



**KEYNOTE ADDRESS BY THE SECRETARY GENERAL OF THE
INTERNATIONAL CIVIL AVIATION ORGANIZATION (ICAO),
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TO THE CHINA CIVIL AVIATION DEVELOPMENT FORUM**

“ICAO - Leading Aviation through Challenging Times”

(Beijing, China, 9-10 May 2007)

It is truly a pleasure for me to be back in China and to take part in this very important and timely forum on the development of Civil Aviation in this country. I look forward to discussing major issues facing both China and the world in matters of global air transport and to share recent ICAO initiatives on issues of interest to this prestigious audience.

China's air transport industry is now recognized as the second largest in the world and prospects for future growth are excellent, in line with the sustained expansion of the economy. However, like many other countries around the world, China is faced with the challenge of managing the growth of its domestic and international air services in a systematic and orderly manner, while ensuring the safety, security, sustainability and efficiency of operations in a rapidly changing environment.

As it moves forward, China can count on ICAO for guidance and support, as can all other Member States. As it has done for the past 60 years, the role of ICAO is to lead aviation through challenging times.

I would suggest that any discussion on a development model for aviation today must reflect a balanced approach that takes into account national interests, consumer expectations and the requirements for ensuring a healthy air transport industry.

Aviation Safety

Our first priority, as always, must be safety. A few weeks ago, ICAO published its preliminary safety statistics for 2006 and they point to a global air transport system that is as safe as it has ever been. We can and we should be proud of these results. At the same time, growth in traffic and the increasing complexity of air operations dictate that we remain extremely vigilant.

ICAO's strategy for safety is captured in our Global Aviation Safety plan – GASP – which focuses on activities that provide the highest return for improving safety. The ICAO Universal Safety Oversight Audit Programme, a key element of the Plan, has already improved aviation safety around the world and its impact was enhanced by the Conference of Directors General of Civil Aviation held at ICAO in March 2006. With a unanimous decision, the Conference agreed that ICAO should post the results of audits on our public website, with the consent of States, by March 2008. This should encourage States to correct outstanding deficiencies more quickly and make it easier for States and donors to provide those in need with the required financial or human resources.

Transparency and sharing of information is also a fundamental principle of the ICAO *Unified strategy to resolve safety-related deficiencies*. The Strategy emphasizes the free-flow of safety-related information by everyone involved in air transport, at every level, and across every discipline. This is an essential condition for creating or strengthening partnerships among various stakeholders to resolve deficiencies.

The third pillar of our strategy is Safety Management Systems, or SMS. SMS represent the most effective way of responding to the need for results-based supervision of personnel and functions with a relatively small workforce. We encourage the adoption of SMS by States with concrete assistance in the form of standards and related guidance material, and a model legislation to make it easier to implement SMS.

The most recent initiative regarding safety came last December with the presentation to ICAO of the second and final part of the industry Global Aviation Safety Roadmap. The Roadmap marks the first time that governments and industry have jointly developed a unified and coordinated approach to reducing accident rates, particularly in developing regions of the world, in accordance with the Global Aviation Safety Plan.

It is clear that China has taken good note of the intent behind these initiatives and has been proactive in reforming its safety system. I wish to commend China for its efforts and to highlight a few achievements, such as:

- steady progress in the implementation of recommendations made during the safety oversight audit carried out in 1999 and followed up in 2001;
- adoption of many SMS principles within its aviation system;
- fostering of a safety culture whereby organizations and companies accept responsibility for safety; a shift to a proactive safety management instead of reliance entirely on post-accident action;
- promotion of compliance with international safety standards;
- placing a new emphasis on training programmes; and
- encouragement of greater utilization of technological solutions.

I also want to acknowledge the set of specific targets set by China, including a reduced accident rate for the period 2006-2010 to less than .300 hull losses for every million hours of flight time. With the number of passengers expected to reach 270 million in 2010 and the air transport fleet to 1,500 aircraft, with some 190 civil airports in operation, these measures and targets come at a most opportune time.

Aviation Security

Aviation security is another priority. As with safety, the global air transport system remains as secure as ever, yet events such as the alleged terrorist plot in the United Kingdom last August, potentially involving liquids used as explosives, reminds-us of how vulnerable the system is.

What is at stake is lives, those of passengers and crews and those of people on the ground. Also at stake are public confidence in air travel, inconvenience for passengers and considerable costs to airlines and airport stakeholders due to poorly enforced security measures. Security must not become an impediment to growth, yet it must recognize the fundamental purpose of air travel, getting people from departure to destination safely.

