

New Zealand's international air transport policy discussion document - Tourism New Zealand comments

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Objective

What should the objective of New Zealand's international air transport policy be?

Policy Proposal

The objective of New Zealand's international air transport policy is to provide New Zealand-based and foreign airlines with opportunities to provide their customers with better access to global supply chains and New Zealand's key passenger and goods markets. This will be done in order to help grow the economy and deliver greater prosperity, security and opportunities for all New Zealanders.

Tourism New Zealand Comment

Tourism New Zealand's supports the overall objective of the international air transport policy.

Increasing the value added to the New Zealand economy from international visitors is the key outcome sought by Tourism New Zealand. The reduction or removal of barriers for New Zealand based and foreign airlines accessing international passenger markets assists in achieving this outcome.

Approach to Air Services Liberalisation

What should New Zealand's approach to air services liberalisation be?

Should the basis of the policy continue to be putting into place the most open and flexible reciprocal arrangements possible?

Will there be situations where open skies arrangements are not in New Zealand's best interests? If so, what would those situations be?

To what extent should the policy take specific account of the benefits that New Zealand owned and based airlines bring to the economy?

Will there be situations where it may be in New Zealand's best interests to allow a foreign airline to operate even where these rights are not fully reciprocated in bilateral arrangements?

Can extra-bilateral approvals (on an interim basis) bring benefits?

Policy Proposal

New Zealand will pursue a policy of putting in place reciprocal open skies arrangements except where it is not in the best interests of the country as a whole. Where the other party will not agree to open skies agreements, we will seek to put in place the most open package that is in New Zealand's overall best interests, both

in the short and long term. In doing this we will recognise the benefit to New Zealand of new or additional services by overseas airlines, while ensuring that New Zealand airlines have a fair and equal opportunity to compete.

We will consider extra-bilateral approvals pending the putting into place of new or expanded arrangements. These will be provided on the basis that such authorisation may be withdrawn if New Zealand airlines are denied opportunities to offer services to, or through, the home market of the foreign airline in question.

Tourism New Zealand Comment

Tourism New Zealand broadly supports the above policy proposal

Airline investment

What policy should New Zealand follow regarding foreign airlines being designated to operate to New Zealand?

What level of New Zealand ownership is sufficient for international airlines to be able to exercise New Zealand traffic rights?

Policy Proposal

New Zealand's policy with regard to third-country investment in foreign international airlines will be to:

- continue to seek to negotiate agreements that provide for the link between airlines and the designating state to be based on principal place of business, place of incorporation and effective regulatory control*
- continue to consider, on a case-by-case basis, not exercising the discretion to withhold authorisation from airlines that do not fully meet the designation criteria of the relevant ASA, where there is no overt circumvention of other bilateral agreements or detriment to future liberalisation with the states involved*
- continue to monitor the work by ICAO on the MCFIA with a view to acceding to such an agreement should an acceptable outcome emerge*

Tourism New Zealand Comment

Given the flexibility implied by the second bullet point, it will be important to maintain consistency in the application of the policy.

Policy Proposal

The policy on designation of New Zealand airlines (other than Air New Zealand) will include:

- removal of the policy limits of 25 percent ownership by any one foreign airline or 35 percent by foreign airlines in total*
- considering, on a case-by-case basis, designating New Zealand-based airlines whose ownership and control structure is consistent with the bilateral*

- arrangements with all the markets it proposes operating to or where the risk of operating authorisations not being accepted is assessed as small*
- *considering, on a case-by-case basis, applying a more liberal policy for cargo-only airlines*

Tourism New Zealand Comment

In some cases, other countries preference for 'Substantial Ownership and Effective Control by home country nationals' as per US's open skies model is important to Air New Zealand's ability to operate in overseas markets and therefore to Tourism New Zealand outcomes. Whether the proposed policy would negatively impact on this should be considered

Elements of Agreements

What elements should be included in New Zealand model open skies agreement?

Policy Proposal

Where open skies is determined to be in the countries' best interest, New Zealand will continue to seek to put in place agreements that provide for:

- *no restrictions on routes or capacity (including 7th freedom services and cabotage (8th and 9th freedom))*
- *no regulation of tariffs*
- *open investment provisions*

In other cases, or where the other party will not agree to full open skies, the provisions that are in New Zealand's best interest (taking into account the overall package on the table) will be agreed for each Article.

Tourism New Zealand Comment

Tourism New Zealand is broadly supportive of the pursuit of an open skies policy.

The forward negotiation programme

What should be the basis for determining the forward negotiation programme? Should there be a priority list or a set of criteria? Are there specific areas where current arrangements, or lack of arrangements, are hindering the development of services?

What process should be in place for stakeholder involvement in setting the forward negotiation programme?

Should specific policies apply in the South Pacific?

What should New Zealand's approach to liberalisation through regional and multilateral processes be?

Policy Proposal
Negotiation Programme

The negotiation programme will prioritise relationships where unavailability of rights is preventing airlines from offering services. The aim will be to have arrangements in place ahead of demand.

A short and medium term focus will be on negotiations within East Asia and South America in line with negotiating mandates already granted by Cabinet.

Other mandates will be progressed over the medium term. We will also continue to monitor developments in Europe with a view to assessing when resumption in negotiations with the European Commission might prove desirable.

Longer term negotiating priorities will shift in line with commercial and aero-political developments. The Ministry of Transport will also monitor air transport policy changes in other countries to identify liberalisation opportunities.

Stakeholder input on negotiation priorities

The government will develop mechanisms to allow more systematic engagement with a wider range of stakeholders, including airlines, airports, and tourism and freight interests, on determining priorities and approaches in future years.

South Pacific

New Zealand is aware of the particular air transport needs of the Forum Island Countries, and in particular the need for further development of air transport links and infrastructure, and will continue to maintain a flexible and positive attitude in the negotiation and implementation of air services arrangements with them.

Multilateral and plurilateral negotiations

The New Zealand government intends to continue to engage in multilateral and regional initiatives where these are consistent with the thrust of this policy.

Tourism New Zealand Comment

Tourism New Zealand broadly supports the above proposal and recommends the key focus of the forward negotiation programme be on unrestricted travel and linkages with New Zealand's key & developing markets.

Suggest focus is on:

- I. Removing restrictions for markets that currently have restricted ASA's, e.g. France, South Korea, India, Thailand, Hong Kong, South Africa, Taiwan.
- II. Secondary focus on encouraging ASA's with countries that will increase the opportunity for competition on long haul routes, including 'transit' countries airlines (e.g. UAE, Bahrain, Qatar, Singapore and USA).
- III. Third focus on developing ASA's with new countries.

It is important that the air service negotiating programme takes a proactive rather than reactive role in pursuing future air services. Specific markets which Tourism New Zealand considers may be underserved or could sustain additional services include: SE Asia, South America, and in particular Brazil.

In addition, Tourism New Zealand looks forward to continuing engagement with the Ministry of Transport over the progress of the negotiation programme and future priorities.

Thank you for the opportunity to provide feedback. If you have any queries regarding the above, please contact:

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