment by Non-Indian Residents (NRIs), Overseas Corporate Bodies (OCBs) up to 100% is allowed. The representation of the foreign investing institution/entity on the Board of Directors of the company shall not exceed one-third of the total. Foreign airlines are not permitted to pick up equity in the Indian carriers. Foreign financial institutions and other entities who seek to hold equity in the domestic air transport sector shall not have foreign airlines as their share holders. While fares are left to be determined by market forces, operators are given choice regarding aircraft type and size. The other condition is any one who operates services on specified trunk routes will have to provide a minimum proportion of such services on non-trunk routes and remote and backward areas. This condition is part of Route Dispersal Guidelines.

The domestic airline industry in India is now matured and that despite initial haphazard decisions and some teething troubles, the overall impact of liberalization of domestic air services has been positive. Although there are only three major domestic operators today, namely Indian Airlines, Jet Airways and Air Sahara, new operators are joining. The latest addition is Air Deccan which commenced operations in August 2003 as a no frill low fare airline. A few more airlines are likely to commence services on domestic routes soon. Some other proposals are understood to be in the pipeline. When new airlines join, the competition is likely to intensify. It will be interesting to watch the performance of new airlines. It is possible that some of the airlines may not be able to survive with the high level of intense competition.

The present domestic civil aviation policy mentioned above appears to be generally reasonable and liberal; there are two issues which may require some reconsideration. These are stipulation about minimum fleet size and minimum equity capital for new entrants and route dispersal guidelines. Although the intention behind the requirement of minimum fleet size and minimum equity capital may be genuine, it should not be necessary to put such conditions which in many cases may be considered obstructive. These requirements and analysis may be better left to the investors including their bankers, financial institutions, and financial analysts. The world has become very professional and any new business enterprise like airline business which is capital intensive and risky, requires detailed professional examination. Hence, it will be desirable to remove the conditions altogether or at least to dilute them and leave the decisions to new operators. However, the Government must ensure safety and security of operations. The other issue is route dispersal guidelines discussed below.

Subsidized Travel to Remote Areas

Providing air service to north-east region and other remote and backward areas having poor or insufficient surface transport facilities and services has been a major area of concern for the Government as airlines being commercial entities would not like to operate on loss making routes. Previously, Indian Airlines with monopoly power operated uneconomic routes and met the losses out of surpluses generated from profitable routes. After the private airlines were introduced, Indian Airlines could not cross-subsidize as it had to compete with private operators. To safeguard the interest of remote and backward areas, in 1994 the Government of India issued route dispersal guidelines for scheduled services operations on domestic routes. These guidelines are mandatory.

The requirements under these guidelines have led to some amount of duplication of capacity on certain routes resulting into low seat utilization and inadequate capacity on some other routes. Major airlines are reluctant to operate such routes. The main objective of the airlines is to comply with the mandatory requirements and minimize the losses. The Naresh Chandra Committee has observed that "The route dispersal guidelines may be inadvertently hindering the emergence of specialized

airlines with appropriate aircraft to cater to regional and short-haul feeder routes. This is because given that the larger airlines are bound by the route dispersal guidelines to operate a specified percentage of their deployed capacity on Category II & III routes (regardless of viability of such operations) they can (potentially) undercut the specialized airlines on these routes.”

Although these guidelines have benefited the people living or doing business in certain areas, it is not clear that the benefits are commensurate with the costs borne by the airline operators and ultimately by the general air travellers. The guidelines are in force for over 10 years, but no study has been carried out about its economic impact and the costs involved. It is necessary to conduct some sort of a cost benefit analysis and find out who are the beneficiaries of this indirect subsidy: are they the most deserving people to get the subsidy, what is their profile, whether the extent of subsidy is adequate, to what extent suitable alternative modes of transport are available in the region or routes, etc. Moreover, the methodology used for the subsidy is indirect and not transparent and therefore may not be considered appropriate from general economic point of view. It may not be a surprise if the findings of the study reveal that only travellers in the upper middle income bracket are using the facilities on most of the routes as surface transport services are operating on almost all routes for common man. It is to be noted that the surface modes of transport in the region used by common man are not subsidized.

It is recommended that in the short term the present policy may be continued. However, in the medium and long-term a detailed study should be conducted and the present policy revised, if necessary. It is essential that the future route dispersal guidelines should be based upon a clear enunciation of policy regarding subsidizing air transport services in remote and backward areas. A broad framework of such a policy should be as provided in BOX THREE, which follows.

