

Policy Recommendations adopted by 30th Session of the COMCEC

• **Increasing Air Transport Liberalization in the OIC Member States**

Rationale: Air transport agreements which liberalize the rules for international aviation markets have recorded a rapid increase recently and dramatically changed the landscape of the air service market. Experience with liberalized air services has shown that they result in increased trade, lower airfares, and more tourism flows.

Key provisions of air transport agreements include:

- Free market competition: no restrictions on international route rights; number of designated airlines; capacity; frequencies; and types of aircrafts.
- Pricing determined by market forces: a fare can be disallowed only if governments concur—“double disapproval pricing”— and only for certain, specified reasons intended to ensure competition.
- Fair and equal opportunity to compete: all carriers of countries may establish sales offices in the other countries, can convert and remit earnings in hard currencies at any time. Besides, designated airlines are free to provide their own ground handling services.

• **Making Better Use of PPPs in Airport Infrastructure**

Rationale: PPPs can help address the infrastructure gap by mobilizing private sector investment and expertise. They also introduce private sector technology and innovation in providing better public services through improved operational efficiency. Furthermore, PPPs may be useful in facilitating transfer of skills to local companies. Finally, PPPs may lead to diversification in the economy by making the country more competitive in terms of its facilitating infrastructure base. On the other hand, successful implementation of PPPs will require extensive technical expertise as well as a sound legal and regulatory framework.

• **Opening Domestic Markets to Low-Cost Airlines**

Rationale: Deregulation of the commercial air market has led to the rapid development of low-cost carriers in the last two decades. This dramatic growth of the LCCs brought important benefits to the consumers, offering them low fares, more choice as far as regional or minor destinations are concerned. It has also represented a stimulus to independent travel and it has considerably changed the way people travel and the impact this had made on the tourism sector.