

DRAFT NATIONAL AVIATION POLICY

1. Air Transport plays a key role in the promotion of trade, tourism & economic growth of a country. Pakistan with a population of 160 million and GDP growth rate of about 7% per annum has potential to surpass the existing air traffic growth rate of about 8% per annum. The growing domestic and international aviation sector in Pakistan needs an environment which not only serves the public interest and the aviation sector but also supplements the growth of trade, tourism and national economy. The policy is aligned with national trade corridor, which encompasses government's vision to route international trade, tourism and passenger traffic through Pakistan. It also aims to provide the public direct connections from Pakistan while ensuring safe, affordable and quality services.

Vision

2. A progressive, liberalized, and efficient aviation sector based on competition and fair opportunities; regulated to safeguard public & National interest, provide impetus to national economy and to achieve international standards of safety and security.

3. Objectives

- (a) To serve national and public interests.
- (b) To comply with ICAO standards of Safety, Security and Regularity.
- (c) To promote aviation sector in the country by allowing market forces to determine the price, quality, frequency and range of air services options.
- (d) To encourage development of passenger hubs and cargo transshipment hubs to support and facilitate the objectives of National Transport Master Plan (NTMP) and National Trade Corridor (NTC).
- (e) To regulate standards of services of airports and airlines.
- (f) To separate regulatory function from all other functions of Civil Aviation Authority.

Paid Up Capital & Fleet Registration

4. Airline licenses granted to financially unsound operators gave rise to opportunism. It also paved the way for foreign companies/airlines to exploit our market through wet leasing without investing in the development of local infrastructure and human resource. Safety and security oversight was compromised and employment opportunities for Pak nationals were curtailed due to wet leasing. The requirement of enhanced paid up capital, fleet registration, its size and

restriction on wet lease operations on foreign registered aircraft in the country will ensure better safety oversight besides giving boost to local job market and training activities. Therefore:

- (a) The paid up capital for Regular Public Transport license shall be 500 million rupees, which shall be reviewed periodically by CAA Board. [The current operators will enhance their paid up capital to Rs. 500 million within a period of two years from the date of approval of the policy.](#)
- (b) Fleet registration in Pakistan shall be mandatory for all Pakistani aircraft operators except pure cargo aircraft.
- (c) Requirement of minimum fleet size for a Regular Public Transport (RPT) license holder shall be at least 03 airworthy aircraft for domestic operations and at least 04 airworthy aircraft for international operations.
- (d) There shall be no permanent addition to capacity by inducting foreign registered aircraft on wet lease other than pure cargo aircraft. Temporary induction of foreign registered aircraft on wet lease may be permitted under extra ordinary circumstances for a short period [subject to a maximum of 90 days.](#)
- (e) For induction of aircraft, the criteria of minimum remaining operational cycles/hours shall be prescribed by the DG CAA through Air Navigation Orders.

5. Tariffs

- (a) CAA as a regulator shall oversee, intervene and mediate in case of predatory pricing / practices in the interest of traveling public.
- (b) All fares shall continue to remain deregulated.
- (c) CAA shall make rules, regulations and procedures to redress public grievances and adjudicate these on merit.

Domestic Operations

6. A liberalised market structure and reliance on competition is the best way to deliver efficient aviation services for the benefit of consumers. This would be achieved through bare minimum government-imposed restrictions on the commercial behaviour of airlines. However, Public Service Obligation requires that the Government and the airlines work together in establishing air link on secondary & primary routes. Hence there shall be no Government taxes on the purchase of air tickets for travel to / from secondary airports, no Government taxes on aviation fuel

consumed for operations to / from secondary destinations and there shall be no landing and housing charges at secondary airports and:

- (a) Pakistani scheduled airlines shall operate on domestic routes for at least one year before commencing operations on international routes.
- (b) Operations to at least one secondary airport shall be mandatory for new airlines after a period of 03 years, starting from the date of operations.

International Operations

7. The interest of users will be best served if airlines are free to compete according to their commercial judgment:

- (a) Pakistani airlines shall be eligible to commence operations on international routes after one year of continued satisfactory operations on domestic routes.
- (b) Airlines satisfactorily meeting the requirements of domestic operations and fleet registration shall be free to operate on international routes, without formal allocation of frequencies by the regulatory authority, to countries pursuing open skies or where there are no bilateral constraints on capacity.
- (c) Where there are bilateral constraints on capacity; the available capacity shall be allocated amongst the competing airlines proportionate to their capacity floated on domestic routes in the previous two scheduling periods. Additionally airlines' regularity, punctuality, safety record and fleet registration shall also be quantified and considered while allocating capacity.
- (d) Capacity unutilized by an airline for two scheduling periods shall be allocated to another Pakistani airline desirous of utilizing it **unless the airline is in a force majeure situation**.
- (e) Where there are bilateral constraints on multiple designations of airlines the designation of an offline Pakistani carrier shall be replaced with an airline desirous of operating to that destination.

