



**Welcome Address by the Secretary General
of the International Civil Aviation Organization (ICAO)
Dr. Fang Liu,
to the ECAC/EU Dialogue with the European air transport industry**

- Challenges and Opportunities in Financing Aviation -

(Rome, Italy, 27 June 2017)

1. Good morning ladies and gentlemen.
2. It's my honour to be here with you, and to have the opportunity to raise some important concerns and priorities for European air transport infrastructure investment in the coming years. I would like to thank ENAC for its gracious hospitality here in Rome, and the ECAC Executive Secretary, Mr. Salvatore Sciacchitano, for his kind invitation to provide this keynote today.
3. To establish some context, we should first recognize that the EU and its Member States support a broad spectrum of aviation projects across the globe, and that these make valuable contributions to regulatory convergence and standardisation in line with ICAO's global priorities.
4. The annual EU contributions to ICAO's technical assistance and other programmes is in the area of 10 to 15 million Euros, and this funding is helpfully governed under the collaborative framework established under an ICAO-EU Memorandum signed in 2012.
5. However this governs only part of the wide-ranging support mobilized by the EU and its Member States to provide technical assistance and support greater cooperation in aviation, both bilaterally as well as on the regional level.
6. An excellent example of these collaborative efforts has been the capacity building project to mitigate CO₂ emissions from international aviation. Through this initiative, and especially the EU's 6,5 million Euro contribution, 14 participating states in Africa and the Caribbean are being greatly assisted in their efforts to set out aviation emissions mitigation strategies and Action Plans.

7. This project is running from 2014 through 2018, and Commissioner Bulc and I signed a further Declaration at last year's Assembly signalling our shared intent to examine further joint assistance from 2018 onward.
8. This proactive stance reflects very well on the EU, and on the importance which its States attach to capacity building and assistance. This will be very important to ICAO's ongoing efforts on behalf of global aviation, and in the coming years especially for States and Regions which may require more direct support as they work to participate in our CORSIA offsetting and reduction scheme for international aviation.
9. ICAO has been very encouraged to see that the EU Aviation Strategy, which was just recently published, highlights the near-term challenges of congestion and over-capacity. It is also reassuring that this strategic EU blueprint stresses the need for these challenges to be tackled through airport slot policies and other infrastructure-related solutions.
10. As many of you will now be aware, the global air transport network tends to double in flight and passenger volumes once every fifteen years, and current forecasts and year-on-year growth figures point to it doing so again by 2030.
11. This helps us to recognize that the challenges of over-capacity are by no means unique to Europe, but also that there is a clear opportunity to the EU to foster global leadership and best practices by pursuing comprehensive and proactive aviation development and infrastructure planning.
12. I would underline that this planning should also be fully aligned with national and regional tourism and other multi-modal transport investment objectives, the tourism aspects of which have especially been singled out lately by the OECD as being a key driver of economic growth and sustainable development.
13. Its recent Scoping Paper from March of this year on Effective Policy Approaches to Quality Investment in Tourism, stresses how investments are essential to expanding the productive capacity of local economies while driving job creation and income growth.

14. International tourism in OECD States is expected to reach 1.8 billion travellers by 2030, and a lack of quality infrastructure, especially in the air transport sector, can be a major obstacle to the development of destinations and related businesses in the tourism value chain, particularly small and micro-enterprises.
15. With reduced resources for public investment, and a contraction of private investment in many countries, there is a clear need for higher-quality investment opportunities and new investment models in order to stimulate growth and improve both the economic and social returns.
16. This level of forward-looking investment prioritization has been supported not only by the OECD but also by the G20 when it met last year. Their shared recognition highlights the importance of long-term financing and infrastructure investment for many countries today, something ICAO has been stressing tirelessly of late in every world region.
17. We've been seeking to help governments everywhere to recognize the important and sustainable prosperity returns which aviation development and modernization investments can generate for their citizens and businesses.
18. Some of the most important challenges for aviation in this regard are the constraints posed by insufficient airport infrastructure and out-dated air traffic management technologies, and the ability of governments to gain access to financial resources for aviation development and modernization.
19. Although aviation's socio-economic benefits are widely recognized, this has rarely translated into levels of investment necessary to optimize them.
20. It is important for us to acknowledge in this regard that new forces are re-shaping the global investment landscape, including the economic and financial crisis, the emergence of new major outward investors, and recent indications that investment protectionism pressures may be on the rise.
21. ICAO has therefore undertaken efforts to assist States in building their institutional capacities, and to help them understand and address the challenges they'll face when undertaking complex project finance transactions.