BOX THREE

<p style="text-align: center;">BROAD FRAMEWORK OF POLICY ON SUBSIDING AIR TRAVEL TO REMOTE AND BACKWARD AREAS</p> <p>A study needs to be carried out regarding the impact of subsidies, identification of beneficiaries, development of alternative modes of transport, etc and appropriate changes made in the subsidy scheme, if considered appropriate.</p> <p>The subsidy should not be general but for specific routes to improve accessibility and to reduce the cost of air transport to remote areas or to accelerate development of certain areas having economic potential.</p> <p>As far as possible, subsidy should be direct and transparent and as far as possible for a limited period only. The objective should be to reduce it gradually and ultimately withdraw.</p> <p>Subsidy should be provided, only if a carrier is required to operate on a route due to economic, social, political or any other consideration other than commercial.</p> <p>It should be based on certain efficiency criteria to be maintained by the airlines or alternatively be based on bidding.</p>
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Source: Author.

Capacity Constraints and Slot Allocation

As in many other countries, India is also facing congestion at times at major airports and consequently there is problem of slot allocation at such airports during night hours for international flights and in the morning and evening hours for domestic flights. The runway capacity at Mumbai and Delhi falls short of the demand. The international terminals at Mumbai and Delhi as also Chennai are saturated. The problem of peaking during night at international airports is primarily due to night curfew in the west as well east. Sometimes a suggestion is made that India should also impose night curfew at its airports. This may not be a practical solution as the result may be diversion of some flights to other countries in the region which may not be in the best national interest. It is also possible that peak may be shifted to day time which may create other problems. To the extent international flights arrive or depart in the morning and evening, the peak for international flight may clash with the peaks for domestic flights and create problems with runway capacity.

To deal with the problem relating to international flights, the Government of India has constituted a slot allocation committee, comprising representatives of the Airports Authority of India, Bureau of Civil Aviation Security, Director General Civil Aviation, Immigration, Custom, Air India and Indian Airlines. This committee examines the requests for slots by various airlines every six months and takes decisions on such requests. The decisions of the Committee are conveyed by Air India to the concerned airlines. These are further discussed in the Global International Air Transport Association Scheduling Committee and if allocated slots are not acceptable to some airline, the Committee set up by the Government of India re-examines the issue and takes appropriate decision. The objective is to satisfy as many airlines as possible based on certain criteria.

For domestic flights, discussions are held among the concerned agencies and appropriate solutions found regarding slots during morning and evening peak hours, which are different from night peak hours for international flights. It is understood that so far no serious problems have been faced in meeting the demands of airlines but with some adjustments. The problem of shortage of capacity and allotment of slots for landing may become acute at some airports in future. This problem should be tackled by better management and planning timely increases in airport capacity rather than through rationing, fiscal measures or market based approach.

Development of Airport Hubs

Every country wishes to develop a few airports as hub airports. Hub airports handle a large number of flights and thus provide suitable connections to other places. A successful hub benefits the country as several airlines bring their flights to the airport and indirectly benefit tourism as passengers have better connectivity. Airports also benefit in the shape of higher revenues. In the Asia Pacific region, Bangkok, Singapore, Hong Kong, Tokyo and Seoul handle over 20 to 35 million passengers per annum each and are recognized hubs. In India, Mumbai Airport handles only about 12 million passengers. The volume of traffic at Delhi and other airports is lesser. Moreover, our national carriers are weak and therefore their contribution in bringing sixth freedom traffic is limited, which is very important for developing a hub. Private airlines are yet to establish in international market. Further, the level of services at Indian airports, including ground handling services is not up to the international standard and certainly below the standards available at other airports in Asia/Pacific region. Thus, presently the conditions are not ripe to develop major hubs in India in competition with other hubs in the region. It is necessary to improve the services at airports and increase the fleet of Indian carriers and at the same time to encourage them to bring in sixth freedom traffic to India to develop Mumbai as a major hub and also Delhi as the second hub.

