



Keynote Address by the Secretary General  
of the International Civil Aviation Organization (ICAO),  
Mr. Raymond Benjamin  
to the ECAC/EU Dialogue with the European Air Transport Industry

(Vienna, Austria, 3 July 2014)

Good morning everyone.

Let me please begin today by expressing my personal thanks to the organizers of this very important event and in particular to the Executive Secretary of the European Civil Aviation Conference, Mr. Salvatore Sciacchitano, for their generous invitation to provide these keynote remarks to your first session today on the *State of play of the European air transport sector*.

While your discussions to follow will logically focus on the competitive aspects and overall sustainability of the European air transport sector in light of recent **trends and developments**, let me begin today by establishing a wider perspective through the presentation of ICAO's global air transport results for 2013.

Air traffic growth in 2013 was supported by positive general economic trends worldwide and a 2.5 per cent increase in world Gross Domestic Product (GDP). This world GDP growth rate has remained essentially unchanged from 2012.

The number of passengers carried globally last year rose to 3.1 billion, which is 4.5 per cent higher than 2012. The number of departures during this period reached 32 million globally, equating to a 1.2 per cent increase compared to 2012.

In 2013, world total scheduled passenger-kilometres performed – international and domestic services combined – increased by approximately 5.5 per cent over 2012.

The largest increase in international scheduled traffic was registered by airlines of the Middle East, with 11.1 per cent growth, followed by those of the Latin America/Caribbean Region at 8.2 per cent, the Asia/Pacific Region at 6.3 per cent and Africa at 4.7 per cent.

International traffic to and from Europe and North America grew by 4.5 per cent and 2.8 per cent, respectively, but we should also recall that the relatively low growth figures of Europe and North America relate to regions which already account for more than 50 per cent of world international traffic. The lower growth rates in these regions therefore still represent substantial increases in absolute terms.

With respect to domestic scheduled air services, all regions experienced an increase in traffic, and markets overall grew by 5.1 per cent in 2013. North America is still the world's largest domestic market with 45 per cent of the world's domestic scheduled traffic.

Capacity offered by the world's airlines, expressed as available seat-kilometres, increased globally by 4.8 per cent in 2013. The average global load factor also increased by 0.5 percentage points compared to 2012, reaching 79.4 per cent.

The total number of departures on scheduled services grew slightly in 2013, at 1.2 per cent compared to 2012. This small increase in the number of flights compared to traffic growth, when coupled with the improvements seen in passenger load factors, reflects what ICAO interprets as a positive efficiency increase with respect to the management of airline operations.

In the air freight area, expressed in terms of freight tonne-kilometres performed, an increase of 0.4 per cent was seen based on 49.3 million tonnes of freight having been carried in 2013.

These growth results are generally consistent with the broader trends that ICAO has projected through 2030 – namely that the 3.1 billion airline passengers carried last year will double to six billion, and that the number of departures will follow suit, rising to 60 million per year or roughly 200,000 per day.

It is important to recall in this context that growth and efficiency increases, no matter how much we value them, must not come at the expense of our fundamental **safety** improvement objectives.

I am therefore also pleased to report that – due to our continued commitments, successful State and industry collaborations on priorities such as Runway Safety and Flight Crew Fatigue Risk Management, and the increasingly proactive approaches to safety risk mitigation we have been jointly pursuing as a global community, aviation safety also continued to show improvement last year.

There were 90 aircraft accidents (nine fatal) on scheduled air services in 2013, a decrease of 10 per cent from 2012. The number of fatalities in scheduled operations worldwide dropped to 173 fatalities from 388 in 2012, a 53 per cent reduction owing mainly to the less catastrophic nature of the accidents we recorded in 2013, while the global accident rate decreased by 13 per cent to 2.8 accidents per million schedule departures versus 3.2 in 2012.

Non-scheduled commercial passenger operations saw similar improvements, experiencing 27 accidents, eight of them fatal, compared with 42 accidents in 2012. The number of passenger fatalities associated with non-scheduled commercial operations also decreased, down to 47 compared to 74 in 2012.

Our fatality numbers for 2014 will doubtless be higher than what was achieved in 2013, mainly at this point due to the unprecedented loss of Malaysia Airlines Flight MH370, but this aircraft's eventual disappearance has separately spurred our sector into action on the flight tracking priority, pursuant to ICAO's Special Meeting on this topic held in early May.

States and industry agreed at this rapidly-convened event that an airline flight tracking capability is required, that ICAO should begin considering the merits of a performance-based International Standard for flight tracking, and that, under an ICAO framework, contributions from industry through IATA's Aircraft Tracking Task Force (ATTF) will serve to address this requirement on a near-term basis.

Looking ahead in safety, ICAO has just completed the first-ever Symposium on the next priority accident category – Loss of Control Inflight. We are also collaborating to explore how States and agencies can better share safety information, something which will be of paramount importance to our efforts to predict safety risks before they lead to serious accidents.

These and other strategic safety priorities will be reviewed in more detail at our next High-level Safety Conference in 2015.

