

Economic Policy of Civil Aviation in the Kingdom of Saudi Arabia

Table of contents

Preface	3
General Principles for the Economic Policy	4
Chapter 1: International Connectivity Policy	6
Policy Scope	7
Policy Objectives	7
Policy Statement	7
Chapter 2: Capacity and Demand Management Policy	9
Policy Scope	10
Policy Objectives	10
Policy Statement	10
Chapter 3: Routes Development Policy	12
Policy Scope	13
Policy Objectives	13
Policy Statement	13
Chapter 4: Air Navigation Services Policy	14
Policy Scope	15
Policy Objectives	15
Policy Statement	15
Chapter 5: Ground Handling Services and Air Cargo Services Policy	17
Policy Scope	18
Policy Objectives	18
Policy Statement	18
Relevant Entities (Stakeholders) and Expected Roles	20

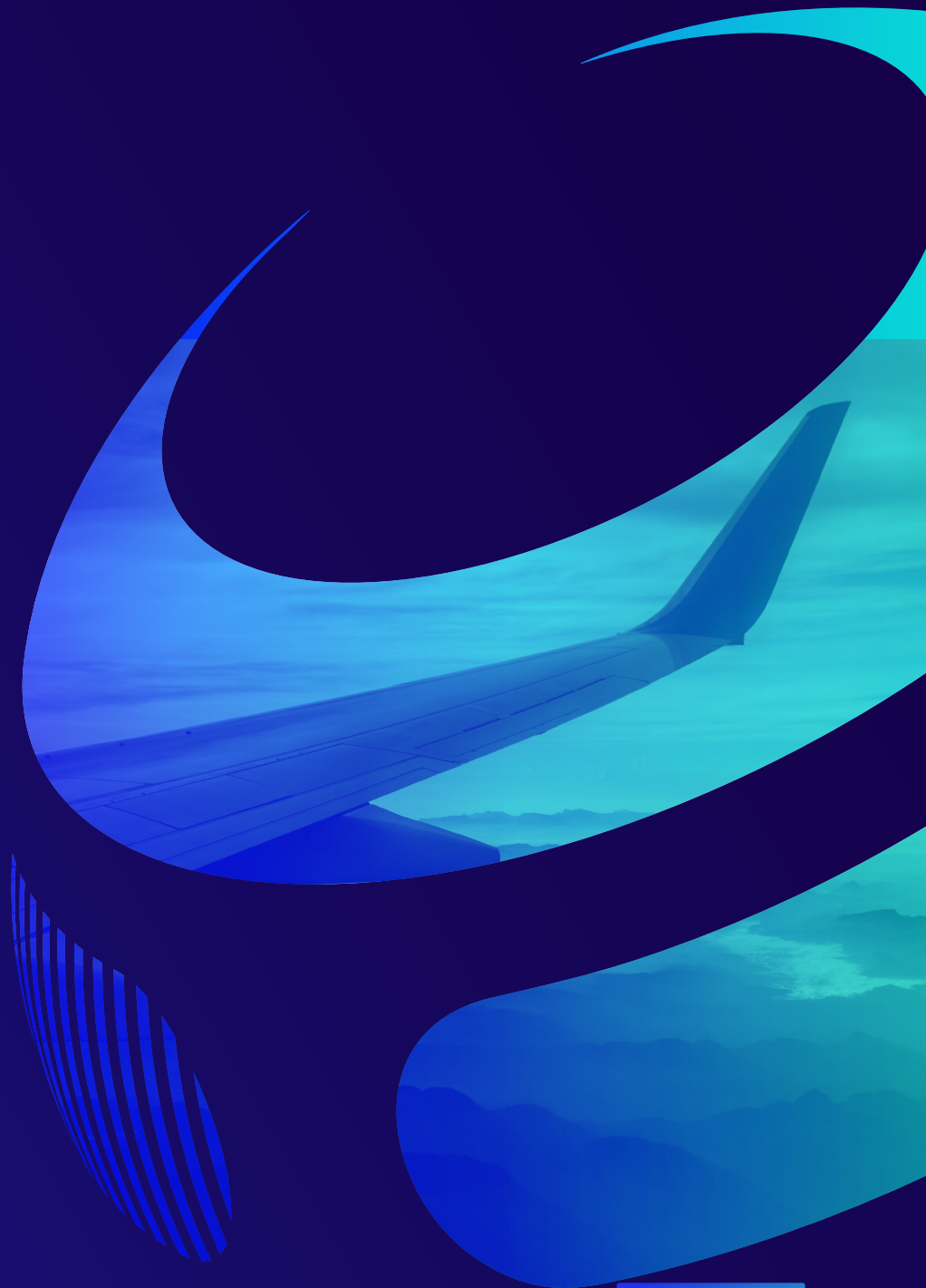
Preface

Referring to Article (4) of the Statute of the General Authority of Civil Aviation issued by the Council of Ministers Resolution No. 33 dated 11/2/1426 AH. Stated that: "GACA shall aim to regulate, expand, and develop the civil aviation sector and air transport industry within the territory of the Kingdom in order to promote their national role and attract national and foreign private investments in a manner that contributes to the national economy. To that end, GACA may undertake the following: "1. Setting the implementing regulations of the civil aviation sector and air transport industry within the territory of the Kingdom and overseeing the implementation thereof by relevant agencies..."

Thus, Economic Policies for Civil Aviation have been drafted to aim at the economics of the aviation industry: air transport, airports, and ground handling and air cargo sectors. These domains are significant due to their direct influence on the overall performance of the sector, their interconnectedness, and the profound impact they have on passenger and cargo services, as reflected through the National Aviation Strategy objectives.

These policies aim to ensure that the following goals are achieved: promoting competitiveness, enhancing operational efficiency and passenger experience, encouraging investment, enabling sector growth, ensuring fairness and transparency, creating job opportunities while ensuring compatibility with the best international practices and the general strategic direction contained in the National Aviation Strategy, and increase the contribution in the GDP of the national economy.

General Principles for the Economic Policy



First: Competition and Open Markets

