

## **Plurilateral Request Air Transport Services**

Further to paragraphs 25 to 27 of the Hong Kong Ministerial Declaration, and in accordance with paragraphs 7 and 11 (b) of Annex C of the Hong Kong Ministerial Declaration, the Mission of New Zealand is pleased to present the delegation of [ ] with a collective request in relation to air transport services on behalf of the following interested Members: Australia, Chile, the European Communities, New Zealand, Norway and Switzerland.

This request identifies specific objectives for air transport services liberalization, while recognizing the flexibilities provided for individual developing country Members in accordance with Article XIX.2 of the GATS. The aforementioned interested Members are also deemed to be recipients of this request and have undertaken to consider it in good faith with a view to improving the quality and coverage of their air transport services commitments.

In accordance with paragraph 7 of Annex C of the Hong Kong Ministerial Declaration, this collective request is intended to complement, and not supersede, the bilateral request-offer negotiations and the specificity of bilateral requests.

The Mission of New Zealand has the further pleasure to invite [ ] to participate in a plurilateral discussion of this request, which will be organized in Geneva during the Services cluster taking place from 27 March to 7 April, 2006.

Please note that 20 other Members have received this collective request on air transport services from the aforementioned group of interested Members, and have also been invited to this plurilateral meeting.

The aforementioned interested Members reserve the right to modify the content of this request in the future. The list of interested Members is also subject to change.

Any comments regarding this request, including written questions of a technical nature in advance of the plurilateral meeting, may be addressed to:

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## **I. Introduction and Objectives**

Air auxiliary services are emerging as important economic sectors in their own right. The market for aircraft maintenance, repair and overhaul was valued at over US\$32 billion in 1999<sup>1</sup> with forecasts suggesting a market of US\$33 billion in 2005<sup>2</sup>. Repair and maintenance for non-commercial (general and military aviation) generates an additional US\$3.5 billion of revenue per year<sup>3</sup>. International airline expenses for ticketing, sales and promotion exceeded \$40 billion in 1999<sup>4</sup>. The global market for computer reservation systems (CRS) services is estimated to be in the vicinity of US\$5 billion annually<sup>5</sup>. The continued emergence of the Internet as a tool for the direct reservation of air services by consumers and the issuing of 'e-tickets' by air carriers adds further support for the arguments against continued trade restrictions in this sector.

The world market for aviation ground handling is estimated to be in the order of US\$11.5 billion annually<sup>6</sup>. These services are increasingly being provided on a competitive basis by independent service providers. Further liberalisation of these services could boost the competitiveness of the air transport sector, facilitating the free and efficient movement of goods and passengers around the world and opening up new business opportunities for specialist service providers.

## **II. Plurilateral request**

We are requesting that commitments be taken with the widest possible sectoral coverage, and in particular for aircraft repair and maintenance services, selling and marketing of air transport services, computer reservation systems services and ground handling services and airport operation services.

### ***Sectoral Coverage***

#### ***(i) Aircraft Repair and Maintenance Services (part of CPC 8868)***

Paragraph 6(a) of the GATS Annex on Air transport Services (the Annex) defines aircraft repair and maintenance services as:

*such activities when undertaken on an aircraft or a part thereof while it is withdrawn from service and do not include so-called line maintenance*

#### ***(ii) Selling and Marketing Services***

Paragraph 6(b) of the Annex defines selling and marketing of air transport services as:

*opportunities for the air carrier concerned to sell and market freely its air transport services including all aspects of marketing such as market research, advertising and distribution. These do not include the pricing of air transport services nor the applicable conditions*

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<sup>1</sup> International Civil Aviation Organization (2001), *Civil Aviation Statistics of the World*

<sup>2</sup> World Trade Organisation - Council for Trade in Services (1998), *Air Transport Services (S/C/W/59)*

<sup>3</sup> World Trade Organisation - Council for Trade in Services (2001), *Executive Summary of the documentation prepared for the first two sessions of the review mandated under paragraph 5 of the Air Transport Services Annex (S/C/W/200)*

<sup>4</sup> International Civil Aviation Organization (2001), *Civil Aviation Statistics of the World*

<sup>5</sup> World Trade Organisation - Council for Trade in Services (2001), *Executive Summary of the documentation prepared for the first two sessions of the review mandated under paragraph 5 of the Air Transport Services Annex (S/C/W/200)*

<sup>6</sup> *ibid*

***(iii) Computer Reservation Systems Services***

Paragraph 6(c) of the Annex defines computer reservation systems (CRS) services as:

*services provided by computerised systems that contain information about air carriers schedules, fares and fare rules, through which reservations can be made or tickets may be issued.*

***(iv) Ground Handling Services***

At all airports throughout the world, ground services are required to enable provision of air transport services and to facilitate the safe and economical movement of aircraft, passengers and goods while they are on the tarmac. Ground handling therefore includes a multitude of services within a complex operational network. The following services are requested under “Ground Handling services”:

- Container handling services for air transport services only (part of CPC 7411)
- Other cargo handling services for air transport services only (part of CPC 7419)
- Other supporting services for air transport (CPC 7469)

It is the co-sponsors’ view that there are no barriers to taking commitments in ground handling services and that it is highly desirable to make such commitments as independent providers of ground handling services are an important, growing industry.<sup>7</sup>

***(v) Airport Operation Services***

Airport operation services, such as passenger air terminal services and ground services on airfields, constitute a growing industry enhancing the efficiency of publicly or privately-owned airports worldwide reducing costs for consumers and airport owners while applying the highest security standards.

The co-sponsors request to undertake commitments under:

- Airport operation services (excl. cargo handling) (CPC 7461).

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<sup>7</sup> Communication from Australia, Chile, the EC, New Zealand, Norway & Switzerland (2005), *Trade in Services to the Aviation Industry: A case for commitments under the GATS* (TN/S/W/29)

### *Specific Commitments*

In order to achieve a progressively higher level of liberalisation of trade in air transport services, we are requesting that recipients of this request make new or improved commitments which include the following elements:

*Mode 1 Commitments:* We request that recipients of this request schedule “none” for this mode of supply, where possible and technically feasible.

*Mode 2 Commitments:* We request that recipients of this request undertake full commitments in Mode 2 for all identified air transport services.

*Mode 3 Commitments:* We request that recipients of this request undertake ambitious commitments under Mode 3 and in particular eliminate the following restrictions:

- economic needs tests for commercial presence
- restrictions on foreign equity participation
- measures requiring the existence of contracts with local firms as a prerequisite for doing business from abroad
- discriminatory measures affecting foreign service providers seeking to offer repair services for aircraft flying under the national flag
- residency requirements for the provision of aircraft repair and maintenance services

*Mode 4:* We encourage recipients of this request to schedule Mode 4 commitments to ensure mobility of service suppliers involved in the provision of air transport services. Specialised skills and high technical expertise are a feature of this sector. Recipients are requested to make commitments either under the sector headings or in the horizontal section of their schedule.

*MFN Exemptions:* To the extent possible, requesting Members seek the removal or reduction of MFN exemptions affecting air transport services.

Finally, we are requesting that Members give due consideration to ensuring clarity, certainty, comparability and coherence in the scheduling and classification of commitments through adherence to, *inter alia*, the Scheduling Guidelines pursuant to the Decision of the Council for Trade in Services adopted on 23 March 2001.

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