



## **ICAO/AFCAC Symposium, Kampala 17-19 August 2009**

**Opening address by Ms. Folasade Odutola**

**Director, Air Transport Bureau of ICAO**

**(17 August 2009)**

Honourable Minister, President of the ICAO Council, Council members here present, Managing Director of Uganda's Civil Aviation Authority, ladies and gentlemen, on behalf of the Air Transport Bureau of ICAO, let me also welcome you to this joint ICAO/AFCAC Symposium on the Economics of Airport and Air Navigation Services.

I would first of all like to thank the Ugandan authorities for hosting the Symposium, and for all their support in its preparations.

We encourage you all to actively participate and contribute to the discussions during the Symposium. I would proceed to the modus operandi for this meeting. We have designed a format for the Symposium that provides for such inter-action between speakers, panellists and delegates. At each session, there will be some presentations on the particular topics for the session, which will be followed by a panel discussion and a question/answer period.

Before introducing the Agenda Items, let us have a quick look at how the economic situation is affecting air transport services. The slowdown in the world economy, which started in 2007, is expected to continue this year. The world gross domestic product (GDP) in real terms is projected to contract by 1.7% in 2009, after having increased 5% in 2007 and 3.1% in 2008. The aggregate economy of the African region has been following the same trend with a projected growth rate of 1% in 2009, decelerating from 5.8% in 2007 and 5.4% in 2008.

Over the past twenty years, scheduled passenger traffic (measured in terms of passenger-kms performed) of African airlines has been growing at 5.1% per annum, slightly above the world average of 4.7%. Although the outlook for demand has remained uncertain under the current economic situation, as consumers regain confidence in air travel, traffic of African airlines for the period to 2025 is expected to grow at 5.1% per annum, above the world average of 4.6%.

The Conference on the Economics of Airports and Air Navigation Services (CEANS) held last September agreed on the ways and means of enhancing cooperation between the various industry stakeholders, together with an increased efficiency through better performance of services providers and a continuous dialogue between users and providers.

During the first Session of the Symposium, we will have a look at the results of CEANS with particular focus on the conclusions and recommendations on economic oversight, economic performance, consultation with users, and implementation of the ICAO policies on charges. Background on these topics is included in Item 1 of the Annotated Agenda. The intention of Agenda Item 1 is to provide you with an opportunity to examine the policies and principles advocated by ICAO, obtain clarifications, and raise any other related subject matters, such as, for example, the appropriateness and practicality of implementation of the CEANS recommendations in your States.

Session 2 deals with economic aspects of airports and air navigation services. Background information is included in Item 2 of the Annotated Agenda. During this second session, the Secretariat will make three short presentations on: 1) the ICAO Statistics Programme, 2) the surveys on the financial situation of airports and air navigation services, and 3) the two economics manuals (i.e. the Airport Economics Manual and the Manual on Air Navigation Services Economics), with emphasis on the guidance material related to performance management of providers. Here we will have the opportunity to discuss the reasons for the difficulties encountered by African States in collecting and disseminating airport and air navigation traffic and financial data, and how to overcome them. I would like to draw your attention to the fact that in the absence of such basic data, the measurement of economic performance, one of the main CEANS recommendations, would simply be impossible.

Background information on Session 3 is included in Item 3 of the Annotated Agenda. Here we will be discussing the status of user charges in the African region, their levels, structures and the charging schemes. The Council is concerned about the proliferation of charges and taxes. In the African Region, they are reaching a level whereby the price structure of an economy class ticket on a scheduled flight could show the amount of taxes to be sometimes higher than the strict cost of the ticket. Such a situation risks harming the development of air transport. We will have the opportunity to discuss and to compare the States' charging methods and experiences, as well as the impact of charges and taxes on air carriers and end users.

During the fourth and last session, we will summarize the findings of the Symposium and discuss ICAO's plans for African States in the area of airport and air navigation services economics. Pursuant to our commitment to promoting the implementation of ICAO policies by the States, we intend to follow-up on this Symposium with:

- a) two workshops in Dakar and Nairobi during the autumn of 2009, conducted in French and English, respectively, with more hands-on training on the application of the ICAO policies on charges and financial management of airports and air navigation services providers; and
- b) another symposium or conference in the spring next year to focus on solutions like, for example, which financing options are available to African States. Mozambique is in consideration as a possible venue for this meeting.

During the two workshops in the autumn, we would require States to provide us with adequate traffic and financial data, as well as explanations to specific conditions in the various States. The ICAO Secretariat would thereafter undertake a comprehensive study on the financial situation of airports and ANSPs in Africa. Based on the data received, we would then study different options for financing infrastructure investments and prepare for the meeting in the spring of 2010, to which we may also wish to invite some other key players, such as the World Bank and regional development banks.

Back to the Symposium, I have the pleasure to introduce to you the team that, together with Mr Twijuke, has worked assiduously preparing this Symposium:

- Mr Julián de la Cámara, Economist in the Economic Policy and Infrastructure Management Section, part of the Air Transport Bureau, ICAO HQ in Montreal, and Mr Evalou Gngang, Air Transport Officer in the ICAO Dakar office;

and

- from Uganda's CAA, Mr Sam Muneeza, Director Safety, Security and Economic Regulation, Mr Ignie Igunduura, Manager Public Affairs, and Ms Jacqueline Kiyingi.

We would also like to thank AFCAC for its support of this Symposium.

Finally, some administrative announcements:

1. Today we will work until 17:00 with a lunch break from 12:30 to 14:00 and a coffee break from 15:30 to 15:45. We should finish Session 1 of the Symposium by the end of the day, before the Welcome Reception and dinner hosted by the Uganda CAA.
2. Tomorrow, Tuesday, 18 August, we will tackle Session 2 starting at 09:30, with two coffee breaks from 10:30 to 10:45 and from 15:30 to 15:45, and lunch between 12:30 and 14:00.
3. The third day, Wednesday, 19 August, we will start again at 09:30 and will go through Sessions 3 and 4, with a coffee break from 10:30 to 10:45. Lunch will be served at the end of the Symposium, which we plan to finish by 12:30 on that day.

In closing, I would like to thank the Honourable Minister of Transport and the President of the Council for their presence here today and for their kind wishes.

I am looking forward to an interesting and productive meeting. Thank you all in advance for your participation.

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