Competition enhancement is recognized as the engine of growth and innovation in the aviation sector. Thus, these policies seek to create an open, dynamic, and competitive market environment within a framework of fairness and transparency that incentivizes industry players to enhance efficiency, differentiate their offerings, encourage innovation and investment in emerging technologies, reduce costs, ensure equal opportunities, and prevent monopolistic situations, and pass these benefits on to consumers.

Second: Transparency and Accountability in Commercial Relationships

The policies underscore the importance of transparency and responsibility in all commercial transactions within the aviation sector. This principle helps achieve the following:

1. Foster a business environment that promotes fairness and cooperation in all business relationships and engagements, thus enhancing trust between stakeholders, reducing risks, and supporting sustainable growth.
2. Conduct an environment that attracts and encourages foreign investments.
3. Improve the performance of current operators and service providers, to enable coordination and data sharing among them to optimize resource utilization and operational efficiency.
4. Prevent disputes, and achieving compliance with all obligation rights related to these commercial relationships.

Third: Financial Sustainability

The policies focus on financial sustainability of the sector, emphasizing the importance of maintaining robust financial health across all entities within the aviation sector. Overall, the principle aims to achieve the following:

1. Enable stakeholders to manage market fluctuations and unexpected challenges, ensuring continuity of profitable operations and high-quality service offerings.
2. Promote the value of non-aeronautical revenue streams of airports.
3. Promote the financial health of service providers in aviation sector, contributing to an overall robust aviation sector.
4. Ensure that infrastructure development is financially feasible and sustainable.

Fourth: Optimal Resource Utilization

These policies aim to Optimize resource utilization through fair and equitable access emphasizes the need for efficient use of infrastructure and services within the aviation sector. The policies seek to achieve the following:

1. Create an environment that ensures equal opportunities to access resources and infrastructures in a fair and equitable manner.
2. Promote efficient use of existing infrastructure, reducing wastage and maximizing value from investments.
3. Ensure that resource allocation is in line with strategic growth targets and operational needs, thereby driving sector growth.
4. Encourage ongoing investment in infrastructure and technology to support efficient resource utilization.

