

**Address by the President of the Council of
the International Civil Aviation Organization (ICAO), Dr. Assad Kotaite,
at the Opening Session of the Fifth Worldwide
Air Transport Conference**

(Montreal, 24-29 March 2003)

It is indeed a special privilege and a pleasure to welcome you on behalf of the Council and the Secretary General of ICAO to this Worldwide Air Transport Conference, the fifth such conference to be held by ICAO. It is just over eight years since we last gathered in November-December 1994 to address the future of international air transport regulation in the face of the emerging forces of globalization, liberalization and privatization. The Conference in 1994 raised liberalization and regulatory change to the forefront of our consciousness. The present Conference, which is taking place in sombre days, and in turbulent times for the industry, must build on that foundation and give States the regulatory tools and the confidence to move forward on an agenda of regulatory reform.

The liberalization with which we are dealing is an irreversible yet gradual process. This fact underlies the objective of this Conference which is “to develop a framework for the progressive liberalization of international air transport with safeguards to ensure fair competition, safety and security and including measures to ensure the effective and sustained participation of developing countries”. It is an objective that seeks balance in the reform process, and the achievement of that balance is in your hands.

It is fitting that in this, the 100th anniversary of powered, controlled and sustained flight, we are being called on to provide practical regulatory tools by which the commercial air transport industry, an industry that has contributed so much to modern society, can adjust to the globalized market place realities of the 21st century. As we take up our work, we cannot but be aware that our industry is presently riding through turbulence. ICAO’s preliminary estimates are that traffic in 2002 still remains some 2 to 3 per cent below levels in 2000. Financially, many airlines in some regions have been continuing to

accumulate massive losses, although others have been showing recovery and, in some cases, significant profits, till now. The present armed conflict in Iraq will inevitably worsen the financial situation. And yet we need to take the long view, much as we have done in the past. We should recall that the regulatory framework of the modern commercial air transport era was laid down during a time of conflict, the Second World War. Today's regulatory framework, arising out of the principles of our charter, the *Convention on International Civil Aviation*, is not a rigid one, but is one open to adaptation and evolution.

It is also fitting that the Conference theme "The Challenges and Opportunities of Liberalization", like the Conference objective, recognizes the need for balance. We need to balance our expectations, the realities of the global market place and the many perspectives that exist on regulatory issues.

In this globalized economic and trading environment, air transport regulators should be prepared to question any mind-sets or outmoded thinking which prevent us from meeting the needs for national and regional development, for a vibrant and responsible industry and for responding to the demands and expectations of users. This is not advocating regulatory change for the sake of change, but rather the use of regulatory reform for the betterment and efficiency of international air transport and its contribution to our lives. But it must be reform that is implemented in a safe, economic and orderly manner in line with our guiding Convention principles.

Liberalization, as a process and a methodology rather than an objective, must be judged by its consequences and its benefits, and not by its theoretical underpinnings. The opportunities of liberalization must be placed in the context of its challenges. It is especially important that liberalization does not result in the omission of any State wishing to participate in international air transport. That participation is another well-established Convention principle. It is, of course, for each State to determine the nature of its participation in the light of realities and opportunities. This Conference, therefore, must

address the concerns that many States have for the sustainability and viability of their participation in the liberalization process.

At the same time, we should acknowledge that there is also a widespread and understandable desire to quicken the pace of regulatory reform, especially on such issues as market access and air carrier ownership and control. Quite clearly, air transport lags behind other sectors in its adoption of the reform process and we should be conscious of that. Your challenge this week will be to accommodate both the concerns of some and the hopes of others. My appeal to you then is simple: do not obstruct the need for reform, but at the same time do not let reform threaten, in the long term, the viability, interdependence and multilateral nature of our sector. The other challenge facing you in the task ahead will be to ensure that safety and security do not take a back seat to economic opportunity. In the liberalization of air transport and the integration of a global air traffic management system, the synergy between the economic and air navigation aspects remains based on the safety and security of civil aviation. There can be no growth in air transport without safety and security, and no viable civil aviation without sound economic policies. Consequently, in order to bring about the necessary confidence in the liberalization process, your results should have built into them safeguards for a liberalized environment as well as the paramount need for safety and security. Your tasks then are ones of creative thinking, clarity of purpose and a truly consensual and global perspective to the regulatory issues that affect us all and the future of international air transport.

Finally, we should not lose sight of the fact that civil aviation is a human endeavour - one that uses man-made equipment and technology for humans to move humans and their goods safely and securely from one point to another around the world. Thus, the human element and its contribution must also be built into your deliberations.

It is my personal conviction that international air transport is a dynamic and forward-looking industry, and in spite of our current situation, we should face the future with courage, hope and optimism. Your work this week should provide the industry with the regulatory environment that they need to face the future in that same spirit.

I wish you every success in your endeavour, and I am confident of the positive outcome of your work. The Council will look forward in its forthcoming Spring Session to your results so that we can move forward as an aviation community into this new era of challenges and opportunities.

It is now an honour for me to declare open the Fifth Worldwide Air Transport Conference. Ms. Anne McGinley, the Representative of Ireland on the Council and Chairman of the Air Transport Committee, will provide more detailed explanations on the Agenda of this Conference.