We must understand that in managing security issues, governments have the difficult and unenviable task of balancing the need for maintaining and encouraging anti-terrorist vigilance while concurrently putting in place workable security measures that do not compromise the efficiency of the air transport sector. Ensuring effective and harmonized security measures, nationally and internationally, is truly an ongoing and evolving challenge.

Here again, ICAO is committed to rapid, effective and cooperative action. For example, within days of the event, ICAO brought together States, law enforcement agencies and industry representatives to develop an effective response. We issued a series of interim measures concerning this new kind of explosive for implementation no later than 1 March 2007. And we are currently developing permanent guidelines and a revised list of items which may not be brought on board aircraft. I expect this material to be ready for publication in June.

Overall, ICAO's Plan of Action for Strengthening Aviation Security, adopted after the events of 11 September 2001, is designed to help States address all forms of aviation security issues. This includes a Universal Security Audit Programme and a series of complementary activities, including new standards for electronic passports with biometric identification. In the long term, we must diligently assess new and emerging threats and continually monitor and upgrade existing security processes, to ensure they are commensurate with the level of threat identified, while expediting the clearance of passengers and cargo at airports.

Environmental protection

The impact of aviation on the environment is another potential obstacle to the growth of air transport. In many parts of the world, pressure groups are lobbying to have flights reduced or curtailed at airports located near large urban centres. At the same time, greenhouse gas emissions from aircraft engines are increasingly affecting local air quality and global climate change, in spite of the fact that aircraft are 70 per cent more energy efficient than they were 40 years ago. The reason of course is the continued growth in traffic. This is one of the most daunting challenges we face.

In February of this year, ICAO's Committee on Aviation Environmental Protection, CAEP, held its seventh meeting and adopted several recommendations that address environmental impacts of aircraft engine emissions. The recommendations, which were approved by the ICAO Council on 15 March reflect the three primary approaches promulgated by ICAO to limit or reduce emissions, namely: action at source, operational measures to reduce emissions and market-based measures. They will next be submitted to the 36th Session of the ICAO Assembly in September.

On the subject of noise, ICAO was instrumental in ensuring the adoption of a balanced approach for noise, which includes reduction at source, land-use planning and management, noise abatement operational procedures and operating restrictions.

ICAO is committed through CAEP to bringing together all stakeholders – States, the industry and service providers – to refine and implement measures that can cumulatively minimize the impact of aviation on the environment and contribute to a healthier planet for all.

Liberalization

The last point I would like to raise today is air transport regulation. Liberalization is the cornerstone upon which to build the future growth of the air transport industry. The process has been evolving for some 15 years and is now irreversible. Today, liberalization is wide spread, and there are more than 120 open skies bilateral agreements between countries. The momentum has also extended to the regional and sub-regional levels.

Just one week ago, the European Union and the United States formerly signed a landmark agreement for an EU-US Open Aviation Area. This development will have a significant impact on the global liberalization process, as this open skies agreement will affect the two most important aviation markets in the world which currently account for about 51 per cent of the world's international traffic.

As positive as liberalization is, we must ensure that it unfolds according to universally accepted principles. These exist and are embodied in the guiding principles espoused in the Chicago Convention and the general policy framework for liberalization developed by ICAO through the fourth and fifth worldwide air transport conferences, in 1994 and 2003 respectively. In short, the aim is to create an environment in which international air transport may develop and flourish in a stable, efficient and economical manner without compromising safety and security.

Along with the trend towards liberalization, the related phenomena of globalization and commercialisation have had a significant impact on the industry. The airline sector has undergone a major structural transformation. The traditional business model of the full-service airline has been facing mounting challenges, including from low cost carriers, which have been expanding rapidly, not only at the national level but also regionally and even beyond. To cope with increasing competition, the focus of airline strategy and planning has become more directed towards alliances, consolidation and cross border equity investments so as to exploit network-based economies of scale and scope. In addition, e-commerce has been used extensively by the industry in marketing and selling its products.

For airports and air navigation services providers, the anticipated growth in passenger and cargo traffic generated in large part by liberalization will require significant investments to satisfy demand in an efficient and timely manner. And for regulators, it means adjusting regulatory structures and objectives of international air transport. A broader perspective of national interest may be needed in policy making, and a balanced approach required to take into account the needs and interests of all stakeholders.

These are all challenges that can be met most effectively through cooperation. Cooperation at home between all sectors of the national economic and aviation community and cooperation with other Member States of ICAO and global stakeholders.

Conclusion

Ladies and gentlemen, next year, China invites the world to the 29th Olympic Games in Beijing. This will be a proud moment for China and a time to showcase an air transport system that builds bridges with the rest of the world. I wish you every success in this endeavour.