Chapter 1:

International Connectivity Policy



Policy Scope

This policy aims to facilitate Saudi Arabia's integration into the global aviation network by liberalizing the air transport market, enhancing international connectivity, and ensuring fair competition. Also, it supports economic growth, tourism development, and diversification economic goals through strategic Air Service Agreements, oversight, and adherence to international standards

Policy Objectives

1. Drive economic growth through strategic liberalization with a gradual approach to opening the air transport market, fostering integration with the National Aviation Strategy.
2. Enhance international connectivity through strategic air service agreements, increasing access for passengers and cargo in global markets.
3. Maintain fair competition by establishing a balanced market based on reciprocity and equal opportunity.
4. Monitor liberalization to uphold compliance, encourage fair competition, and ensure the sustainable growth of the aviation sector.

Policy Statement

First: Promoting Economic Growth through Liberalization of the Air Transport Market

This principle aims to liberalize Saudi Arabia's air transport market, which is a key driver of economic growth and global integration. It focuses on creating a competitive and inclusive aviation ecosystem by attracting international investment, building partnerships, and advancing tourism strategic objectives and diversification.

- Pursue agreements that promote liberalized air access, ensuring reciprocal access for national carriers.
- Priority shall be given to markets linked to tourism, business, and foreign trade, to maximize the economic impact of these agreements.

Second: Enhancing International Connectivity

This principle seeks to expand Saudi Arabia's international air connectivity which is vital to achieve the National Aviation Strategy's goals and to position the country as a global aviation hub. It also aims to leverage air service agreements to strengthen passenger and cargo links with global markets, supporting economic and strategic priorities.

- The Authority shall negotiate new air service agreements and update existing ones to address evolving market requirements, enhance connectivity, and address the challenges facing sector growth.
- Air Service Agreements, including associated air freedoms shall be gradually expanded based on reciprocity, ensuring each phase yields beneficial outcomes aligned with the strategic goals.
- The liberalization of air routes shall align with strategic goals, facilitating sustainable growth in both passenger and cargo traffic while fostering fair competition.
- The Authority shall prioritize the allocation of air traffic rights on strategic routes, focusing on those that align with economic goals.
- The Authority shall rigorously assess requests and permits on a case-by-case basis. Approval of such requests shall be contingent upon demonstrated mutual benefit and alignment with the strategic goals.

Policy Statement

Third: Ensuring Fair Competition

This principle aims to maintain a fair and competitive aviation market by ensuring equitable access for national and international carriers, grounded in reciprocity and equal opportunity. It also fosters a stable and transparent environment that drives innovation, collaboration, and sustainable growth, strengthening air sector partnerships and aligning with strategic objectives for a balanced and inclusive aviation sector.

- The Authority shall consider carriers' requests on the expansion of Air Services Agreements based on route development plans, assessing them on alignment with Saudi Arabia's economic and strategic priorities.
- Airline partnerships to expand networks and enhance service offerings shall be aligned with strategic goals, ensuring mutual benefits and reciprocity.

