

New Zealand International Air Transport Policy – August 2012

Objective

The objective of New Zealand's international air transport policy is to help grow the economy and deliver greater prosperity, security and opportunities for New Zealanders. This will be achieved by seeking opportunities for New Zealand-based and foreign airlines to provide their customers with improved connectivity to the rest of the world, and to facilitate increased trade in goods and services (including tourism).

Implementation

New Zealand will pursue a policy of putting in place reciprocal open skies agreements, 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 of air services arrangements 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 that new or additional services by overseas airlines can bring, while ensuring that New Zealand-based airlines have a fair and equal opportunity to compete. We will also recognise the value of a strong and competitive New Zealand-based aviation industry.

We will consider, on a case-by-case basis, granting approval for extra-bilateral services pending the putting into place of new or expanded air services arrangements. These approvals will be provided where this is demonstrated to be in New Zealand's best interests and on the basis that such authorisation may be withdrawn if New Zealand airlines are denied opportunities to offer services to the home market of the foreign airline in question.

Over the five years to June 2017, we will give favourable consideration to authorising operations by foreign airlines into Christchurch ahead of negotiations, to reduce barriers to entry as the region recovers from the 2010-11 earthquakes.

Elements of Air Services Arrangements

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

- no restrictions on routes, capacity or traffic rights (including 7th freedom and cabotage - 8th and 9th freedom - rights)
- no regulation of tariffs, except to prevent anti-competitive behaviour
- liberal arrangements for granting operating authorisations following receipt of designation
- provisions facilitating regulatory cooperation by civil aviation authorities on matters such as trade in aviation goods and services

In other cases, or where the other party will not agree to a full open skies agreement, the provisions that are in New Zealand's best interest (taking into account the overall package on the table) will be agreed. In doing this, we will balance an exchange of sufficient capacity for services that airlines plan to offer in the short to medium term, with the long-term objective of open skies.

Airline Ownership

Government policy on the ongoing ownership of Air New Zealand is being considered in the context of implementing a mixed ownership model and does not form part of this policy statement.

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, in line with the International Civil Aviation Organization (ICAO) liberalisation model
- 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 Air Services Agreement, 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 Multilateral Convention on Foreign Investment in Airlines with a view to acceding to such an agreement should an acceptable outcome emerge

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 relevant bilateral arrangements, or where the risk of operating authorisations not being accepted is small
- considering, on a case-by-case basis, applying a more liberal policy for cargo-only airlines

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.

We will pursue agreements that facilitate services to major and developing markets, and by carriers whose services will improve New Zealand's connectivity to global networks, or utilise New Zealand as a hub.

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.

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

In implementing this policy the Ministry of Transport will work with other New Zealand government agencies whose responsibilities include matters that impact, or are impacted by air services.

The government will develop mechanisms to allow more systematic engagement with a wider range of stakeholders, the aviation industry, including airlines and airports, and tourism and freight interests, on determining priorities and approaches to individual negotiations.

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. We will continue to take a flexible approach toward 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. In particular we will look for opportunities to enhance our links at a regional level with the Association of Southeast Asian Nations (ASEAN). We will continue to monitor aero-political and commercial developments to assess when a resumption of negotiations with the European Commission might prove desirable.