8. Charter Operations

- (a) Domestic charter operations will be allowed to Pakistani operators only using Pakistan registered aircraft including helicopters, flown by Pakistani pilots

- (b) International Charters originating from Pakistan will be allowed to Pakistani operators only.
- (c) Round trip passenger group charters, shall be allowed on all international routes irrespective of the scheduled operations.
- (d) On routes adequately served by scheduled operators, Charter operators would be allowed one way international passenger charter services only with aircraft having less than 19 seats.

Commuter Service

9. Scheduled commuter services by Pakistani charter operators would be encouraged on those primary & secondary routes on which RPT operators are not operating.

Market Access

10. Restricted market access raises prices, creates monopoly and suppresses aviation growth. Liberal air services agreements remove limitations on airlines' freedom to increase service, lower fares and promote economic growth. All international airports are to be developed as business & tourists hubs. Pakistan is strategically located on the international route, liberal arrangements with our bilateral partners, in addition to providing direct and convenient connections to the local traffic from these airports, shall also help to route the flow of international traffic from East to Europe and North America through Pakistan. Following shall, therefore, be the essential features of our future bilateral initiatives:

(a) Passenger Services

- (i) Pakistan shall liberalize bilateral arrangements on reciprocal basis with our bilateral partners to provide service from/to Karachi, Lahore and Islamabad (after completion of new airport) to destinations in Western Europe, North America and Africa and to destinations towards East.
- (ii) While finalizing new ASAs, multiple airlines designation clause and article on code-share shall be incorporated.
- (iii) There shall be no mandatory commercial agreements as part of bilateral agreements. However; airlines shall be free to enter into such co-operative marketing arrangements as are mutually agreeable, which will be outside of air services agreements.

(b) Cargo Services

For an efficient and quick transit a single window clearing mechanism comprising airlines, freight forwarders, customs house agents, customs, regulatory agencies and airline ground handling agents, insurance & banks facilities etc shall be made available under one roof. Infrastructure of a Cargo village shall include multi-modal transport, cargo terminals, cold storage centres, automatic storage and retrieval systems, mechanized transport of cargo, dedicated express cargo terminals with airside and city side openings, computerization and automation.

- (i) Pakistan shall continue to follow open skies policy for cargo operations based on 3rd/4th & 5th freedom traffic rights.
- (ii) Karachi and Gwadar shall be promoted as transshipment hubs.
- (iii) Cargo villages shall be established on public-private partnership at major international airports and linked with NTC.

Promotion / Development of Aviation Sector

11. Pakistan CAA is following a restructuring program which aims to separate the regulatory, air traffic services and commercial functions to achieve the highest safety standards, encourage development of merchant airports e.g. Sialkot International Airport and to efficiently absorb investment in the aviation sector. The process is in the advanced stages and after completion shall make CAA more efficient, responsive and above all capable to ensure international standards of safety.

Airports

- (i) Airports shall be made safer & user friendly while ensuring world class airport infrastructure in accordance with demand, ensuring maximum capacity utilization and efficient management by involving private sector.
- (ii) Construction of new commercial airports will be permitted to meet the growth in air traffic.
- (iii) Private sector shall be free to construct and operate new / existing airports / airstrips / helipads / heliports including cargo complexes on BOO, BOT or any other management arrangement and to raise non aeronautical revenues from these premises.
- (iv) Privatization of airports shall be pursued to make them more efficient and productive.
- (v) Fair and equal opportunities shall be afforded to public and private sector airports to market themselves within the framework of national

aviation policy & bilateral air services agreements. Private sector shall be encouraged to develop additional revenue streams i.e. passenger charges, cargo levies and commercial activities; however, CAA shall have the responsibility of economic oversight of all airports.

Security

12. Stringent but subtle security measures would pave way for conducive environment for the international airliners and air traffic would increase. Screening methodology would be developed for intensive cargo and passenger screening. To enhance the security measures and meet the accruing expenditure to procure sophisticated / technology-intensive equipment for security, a separate provision in the Public Sector Development Program (PSDP) may be considered.

13. Commercialization of Airports

- (a) "Airport cities" shall be developed including hotels on public private partnership at all major airports.
- (b) Vacant land at airports shall be evaluated and developed for construction of aviation related facilities (e.g. cargo complexes and aircraft maintenance facilities, etc).
- (c) Land at remote and non operational airports shall be utilized for non aeronautical commercial and recreational purposes. CAA shall formulate land lease policy to make it commercially viable for the private investors.