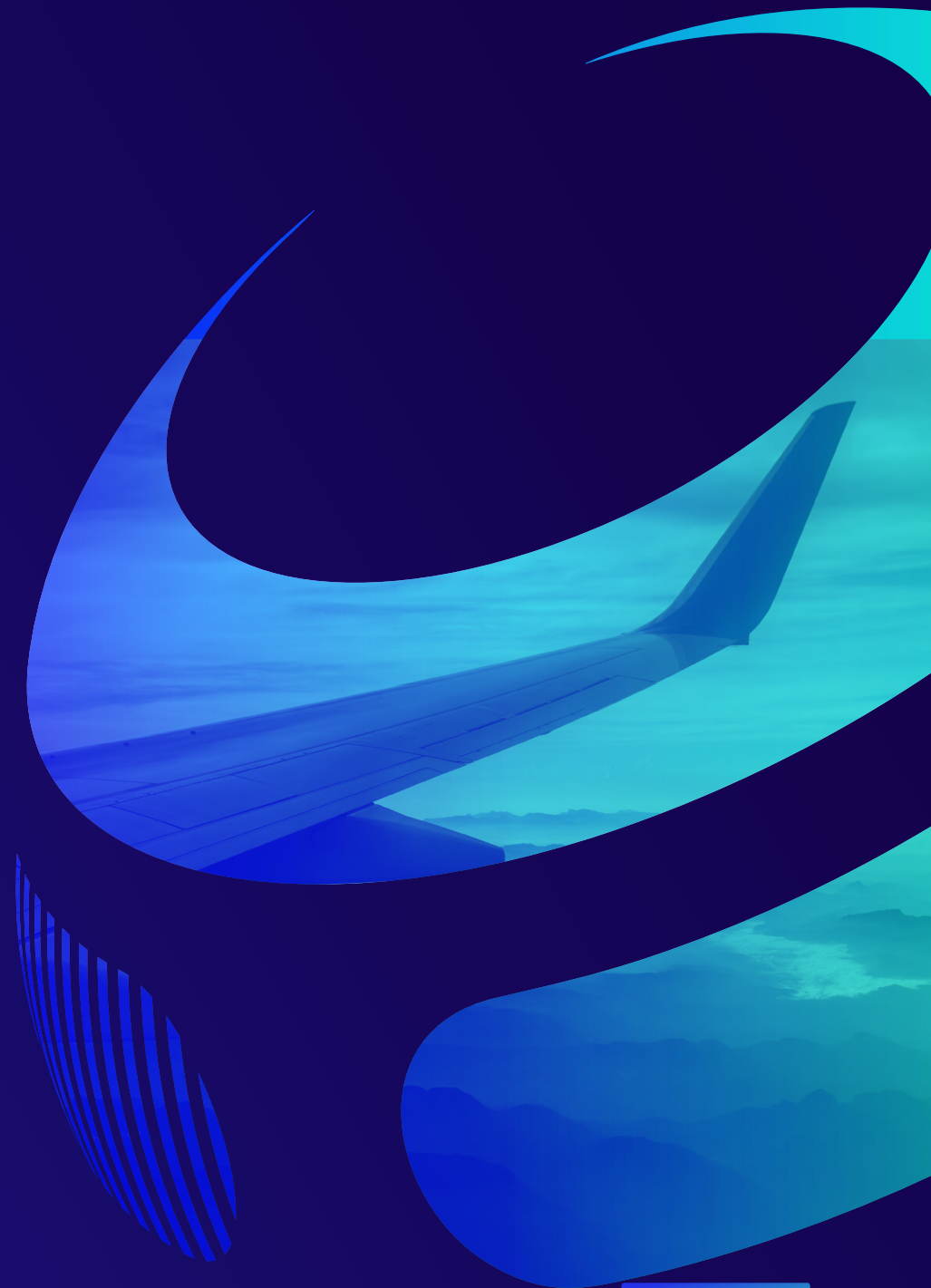
Fourth: Monitoring Liberalization of the Market

This principle emphasizes the need for continuous monitoring of the air transport market to ensure that liberalization supports fair competition, market integrity, and sustainable growth. It emphasizes the importance of adapting agreements and policies to align with emerging opportunities and strategic goals.

- The Authority shall continuously monitor and review Air Service Agreements to ensure that these agreements are expanded in due time and fair competition is preserved.
- The Authority shall continuously review and assess all permits granted, ensuring that market liberalization fosters fair competition and aligns with national strategic goals.

Chapter 2:

Capacity and Demand Management Policy



Policy Scope

This policy aims to establish a strategic framework to manage aviation infrastructure and capacity, addressing constraints and ensuring resilience during peak demand periods. By prioritizing investments in infrastructure, optimizing slot allocation, and enhancing coordination for charter flight management, the framework supports sustainable growth and operational efficiency in the aviation sector. These efforts shall align with strategic objectives for economic diversification, tourism development and global connectivity, fostering a high-performing and resilient aviation ecosystem.

