

## **Assessment by the International Transport Workers' Federation (ITF) Civil Aviation Section on the TISA Annex on Air Transport Services**

The TISA Annex on Air Transport Services covers six areas of international air transport:

- aircraft repair and maintenance
- computer reservation system services
- selling and marketing of air transport services
- ground handling
- airport operation services
- speciality air services

GATS used to cover only the first three. This means TISA expands the coverage of GATS.

At the moment, these areas are still also covered by the International Civil Aviation Organization (ICAO), and are frequently referred to in bilateral air agreements. However, the Annex on Air Transport Services will in effect take this outside of ICAO coverage as it stipulates:

In the event of any inconsistency between this Agreement and a bilateral or multilateral air services agreement to which two or more Parties are party, the air services agreement shall prevail in determining the rights and obligations of those Parties that are party to that air services agreement.

In other words, these will not be governed by the Chicago Convention, which entered into force in 1947 and which is still the basis for the organisation of global air transport through ICAO.

The bilateral agreements are based on the concept of reciprocity (fair and equal exchange). The multilateral system is based on a Most Favoured Nation system, which means there can be no discrimination between countries (a “level playing field” principle in which there are no barriers to the large and strong out-competing the small and weak).

We need to recall that the pre-1995 Uruguay Round of international trade negotiations decided to leave this system out of GATS, partly because there was already a steady process of worldwide liberalisation taking place, but mainly because ICAO, a worldwide inter-governmental body that is more representative and which has far more credibility and expertise in this area than the WTO, had a prior claim on the economic regulation of international air transport that was hard to ignore.

With TISA, this decision could be reversed as a means to achieve their rapid and full liberalisation.

Even without TISA, liberalisation and deregulation are spreading rapidly in civil air transport. TISA will shift the aviation system onto a fully liberalised multilateral system in one go, and this could be too disruptive for many countries and aviation workforces.

The role of the civil aviation and aerospace industries are critical to any country which wants to take the lead in high-technology civilian and military production, but aviation is just as important for other countries and for more fundamental development needs. Indeed, for many developing countries covering large land areas with undeveloped alternative transport modes it is a vital requirement for economic development and national cohesion.

TISA has no mechanisms for the gradual or uneven introduction of liberalisation. Therefore, to move international air transport under TISA would mark a major (fatal) shift away from the key concepts of national aviation sovereignty and reciprocity.

TISA would lead to an aviation industry completely dominated by global giants – in other words, a very oligopolistic structure, but not a free market competition environment. For workers, this involves important issues concerning the global distribution of employment and economic rights. At airports and in ground handling employment conditions have already deteriorated immensely; nowadays, decent employment conditions are very rare in these two areas, and the race to the bottom still continues. A similar situation could emerge in aircraft repair and maintenance.

**ICAO is the worldwide inter-governmental body responsible for the economic regulation of international air transport. It is already overseeing a consensus process of gradual liberalisation, including various safeguards for developing countries. The ITF believes that the economic regulation of international air transport should be left as the responsibility of this body.**

Under TISA, aviation would be totally taken from the hands of government policy-makers and the sole obligation allowed to governments would be to enforce “non-discrimination”. This means that aviation policy would be determined by international market forces and by decisions made in boardrooms serving shareholder interests.

Under the current system aviation trade unions (along with other stakeholders and interest groups) are in many cases able to influence decision-making by national governments. Employment and social policy considerations are often taken into account by governments.

**The ITF opposes a move to a system which would mean governments abandoning a key element of national control of economic and social policy.**

In the last six decades the bilateral system has developed an elaborate set of interdependent safeguards. As TISA tries to detach areas of responsibility from ICAO, and as ICAO itself gets pushed into promoting further liberalisation, some of these are at risk of unravelling.

In the TISA document there is virtually no discussion on safety standards. Indeed, those promoting liberalisation consistently maintain there is no established link between economic regulation and safety.

Over the last decade outsourcing and offshoring aircraft maintenance has been on the rise and there are scientific studies pointing out the possible negative implications of this for current and future aviation safety.

**ICAO's document, entitled "Human Factors in Aircraft Maintenance & Inspection", states:**

The rate of accidents and incidents involving maintenance concerns has increased. An example of this is emphasized by looking at these incidents and accidents in the past years where the annual average of these has increased to more than 100 per cent, while the number of flights has only increased by 55 per cent.

Specific concerns have been raised regarding: (a) the capacity of national civil aviation authorities' to oversee outsourced/foreign repair stations and monitor all involved facilities; (b) shortcomings over worker training and qualifications at outsourced/foreign facilities; (c) the lack of English language skills required to read and comprehend relevant manuals and instructions at foreign facilities; (d) the adequacy of drug and alcohol testing programmes at foreign repair stations.

A wholesale liberalisation of aircraft repair and maintenance services with no safeguards could increase potential safety risks immensely.

**The ITF believes that the removal of government controls through bilateral agreements, coupled with ongoing attacks on national ownership rules, will allow flags of convenience to become an established practice in the global aviation market. Such a system would come to rely on ramp inspections of aircraft to impose safety standards. The experience of the ITF in the maritime sector has already exposed the flaws of such a system.**

**The ITF believes that the aviation industry should not be put in a free trade environment that weakens national government controls on an industry which relies on government oversight to ensure its operational safety.**

**Furthermore, the ITF believes that economic regulation and safety regulation are absolutely integral to each other. Moving international air agreements into TISA would separate the safety regulation and economic regulation of international air transport, both currently within ICAO. Safety regulation and economic regulation closely interact with each other and must be kept under the same regime.**