Note: Development, restructuring and commercialization of CAA, its land and airports is to be done in a manner that supports and facilitates the goals & objectives of government's National Transport Master Plan (NTMP) and National Trade Corridor (NTC).

14. Import of Aircraft

- (a) DG CAA shall permit the induction of fixed wing aircraft as well as helicopters of all weight categories on lease and purchase basis, including private owned aircraft through a simplified procedure to be published in the form of an Air Navigation Order (ANO).
- (b) Security clearance for the import of fixed wing aircraft and helicopters on purchase basis shall not be required in respect of Pakistani companies and nationals holding valid licenses. Where security clearance is required the process shall be completed by security agencies within 45 days. If there is no response from security agencies it will be assumed that the agencies have no objection.

Operators/Prospective owners already security cleared shall not require security clearance for purchase of aircraft.

15. Aviation Support Services

(a) Maintenance

To encourage maintenance activities, Pakistan shall facilitate setting up of maintenance infrastructure / facilities by private operators and maintenance companies. Private sector participation shall also be encouraged to establish aviation related infrastructure including engine overhaul and repairs.

(b) Ground Handling Agencies

- (i) At all public and private airports competition between Ground Handling agencies shall be **encouraged**. CAA shall ensure strict safety and quality oversight of all such agencies.
- (ii) Pakistani carriers shall be free to undertake self-handling to improve services and reduce cost.

Airport Charges

16. The infrastructure constraints at some of our airports lead to aircraft parking problems and congestion in passenger lounges leading to security concerns. This problem can be partially resolved by introducing variable charges at these airports to stagger the flights evenly over a period of 24 hours while ensuring that at other airports the charges remain competitive. Therefore;

- (a) CAA user charges shall be competitive in the region.
- (b) For optimum utilization of airports user charges will be reviewed periodically on the basis of peak and off peak period.
- (c) Airlines operating to secondary routes shall be exempted from landing and housing charges.

General Aviation and Helicopter Operations

17. About 64 % of Pakistani population lives in rural areas, with little or no access to air travel even in emergency, for the want of air strips, heliports / helipads and suitable aircraft to commute to/from remote areas. There are a fairly large number of cities which are developed to adopt the concept of air taxi and private owned aircraft for commuting. In order to develop the taxi service concept:

- (a) The procedures for acquisition and operation of aircraft, including helicopters, micro-light / ultra-light aircraft and hot air

balloons etc shall be liberalized to encourage travel and sports activities.

- (b) Use of helicopters for tourism, emergency operations and adventure sports shall be promoted and encouraged. No charges shall be imposed for such operations.
- (c) Liberalized guidelines shall be formulated, in consultation with users, to promote and encourage private investment in flying clubs, air taxi service, private ownership of aircraft, and Aero-sports activities i.e hang-gliding, ballooning, heli-skiing and para-jumping etc.
- (d) Flying Clubs shall be facilitated to overcome shortage of pilots in the country i.e. to develop airstrips outside control zones of major airports for exclusive use of training flights and to lease CAA facilities to flying clubs where available.

Civil Military Co-ordination

18. For efficient sharing of civil and military airspace to make the operations cost effective and convenient for all operators, coordination shall be effected between civil and military users of the airspace.

Air Traffic Services

19. To ensure safe, efficient, orderly and expeditious flow of air traffic in Pakistan airspace; state of the art Communication, Navigation & Surveillance (CNS) and Air Traffic Management (ATM) systems shall be established in the country.

Human Resource Development

20. Academies / institutions in collaboration with foreign universities and with private sector shall be set up to develop human resource of world class standard for national and international airports, airlines and regulators.

Taxes & Duties on Import of Aviation Related Equipment

21. The current policy of 0% duties, surcharges and taxes on import of aircraft of all weight categories, engines and spares by all Pakistani operators, CAA & maintenance companies shall be extended to accommodate manufacturers, equipment required for manufacturing and raw material imported for manufacturing of aircraft. The same concession shall also be extended to Civil Aviation Authority and private operators for the import of Communication, Navigation & Surveillance (CNS), Air Traffic Management (ATM) systems, life saving equipment like BRS

(Ballistic Recovery System), Emergency medical kits, ELT (Emergency Locator Transmitter) Fire Fighting vehicles & equipment including training equipment like all types of simulators, technical publications & manuals imported by CAA as well as operators and maintenance companies (Annex-B).