Policy Objectives

1. Manage capacity constraints by prioritizing investments in aviation infrastructure and systems, fostering a resilient aviation ecosystem.
2. Enhance capacity planning by optimizing slot allocation and airport and airspace resource management, fostering stakeholder collaboration to maintain operational efficiency during high-demand periods.
3. Ensure efficient charter flight operations during peak seasons with structured approval processes and dedicated slot allocation tailored to specific demand scenarios

Policy Statement

First: Managing Capacity Constraints

This principle aims to manage capacity constraints to sustain the growth of Saudi Arabia's aviation sector. Meeting current demands and providing for future growth will require investment in essential infrastructure, an enhancement of workforce capabilities, and an optimization of operational systems.

- The Authority shall proactively identify and address various capacity constraints that could impact the Kingdom's aviation growth objectives, including airspace and traffic flow, workforce training needs, infrastructure, and operational and economic factors.
- Encourage investments in aviation infrastructure and systems to enhance capacity, improve service quality, and support sustainable growth, ensuring alignment with strategic goals.

Second: Capacity Planning

The purpose of this principle is to effectively plan capacity to ensure seamless operations as aviation demand grows, particularly during peak periods. Proactive coordination among aviation stakeholders expands capacity, minimizes flight delays, and supports sustainable growth, aligning with Saudi Arabia's strategic goals.

- Foster collaboration among aviation stakeholders to enable coordination, data sharing, and proactive management practices that optimize resource utilization and operational efficiency, ensuring smooth and integrated operations during peak demand periods.
- Promote the implementation of a comprehensive monitoring framework for capacity planning, encompassing all aspects of aviation infrastructure and operations, to ensure seamless management of both scheduled and unscheduled flights.
- The slot allocation process shall be transparent, and the authority shall be ensuring regulatory oversight of granted slots and temporary rights to promote fair competition, align access with the principles of reciprocity and mutual cooperation, uphold international standards, optimize airport operations through efficient air traffic flow management, and manage capacity constraints.

Policy Statement

Third: Managing Charter Flights in Peak Demand Periods

This principle aims to handle charter flights efficiently during peak demand periods to sustain operational efficiency and maintain service quality. Structured planning and enhanced coordination shall be encouraged to address the complexities of high-demand periods, ensuring a balanced alignment between capacity and demand to facilitate smooth operations and advance towards strategic goals.

- The Authority shall oversee charter flight operations, whether those operating rights granted under air transport agreements or otherwise, to ensure fair competition, adherence to their intended purposes i aligning with strategic goals.
- The Authority shall support coordination among aviation stakeholders to streamline the approval of charter flights.
- Ensure that carriers submitting requests for charter flights during hajj and peak seasons adhere to a structured approval process that balances flight demand with available airport capacity, enhancing operational efficiency and resource management. ensuring efficiency and alignment with strategic goals.

Chapter 3:

Routes Development Policy



Policy Scope

This policy aims to establish a strategic framework to address challenges within Saudi Arabia's aviation sector, focusing on underserved routes development and long-term sustainability. Through the efficient use of resources, it also aims to cultivate a resilient, self-sustaining aviation network that achieves widespread connectivity and socio-economic development goals.

Policy Objectives

1. Promote underserved and strategic routes to enhance connectivity and socio-economic growth.
2. Ensure the efficient use of resources to support aviation services while maintaining fair competition and market balance.

Policy Statement

First: Promoting Aviation Sector Economic Sustainability

This principle aims to promote efficient mechanisms to address the challenges faced by the aviation sector. These mechanisms enhance connectivity, stimulate demand, promote efficiency, and drive long-term self-sufficiency. These mechanisms ensure sustainable growth and adaptability to challenges.

