



**Keynote Speech
by the Secretary General
of the
International Civil Aviation Organization (ICAO)
Dr. Fang Liu,
to the First Global Conference on Cross-Border E-Commerce**

(Beijing, China, 9 February 2018)

Good morning, Ladies and Gentlemen,

1. It is an honour for me to be with you here in Beijing, and to address this **First Global Conference on Cross-Border E-Commerce**.
2. As a United Nations' Specialized Agency, ICAO is mandated to promote a safe, secure and sustainable global civil aviation system
3. Modern e-commerce transactions depend fundamentally on the speed by which air transport connects manufacturers and retailers to the world's cities, States and regions.
4. This is evidenced by the fact that commercial aircraft are the only shipping mode which can satisfy the expectations of modern consumers for many 'same-day' or 'next-day' deliveries.
5. These invaluable contributions to e-commerce are consistent with aviation's historic role as a facilitator of global trade, and with how our ever expanding network has extended the global reach and market access of businesses for many decades now, enabling them to get their products to market quickly and conveniently.
6. This role is especially important to producers of urgent and time-sensitive goods, such as fruits and vegetables, flowers, and other perishables, but it has also played its part for wholesalers and retailers engaged in the high-end manufacturing, engineering, automotive, and pharmaceutical sectors.

7. The speed and reliability of air cargo services has also helped today's businesses to consider new efficiency solutions, for example by permitting the emergence of 'just-in-time' inventory management, or 'build-to-order' production models.
8. Taken together, these contributions help us to understand why international air connectivity is now recognized as a critical enabler of 15 of the 17 UN Sustainable Development Goals (SDGs) adopted under *Agenda 2030*.
9. In this regard I wish to commend our host state China's *Belt and Road Initiative*, which is currently intensifying efforts to enhance connectivity and extend the benefits of air transport for trade, economic growth, and social development.
10. Coming back to e-commerce, I would like to highlight several key points which help to reinforce for us why aviation is now, and will remain, so fundamental to the success of related business models.
11. First, the global air transport network tends to double in flight and passenger volumes once every fifteen years.
12. This means that the reliance of e-commerce suppliers on aviation will only expand, along with their options for which carriers they choose to work with, at what cost, and to which destinations.
13. Second, although the demand for air freight can be limited by its costs, commodities shipped by air also generally feature a very high value-per-unit density.
14. The third point is perhaps the most significant. It focuses on the fact that nearly 90 percent of business-to-consumer (B2C) e-commerce today is delivered by air.
15. Remarkably, this percentage grew from **16 to 83 percent** in just the six year period between 2010 and 2016.
16. This tremendous growth, over such a short period of time, provides a concrete testament to the direct relationship which exists between air transport capability, and e-commerce profitability.

17. The fourth point concerns the revolution now taking place as aviation integrates new unmanned aircraft, both large and small, into the global airspace.
18. Many of us will have seen demonstrations by now of smaller unmanned drones being used to make commercial deliveries, in both remote and populated residential areas. Google, Amazon, and increasingly States are all closely involved in this work.
19. But there are also larger air cargo drones now on the drawing board intended to replace traditional manned cargo aircraft in the not-too-distant future.
20. ICAO is working today to help streamline the path these innovative new aircraft must follow – from the drawing board through to certification and operation – so that e-commerce stakeholders can benefit as quickly as possible from their lower costs and increased coverage.
21. Despite the incredible role and potential of air cargo in e-commerce activities, it still faces challenges in supporting these transactions as efficiently and cost-effectively as possible.
22. For example to access and optimize the potential sustainable growth benefits of expanded e-commerce and air cargo operations, States must ensure they have sufficient and modernized aviation infrastructure in place.
23. These preparedness factors relate as well to improving the overall connectivity of airports – whether in terms of their direct links with local business centres and communities, or their unique role as multi-modal transport hubs.
24. This explains why governments must have comprehensive aviation and airport development planning in place, and how important it is for those air transport priorities to be strategically integrated into States' overall national and urban development objectives.

25. At the same time, the private sector is presented with an opportunity to reinforce its partnerships with the public sector. The further growth of e-commerce requires holistic, cross-sectoral and integrated approaches to transport planning. Through public-private partnerships, all stakeholders will gain from pooling resources, tools and data, and sharing experiences. ICAO welcomes this kind of partnership and will explore further how to collaborate with the private sector.
26. Another challenge we must face together concerns the modernization of our complicated customs and supply chain processes.
27. In particular, we must accelerate the move from paper-based documentation to e-Air Waybills, so that air cargo and e-commerce shipments can be processed more quickly and cost-effectively.
28. Doing so involves many players, and ICAO and the WCO have accordingly been working with the Universal Postal Union (UPU) and World Trade Organization (WTO), as well as relevant regional organizations, on related initiatives.

These include:

- The facilitation of cargo information exchange via the *Single Window* concept.
 - The best use of Preloading Advance Cargo Information (PLACI) data.
 - And fostering greater alignment globally of the Authorized Economic Operator (AEO) and Regulated Agent/Known Consignor (RA/KC) programmes.
29. ICAO also develops trends and forecasts of e-commerce trade flows internationally, in order to identify the location of barriers which may be preventing their efficient movement.
 30. In this regard we actively participate in the WCO 'Measurement and Analysis' group for cross border e-commerce, and we were also one of the founding members of the United Nations Conference on Trade and Development's (UNCTAD's) 'e-trade for all' initiative.

31. In order to reduce door-to-door delivery times, we must also continue to urge States to prioritize their ratification of the *Convention for the Unification of Certain Rules for International Carriage by Air*, or 'MC99'.
32. Only slightly more than half of ICAO's Member States have completed the MC99 ratification process, so our work in this area is far from over.
33. Another very important challenge we share is to completely remove the economic and geographic fragmentation which continues to adversely affect the air transport regulatory framework.
34. This hinders the flow of global trade and, as you all well know, needs to be profoundly restructured in order to accommodate the demands of both today and tomorrow.
35. The last major challenges still before us concern the security and also the safety of air cargo services, in addition to the supply chain.
36. Concerning cargo security, the ICAO-WCO joint publication, *Moving Air Cargo Globally*, stresses how the highly complex nature of the air cargo and mail operating environment makes it difficult for aviation and other security providers to mitigate related threats.
37. As air cargo becomes increasingly paperless, we also have an important responsibility to remain vigilant on the cybersecurity vulnerabilities which now threaten electronic and digital systems.
38. ICAO is already addressing cybersecurity issues through a collaborative, harmonized, and global approach, and our recently endorsed Global Aviation Security Plan will be a key resource for guiding our Member States' efforts on an aligned worldwide basis.
39. Besides these security risks, there are also some current safety concerns with e-commerce cargo, and mainly regarding shipments containing lithium batteries.
40. ICAO has been making good progress in this area in collaboration with relevant safety and security authorities, and we continuously monitor new developments while working to optimize the facilitated movement of passengers and goods.

41. In closing now ladies and gentlemen, please let me underscore that ICAO is working very closely with the WCO and all of its partners to rectify the challenges now facing the e-commerce sector, and to optimize aviation's services in support of it.
42. I greatly look forward to your commitments and partnership in addressing our shared priorities, and wish you all very engaging and productive discussions at this first global e-commerce conference.
43. Thank you.