- (a) Tax holiday shall be granted to aircraft manufacturers, maintenance companies, flying training schools and ground training schools for 10 years.
- (b) Security equipment and weapons imported for use by Airport Security Force, CAA, private airports and other operators shall be exempted from all taxes and custom duties.
- (c) Government shall rationalize and reduce taxes chargeable to passengers on international and domestic routes.
- (d) Government shall exempt all taxes and duties on air ticket on secondary destinations. The same privileges shall be extended to operators of small aircraft and helicopters.

Consumer Protection

22. Passenger interests and development of aviation sector shall be at the core of all policies / rules and regulations by CAA.

- (a) To protect the interests of the users, facilitation committees consisting representatives of Government, passengers, tour & travel operators, aircraft operators, airport operators, exporters & importers, cargo handling agents, aero sports and flying clubs etc, will be set up at national, regional and local level.
- (b) CAA Pakistan shall make institutional arrangements at different levels for constant interaction with and amongst all categories of users for implementation of policy and constant improvement in services.
- (c) Suitable mechanisms shall be set up to monitor standards of services and to redress grievances.

Implementation of Policy

23. Director General CAA shall implement National Aviation Policy.

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**Annexure-A
Draft Aviation Policy-2007**

CATEGORIES OF ROUTES

1. Trunk Routes

Any city pair of the following airports would form a trunk route:

Karachi, Lahore, Islamabad, Peshawar and Quetta

2. Primary Routes

Air link with the following destinations would form a primary route:

Multan, Faisalabad, Sukkur, Sialkot, D.G. Khan, Rahim Yar Khan, Bhawalpur, Nawabshah and Gwadar,

3. Secondary Routes

Air link with the following destinations would form a secondary route:

Skardu, Moenjodaro, Zhob, Saidu Sharif, , Dalbadin, Bannu, Parachanar, Sehwan Sharif, D.I. Khan, Hyderabad, Ormara, Khuzdar, Rawalakot, Muzaffarabad, Chitral, Gilgit, Panjgur, Turbat, Jiwani, [Pasni and Jacobabad](#)

**Annexure-B
Draft Aviation Policy-2007**

**LIST OF THE EQUIPMENT EXEMPTED
FROM IMPORT DUTIES AND TAXES**

Government duties and taxes on import of new / used operational equipment used for the provision of air traffic services & training shall be exempted.

Aircraft Manufacturing Equipment

- A) Equipment Required for Manufacturing
- B) Raw Materials Imported for manufacturing of Aircraft
- C) Molds imported for manufacturing of aircraft parts
- D) Precision Laser Cutting Equipment
- E) n-axis CNC (Computer Numeric Control) Machines for Engine parts manufacturing

Communication & Broadcast Equipment:

UHF, VHF & HF radios, ATIS and related equipment, spare parts including all satellite based communication equipment like remote radio stations & data link i.e. VDL & CPDLC and/or any other communication equipment used for the provision of air traffic services shall be exempted.

Navigation Equipment:

VOR, NDB, ILS Satellite based instrument landing system and/or any other Satellite based navigation equipment used for the provision of air traffic services shall be exempted.

Surveillance Equipment:

Radars and satellite based surveillance equipment like ADS (C) & ADS (B) and/or any other surveillance equipment used for the provision of air traffic services shall be exempted.

Rescue and Fire fighting Equipment:

All fire fighting vehicles, operational vehicles used on Air Side, rescue & fire equipment including spare parts shall be exempted from taxes and duties.

Display System:

FIDS (Flight Information Display System), Electronic Flight Information System (EFIS), Engine Management System (EMS), Wide Area Augmentation System (WAAS), Weather Information System (WIS) shall be exempted from all duties and taxes.

Training Equipment:

All training equipment including simulators and their spare parts shall be exempted from taxes and duties.

Calibration Equipment

All equipment being utilized for the purpose of calibrating Radar & Radio Navigational Aids shall be exempted from taxes and duties.

Aeronautical Publications

All Aeronautical publications including DVDs, CDs, Audio/ Video Tapes and books, shall be exempted from taxes and duties.

VOR	VERY HIGH FREQUENCY OMNI DIRECTION RANGE
NDB	NON DIRECTIONAL BEACON
ILS	INSTRUMENT LANDING SYSTEM
ADS(C)	AUTOMATIC DEPENDANT SURVEILLANCE (CONTRACT)
ADS(B)	AUTOMATIC DEPENDANT SURVEILLANCE (BROADCAST)
VHF	VERY HIGH FREQUENCY
ATIS	AUTOMATIC TERMINAL INFORMATION SYSTEM
VDL	VERY HIGH FREQUENCY DATA LINK
CPDLC	CONTROLLER PILOT DATA LINK COMMUNICATION