- The Authority shall develop mechanisms aim to underserved routes enhancement to address specific aviation sector needs while ensuring alignment with strategic goals and avoiding distortions of competition.
- All these measures shall be regularly monitored to ensure they promote long-term sustainability and maintain efficiency. Such measures should be designed to foster a self-sustaining aviation sector in the kingdom.

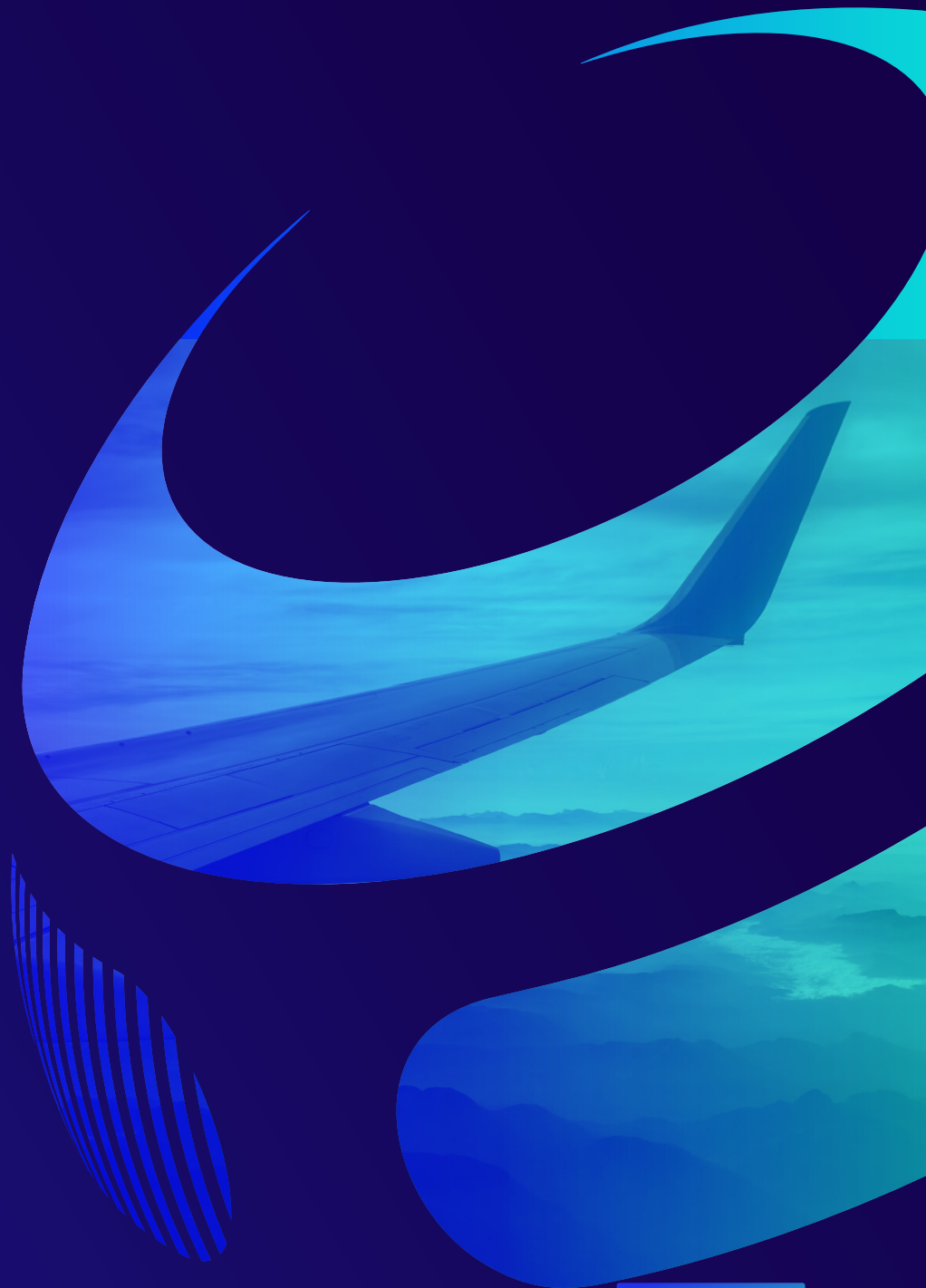
Second: Fostering Connectivity for Strategic and Underserved Routes

This principle aims to strength connectivity on underserved and strategic routes to achieve Saudi Arabia's aviation and socio-economic development goals, enhance connectivity and support strategic objectives, including economic diversification, tourism growth, and stronger regional and global integration.