Hubs can also be developed for domestic traffic. Mumbai, Delhi, Kolkata, Chennai, Hyderabad airports are operating as hub airports to a large extent. Nevertheless, people wish to travel directly without changing the flight. As volume of traffic increases, more direct flights will be introduced and the role of hubs will not increase at least proportionately. Nevertheless, people will travel to major airports to catch international flights rather than domestic flights. In this situation, it is extremely doubtful if airport like Nagpur which produces negligent originating or terminating traffic can be a successful hub, either for domestic flights or international flights.

Role of air transport as part of the optimal multi-modal mix

By definition any airport is multi-modal as otherwise passengers and/or cargo would not get there in the first place. They will also not be able to leave the airport unless surface access exists. Accordingly, excellent surface access constitutes a *sin qua non* for a successful international airport. Improved inter-modality can bring several benefits, such as, enlarged and protected catchment area for airport and airlines and superior passenger convenience. If an airport is connected by rail, it can provide competitive advantage for airlines, airport and rail operator. Presently, Indian airports have no direct access to rail transport and therefore inter-modality between air and rail transport does not exist and it is confined to air and road transport. Even the road access to airports is generally not very satisfactory. Thus, if full advantage has to be taken of the potential benefits of inter-modality, it will be necessary to improve access to airports. For larger international airports, rail access is very important. Active cooperation and coordination among different modes of transport and town planners is essential.

Competition and Economic Regulation

With the liberalization and rationalization of allocation of landing rights in civil aviation and increasing role of private sector in this industry, the number of players with varied objectives and patterns of operation will grow. The primary motive of private sector is profit and this may sometimes conflict with the interest of other stakeholders. The private sector airport service provider, which enjoys monopoly, if left untouched, may exploit the situation. This may be against the public interest and the overall development of civil aviation in the country. There is a potential of cut throat competition or cartel of the airlines. In the process, the economy of the country apart from the users may suffer. The present economic regulatory system is neither adequate to tackle such problems, which may arise in future, nor will it create the desired level of confidence among the airlines, service providers and users. Accordingly, a separate independent economic regulatory authority should be established. This authority should regulate only economic aspects of civil aviation. Technical regulation including licensing, safety and security should continue to be handled by the Director General Civil Aviation and Bureau of Civil Aviation Security as at present.

The regulatory authority should ensure adequate competition among airlines, checking cartels and other abuses, oversee distribution of international flight slots among airlines, allotting slots to airlines at airports in case there are disputes, revision of landing and parking charges and other major charges at airports and ensuring that other charges such as car parking are reasonable. It should also advise the Government on policy issues wherever requested or even sui moto. It should establish a small research organization to collect data and information about developments taking place in the world.

The principal objective of economic regulation should be to ensure sound development of civil aviation with a view to promoting international and domestic trade and commerce, international and domestic tourism, and convenient, efficient and economical service to the business community and access to remote and backward areas. The regulatory system should serve the interests of service providers as well as the users. In the new regulatory regime, the role of the government should be limited, essentially to monitoring the developments in civil aviation, formulation of policy, developing guidelines, wherever considered necessary, and signing of new bilateral air services agreements and revision of existing ones.

It is to be noted that regulations have a price. Each successive level of higher regulation demands greater external involvement and reduced flexibility for the service provider to use innovative methods to provide efficient and better service to the users at least cost. In case of disinvestment in any service such as airlines or airports in the public sector, higher regulation may lead to reduced sale price for the government. Accordingly, the objective should be to have minimum essential regulations.

5. Roadmap for Rationalization of Allocation of Landing Rights

From the detailed expose in the preceding sections, certain conclusions are obvious. Globally, the civil aviation industry is being progressively liberalized in all respects including liberalization in grant of traffic rights. Such liberalization is taking place in all parts of the world but the extent and timing of liberalization are different. Whether and when it will lead to complete open skies policies and a multilateral agreement among almost all nations of the world is difficult to predict. This can be considered as a possibility in distant future. ICAO and GATS are already working in this direction.

Along with the rest of the world India has moved forward in liberalizing its civil aviation sector but only gradually in an evolutionary manner. Keeping in view the global speed of liberalization, India has moved more than halfway and is much ahead of many countries in the world in many respects. The unilateral open skies policy in regard to international cargo and international passenger charters, open skies policy for foreign scheduled operators during the peak winter season, designating private carriers on international routes, throwing open the domestic scheduled services to private operators, etc are the cases in point. Presently, India is being quoted in certain forums as an example in liberalization of civil aviation operations.