With these global results and perspectives now properly established, let me speak more closely to the issues you will be looking at during your coming sessions – and notably as they relate to two recent developments at ICAO.

The dynamics of international aviation mergers and market share have caused many in Europe to focus more intently on policies and approaches to **fair competition** where international air transport is concerned.

Your region is certainly not alone in understanding the importance of fair competition, especially as unfair practices inevitably lead to an environment of undue caution and can create unnecessary impediments to increased connectivity.

ICAO encourages greater **liberalization** in air transport, especially as restrictions built into current bilateral air service agreements reduce the potential contribution of aviation to trade, tourism, job creation and economic growth. These restrictions pertain mainly to issues such as national ownership and control, access, capacity, frequency, and pricing.

And the available evidence also clearly demonstrates that greater liberalization results in significantly improved connectivity, with corresponding benefits for economies and societies.

The European Union, for example, saw no-less than a 310 per cent increase in intra-EU routes with more than two carriers over the 17 year period from 1992 and 2009 – when the EU common aviation market went into effect.

Malaysia and Thailand as well, after liberalizing their bilateral air service agreement, saw an increase of 370,000 passengers and added 4,300 jobs and \$114 million dollars in GDP to their economies.

These are not minor impacts, and ICAO has accordingly pursued its work in this area with due priority.

At the Sixth Worldwide ICAO Air Transport Conference in early 2013, a number of States supported ICAO's efforts to establish core principles on fair competition, both to provide a clearer understanding of what is fair and unfair and to identify appropriate measures to address disagreements.

Among the measures identified were the establishment and effective enforcement of competition laws applicable to international air transport, clear and strong rules on state aids, and the inclusion of appropriate fair competition clauses in air services agreements based on ICAO templates. Other States mentioned principles of fair competition aimed at blocking control of markets by dominant carriers, ensuring all carriers equitable access, prohibiting discrimination and barring abusive practices.

However a number of other States disagreed with the proposal to establish core principles, citing that attempts to reach consensus on them would prove impossible given the major differences in State views and practices.

These States noted that issues of fairness can be effectively handled in existing bilateral channels and through use of ICAO template language. They also stressed that many airlines and airports are State-owned and that core principles that challenge this fact would be contrary to the principle of State sovereignty in the Chicago Convention.

Lastly, they highlighted that core principles on fair competition might be misinterpreted or misused as an actual barrier to competition.

Notwithstanding these differences, there was eventually broad agreement at ATConf/6 that fair competition is an important general principle in the operation of international air services, and that States should give due consideration to the concerns of other States when applying competition laws to international air transport.

There was also agreement that cooperation among existing competition authorities should be encouraged in order to foster more compatible approaches and that ICAO could play a leading role in facilitating this process.

In this regard, States voiced support for the further development of ICAO guidance on competition issues, for the development by ICAO of a compendium of competition policies and practices, and for the organization by ICAO of an exchange forum of competition authorities to enhance cooperation, dialogue and the sharing of information.

Pursuant to these calls from ATConf/6 and later our 38th Assembly in October of last year, ICAO has enhanced our Air Services Negotiations or 'ICAN' events to now include a specific seminar organized for aviation and competition authorities.

The first of these seminars took place at the December 2013 ICAN in Durban, South Africa, and was very well-received. It will certainly be repeated again later this year in Bali at ICAN 2014.

The global compendium of competition policies and practices in force nationally or regionally has also been produced, and I am pleased to report that the first draft of this document has now been considered by the 12th Meeting of our Air Transport Panel in May of this year.

The compendium was endorsed as a useful new resource and it was agreed that the issue of fair competition should not be treated in isolation from the broader liberalization agenda. Support was expressed for the further development of the compendium and that ICAO's guidance material on competition in international air transport be fine-tuned and expanded.

A new section of the ICAO website is being developed which will aid in the exchange of information on fair competition and serve to notify stakeholders of related new course offerings.

Another area of ICAO air transport policy progress which will be of interest to your meeting today and tomorrow, pertains to the establishment of core principles on **consumer protection**, the need for which had been established through ATConf/6 and the 38th Assembly.

The ICAO core principles on consumer protection cover a comprehensive range of issues which can arise before, during or after the consumer's air travel experience. They clearly recognize that government authorities should maintain the flexibility to develop related regimes which strike a balance between the protection of consumers and industry competitiveness.

The core principles take into account States' differing social, political, and economic characteristics, without prejudice to the security and safety of aviation.

In terms of next steps, the core principles will now be considered by ICAO's Air Transport Committee and ultimately the ICAO Council.

Ladies and gentlemen,

As many of you are aware, 2014 represents the 70th anniversary of ICAO and the signing of the Convention on International Civil Aviation. I am sure you will agree with me that the cooperative framework established by aviation's founding agreement continues to serve both States and industry as we work to adapt and refine our sector to our modern challenges.

Thank you very much again for attention today, and I wish you a very productive and thought provoking remainder to your dialogue.

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