- develop strategic and underserved routes, to enhance connectivity.
- The Authority shall establish clear criteria and oversight mechanisms to allocate these routes, ensuring alignment with strategic goals, supporting sustainable operations on these routes, and promoting fair competition for eligible carriers.

Chapter 4:

Air Navigation Services Policy



Policy Scope

This policy aims to establish a framework to enhance the quality, sustainability, and performance of air navigation services within Saudi Arabia's. By prioritizing operational excellence, economic resilience, and regulatory oversight, this framework ensures alignment with international standards and supports sustainable growth and competitiveness.

Policy Objectives

1. Promote high performance standards in air navigation services.
2. Foster economic sustainability through fair practices and transparent resource allocation.
3. Ensure compliance through robust regulatory oversight and monitoring frameworks.

Policy Statement

First: Promoting Excellence in Air Navigation Services Provision

This principle aims to ensure safety, efficiency and sustainability in air navigation services to manage growing air traffic demands. By fostering innovation, promoting collaboration, and adhering to high standards, air navigation services play a key role in supporting aviation growth and maintaining operational reliability.

- The Authority shall establish a collaborative framework among ANSPs and aviation stakeholders to optimize airspace management, streamline operational processes and facilitate information sharing, enhancing the performance and responsiveness of air navigation services across Saudi Arabia.
- Encourage the adoption of technological and workforce advancements by ANSPs to enhance their operational capacities. The Authority shall support these efforts through guidance and resource allocation, promoting alignment with industry best practices.
- The Authority shall require Air Navigation Service Providers (ANSPs) to maintain operational performance with best practice, ensuring efficiency and reliability while supporting integration into international air navigation systems and fostering collaboration across borders

Second: Fostering Economic Sustainability and Competitiveness

This principle aims to foster economic sustainability and competitiveness by promoting fair practices, efficient resource allocation, and adherence to global best practices. It aims to create a resilient environment that supports sustainable growth and performance excellence.

- The Authority shall ensure that all air navigation services adhere to principles of cost-relatedness, transparency, and non-discrimination, enabling fair access to provide Air Navigation Services and promoting economic sustainability.
- The Authority shall promote a transparent framework for equitable allocation of financial and operational resources, fostering competitiveness and innovation.

Policy Statement

Third: Monitoring Performance

The principle aims to promote effective regulatory oversight to ensure air navigation services operate transparently and efficiently. Clear principles for charge setting, service provision, and performance monitoring are necessary to maintain compliance, fairness, and operational excellence. By fostering a culture of continuous improvement, regulatory oversight will support competitiveness, enhance service quality, and contribute to the sustainable growth of the aviation sector.

- Regular audits and evaluations shall be conducted to ensure that air navigation service providers consistently meet operational quality and performance standards. These assessments shall help identify areas for improvement and ensure compliance with regulations.
- The Authority shall promote mechanisms to progressively monitor Key Performance Areas (KPAs) in order to enhance overall operational performance and sustainability within the aviation sector.
- The Authority shall enable air navigation service providers to tailor their operations to meet the unique requirements of each site, ensuring efficient and responsive service provision

Chapter 5:

Ground Handling Services and Air Cargo Services Policy

An abstract graphic on the right side of the page. It features large, flowing, organic shapes in various shades of blue and teal. Within these shapes, there is a silhouette of an airplane wing and tail, suggesting flight and aviation. The overall aesthetic is modern and dynamic.