Thus, considerable progress has been made in liberalization in grant of landing rights for civil aviation both on international and domestic routes in the past. Further liberalization is in the pipeline

as per press reports. Certainly more needs to be done as capacity constraints are hindering the growth of air traffic and tourism and also India's share in international passenger transport from and to the country is only 30 percent as against the ideal of 50 percent. There is an urgent need for a clear enunciation of long term civil aviation policy, preferably as a part of integrated transport policy including all modes of transport. This is essential as with the emergence of no frill low fare airlines, the competition between upper class rail travel and air transport may increase significantly in future.

The following Box sets out a roadmap for the steps to be taken in the short term as well as in the medium and long-term to enable air transport to play its due role in the economic development of the country.

BOX FOUR

ROADMAP FOR POLICY REGARDING ALLOCATION OF LANDING RIGHTS

The civil aviation policy should be finalized as early as possible. In the medium term, a national transport policy should be formulated and civil aviation policy should be integrated with it.

Meanwhile, the current liberalization process of international air transport operations should be continued, keeping in view the global developments and the developments in the region.

As early as possible, capacity of Air India and Indian Airlines should be increased to enable them to expand their services and utilize their landing rights effectively.

As a short-term measure, freely permit private Indian carriers to operate on routes not served by Air India and Indian Airlines. Also permit private Indian carriers to operate on routes partly served by Air India and Indian Airlines. Gradually, all the privileges of Air India and Indian Airlines should be curtailed. Simultaneously, they should be absolved of social obligations, both written and unwritten. In the long-term, they should be treated at par with other Indian carriers.

The existing open skies policy for the winter peak season should be extended at least for two years so that foreign operators could plan and provide the necessary capacity in time. In the long run landing rights to foreign carriers should be based on reciprocity only.

The current policy for passenger charters and open skies policy for international cargo should be continued. In the long-run these policies may be reviewed.

In the short-term and medium-term, review all bilateral agreements and provide for multiple designations through negotiations. In the long-term, all bilateral agreements should provide for multiple designations.

For the new domestic operators the requirements in regard to number of aircraft and minimum subscribed capital are not necessary and should be removed or at least diluted.

In the short-term, the existing flight dispersal guidelines should be continued. In the medium-term it should be reviewed after a detailed study.

In the short term, the participation of foreign airlines in the equity of domestic airlines should not be permitted. This may be considered in the medium and long term.

In the short term, the problem of shortage of slots should be tackled by better management. In the medium and long term, adequate capacity should be provided at the airports.

An independent economic regulatory authority should be established for the entire civil aviation sector and not only for the airports alone. In the long-term after integrated transport policy is formulated, a common regulator for the entire transport sector may be considered. Safety and security should be handled by the Government.

To take full advantage of inter-modality surface access to airports should be improved.

6. Impact of Rationalization of Allocation of Landing Rights

Rationalization in the allocation of landing rights have far reaching consequences for tourists, other users, general economy, airline and airports. These are briefly discussed below.

Tourists

A liberal policy for grant of landing rights to private Indian operators and foreign airlines, especially when the national carriers are unable to provide the required capacity and utilize their traffic rights, is helping in the development of tourism. Introduction of no-frill low fare airlines will give further boost to tourist traffic. The tourist traffic is the main beneficiary of liberalization in grant of traffic rights as it is leading to increased frequency of airline operations, multiple options and improved service at a cheaper price. The tourist traffic accordingly can be expected to grow faster in future.

Other users

The other users of air transport, both passengers and shippers should be more than happy with rationalization and liberalization as services improve; options increase and fares and freight rates decrease in real terms. These will result in increase in demand for air services. The concessionaires at the airport will also benefit from higher sales and increased business income.

General economy

With rapid growth in air traffic including tourist traffic the foreign exchange earnings from tourism will grow faster and also the employment. The increase in business traffic will help in the growth of foreign trade, especially exports with consequent benefits to the economy.

Service Providers (Airlines and Airports)

Demand for air services will increase. At the same time competition among the airlines will also increase. More efficient airlines will be gainer. Some inefficient airlines may suffer losses leading to bankruptcy. Air India will lose the revenues received by them from foreign airlines as part of commercial agreement for operating services over and above provided in the bilateral agreements.