22. This includes the urgent need to strengthen capacity for States to develop business cases and analyse high-quality and dis-aggregated aviation data which can be used to accurately estimate the requirements, financial and otherwise, for identified aviation development projects. This serves to reduce investment risks and uncertainty, and to improve the capability of investors to evaluate their returns.
23. ICAO also encourages States to take pragmatic measures to build a transparent, stable and predictable investment climate to support aviation development, for example, by engaging multi-stakeholders, diversifying funding sources and elevating the role of private sector.
24. These priorities apply whether to private investments, business reform and private finance initiatives, public-private partnerships, or various incentive schemes.
25. The 2016 Deloitte *European Investors Survey* stresses for us that the infrastructure sector has performed well over the last five years, and that this has particularly been the case for traditional assets such as airports.
26. It also highlights that infrastructure investors continue to prefer assets in more traditional infrastructure markets, including Western Europe.
27. Some associated concerns they have voiced include increased investment competition, in particular from direct investors, the finding and retaining of good quality asset management teams under public-private project frameworks, and the regulatory risks which persist in some countries – whether in terms of excessive or insufficient investment rules.
28. The Deloitte survey also helpfully establishes for us that the appetite for infrastructure lending is very strong across the board, with lenders tending to offer more leverage than investors are looking to take, and favourable pricing terms with low spreads and fees.
29. As you know, ICAO has been seeking to augment and highlight and leverage these and similar trends by bringing States, industry, financial institutions, international organizations and donor and development stakeholders together at our annual World Aviation Forums.

30. The first of these was held in 2015, and the next will be convened this November in Abuja, Nigeria, which for the first time will feature a regional component focussing on Africa, but of course, with global perspectives; and IWAF will continue as a global event.
31. These have been very important events in terms of improving global awareness of the overall aviation development and infrastructure investment landscape, and of how the portion of global Official Development Assistance being directed at air transport annually still remains grossly insufficient at a meagre 4.6%
32. This is an especially important message for us to convey today given the sizeable efforts being made in every world region toward the achievement of the Sustainable Development Goals adopted by the United Nations under *Agenda 2030*, and of air transport's critical role in helping them to do so.
33. It is also why ICAO and its many government and industry partners cooperate with such determination towards the establishment and effective implementation of ICAO's global standard and policies by all of our organization's 191 Member States.
34. This strong foundation of local ICAO compliance and oversight is the key prerequisite to a State or Region's ability to sustainably optimize aviation's global connectivity benefits. It is also the main objective of our assistance and capacity-building globally under the 'No Country Left Behind' initiative we've embarked upon.
35. One other aspect of this equation with I would touch upon before closing today, ladies and gentlemen, concerns the success States have had in eliminating operational and/or regulatory impediments to sustainable and profitable air transport development.
36. Aviation today still suffers from a significantly fragmented regulatory regime, and one which must be addressed through greater modernization, harmonization, and the convergence of regulatory approaches.
37. ICAO has established a long-term vision for air transport liberalization to better codify and align these priorities, as well as to coordinate the efforts States undertake to address them.

38. We will therefore continue to work closely with our many global partners, governments, industry and other stakeholders to advance sustainable air transport solutions, and to highlight the steps which States can take to optimize their aviation development partnerships and infrastructure assets in the decades ahead.
39. Consensus and cooperation are the life-blood of everything we undertake in international aviation, and they continue to help us ensure that all States and Regions can more fully benefit from the remarkable contributions which global air connectivity sustainably realizes for economies and societies wherever aircraft fly.
40. I will very much look forward to surveying the results of the panel and other discussions which will be comprising your work for the rest of today and tomorrow here in Rome, and I would call on you as you engage in that work to seek out solutions which effectively integrate national and aviation development planning.
41. The only effective and sustainable solutions before us are those which will be designed inclusive of the many and diverse social, transport and business development objectives which stand to benefit from better aligned infrastructure policy approaches.
42. On that note may I wish you all very productive sessions ahead.
43. Thank you.