Policy Scope

The policy seeks to establish competitive, transparent, and efficient ground handling services and air cargo Services to support aviation growth and economic diversification. It aims to ensure fair access for qualified providers, encourage innovation, and enhance service quality. By enforcing robust regulatory oversight, clear economic guidelines, infrastructure Strategic investments and efficient resource utilization, it promotes compliance and fair competition

Policy Objectives

1. Promote competitive and transparent ground handling services and air cargo services by ensuring fair access, fostering innovation, and maintaining high service standards.
2. Enhance operational efficiency and infrastructure utilization through strategic investments and effective coordination among stakeholders.
3. Strengthen regulatory oversight and accountability to ensure transparent licensing, fair competition, and continuous performance improvement.

Policy Statement

First: Fostering Competitive Ground Handling services and air cargo services

This principle seeks to build A competitive market for ground handling services and air cargo services to strengthens Saudi Arabia's aviation sector. It focuses on fostering innovation, ensuring fair access, and creating a level playing field to support economic diversification and improved aviation services.

- Ensure fair access to ground handling services and air cargo services for qualified providers, fostering competition and innovation. Access shall be regulated to balance infrastructure capacity and operational requirements, ensuring efficiency and equal opportunities.
- Assess market conditions regularly to maintain competitiveness in ground handling services and air cargo services and implement proper measures to address monopolistic practices.
- Ground handling and air cargo operations shall adhere to national and international standards, ensuring transparency, operational integrity, maintaining high-quality service levels, and fostering public trust.
- The Authority shall maintain and regularly review the licensing process for ground handling services and air cargo services to ensure transparency and uphold equitable access for all providers.

Second: Optimizing Infrastructure and Resource Utilization

This principle aims to optimize infrastructure and resources to support the growing demands of the aviation sector. It also aims to emphasize alignment between airport capabilities and operational needs, fostering coordination to enhance service quality and efficiency.

- Airport investment planning shall consider infrastructure to support ground handling services and air cargo services and its needs.
- Promote coordination and communication among aviation stakeholders to enhance the operational efficiency of ground handling and air cargo services.
- Service Level Agreements (SLAs) shall be established delineating clear terms regarding service quality, performance metrics, and compliance to ensure consistent adherence to established standards.

Policy Statement

Third: Monitoring Performance

This principle aims to Perform monitoring to ensure transparency, efficiency, and competitiveness in ground handling services and air cargo services. It also focuses on regulatory oversight to uphold compliance, drive continuous improvement, protect beneficiaries' interest and support sector strategic goals.

- Conduct regular audits on ground handlers and air cargo providers to verify compliance with operational and quality standards, address areas needing improvement, and ensure adherence to regulations.
- Promote continuous performance monitoring mechanisms to identify and address challenges, upholding best practices that enhance overall service quality in ground handling and air cargo operations.
- Establish transparent standards for performance evaluation in ground handling services and air cargo services, fostering a culture of compliance and continuous improvement to support sustainable development and operational excellence.

Relevant Entities (Stakeholders) and Expected Roles



In order to achieve the objectives of this policy, the relevant authorities specified below, without prejudice to the competencies of other government entities, shall be responsible for their roles as follows:

General Authority for Civil Aviation (GACA):

- Implementing and enforcing the policy guidelines and regulatory changes outlined in the policy document and develop the necessary economic regulations to enable their implementation.
- Ensuring that all relevant entities comply with the policy principles and economic regulations related to it.
- Collaborating with government agencies and other relevant authorities to uphold the policy principles related to competition, fair market practices, transparency, and investment regulation.
- Reviewing and updating economic regulations to align with the growth of the aviation sector.
- Facilitating communication and cooperation among different aviation entities to ensure policy coherence and effectiveness, and alignment in achieving defined targets.
- Stimulating the market and providing an attractive environment for investment.

Private sector players:

- Complying with the policy principles and economic regulations related to it.
- Implementing the provisions contained in the economic regulations related to their respective domains, be it air transport, airport operations, or ground handling and air cargo services
- Collaborating with the General Authority for Civil Aviation and other stakeholders to contribute to policy implementation, share insights, and address sector-wide challenges.