An important impact of rationalization and liberalization of landing rights will be significant growth in traffic at the airports. So far as an airport has additional capacity any increase in traffic will lead to better utilization of facilities resulting into higher revenues and improved financial viability. However, major international airports in India have no spare capacity, especially during peak periods and hence they will become more congested and the quality of service may deteriorate in the short-term. In the long-term the capacity and quality of services can be expected to improve.

7. Periodic Review of Policy

It is to be noted that liberalization in the grant of traffic or landing right for civil aviation has become an ongoing process and it will continue to remain so for some time to come till complete open skies has been achieved. Accordingly, any roadmap in this regard or Civil Aviation Policy should not be considered inflexible and needs to be reviewed periodically and policies adjusted, wherever considered appropriate in the circumstances then obtaining. Accordingly, it is necessary to undertake studies of the changing scenario in civil aviation in the world as well as in India almost on a continuous basis so that changes or adjustments in the policies are based on proper scientific studies rather on an ad hoc basis.

8. Likely hurdles in implementation of Policy Recommendations

No major hurdles can be expected in implementing the policy recommendations except possibly some from Air India and Indian Airlines who may lose their monopoly on international routes and may face stiff competition from private Indian carriers. Air India is also likely to lose the

commercial rent which it is obtaining from foreign airlines. However, Air India and Indian Airlines may not be able to place any real hurdles as they are owned by the Government.

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APPENDIX 1

FREEDOMS OF AIR

First Freedom: The right or privilege, in respect of scheduled international air services, granted by one State to another State or States to fly across its territory without landing.

Second Freedom: The right or privilege, in respect of scheduled international air services, granted by one State to another State or States to land in its territory for non-traffic purposes, such as fuelling, etc.

Third Freedom: The right or privilege, in respect of scheduled international air services, granted by one State to another State to put down, in the territory of the first State, traffic coming from the home State of the carrier.

Fourth Freedom: The right or privilege, in respect of scheduled international air services, granted by one State to another State to take on, in the territory of the first State, traffic destined for the home State of the carrier.

Fifth Freedom: The right or privilege, in respect of scheduled international air services, granted by one State to another State to put down and to take on, in the territory of the first State, traffic coming from or destined to a third State.

Sixth Freedom: The right or privilege, in respect of scheduled international air services, of transporting, via the home State of the carrier, traffic moving between two other States.

Seventh Freedom: The right or privilege, in respect of scheduled international air services, granted by any one State to another State, of transporting traffic between the territory of the granting State and any third State with no requirement to include on such operation any point in the territory of the recipient State.

Eighth Freedom: The right or privilege, in respect of scheduled international air services, of transporting cabotage traffic between two points in the territory of the granting State on a service which originates or terminates in the home territory of the foreign carrier or outside the territory of the granting State.

Ninth Freedom: The right or privilege of transporting cabotage traffic of the granting State on a service performed entirely within the territory of the granting State.

Source: ICAO *Manual on the Regulation of International Air Transport*

APPENDIX 2

Global growth in scheduled air services

Year	Passengers				Freight			
	International (million)	Domestic (million)	Total (million)	Average annual increase over the preceding period (%)	International (million tonnes)	Domestic (million tonnes)	Total (millions tonnes)	Average annual increase over the preceding period (%)
1975	108	426	534	--	n.a	n.a	8.7	--
1980	163	585	748	6.97	4.4	6.7	11.1	4.99
1985	194	705	899	3.74	5.9	7.8	13.7	4.30
1990	280	885	1,165	5.32	8.9	9.5	18.4	6.08
1995	375	929	1304	2.28	13.0	9.2	22.2	3.83
1996	412	979	1391	6.67	13.6	9.6	23.2	4.50
1997	438	1019	1457	4.74	15.7	10.7	26.4	13.79
1998	458	1013	1471	0.96	15.8	10.7	26.5	0.38
1999	493	1,069	1562	6.19	17.3	10.8	28.1	6.04
2000	538	1,110	1647	5.44	18.8	11.4	30.2	7.47
2001	532	1,092	1,624	-1.40	18.0	11.0	29.0	-3.97
2002	547	1,092	1,639	0.92	18.8	12.6	31.4	8.28
2003	563	1,094	1,657	1.10	20.2	14.3	34.5	9.87
CAGR	6.07	3.43	4.13		6.85	3.35	4.13	

Note: CAGR means compound average annual growth rate.

Source: Compiled by the Author from ICAO publications