



The Second ICAO

Air Cargo Development Forum

Shaping the Future of Air Cargo

Zhengzhou, China | 5-7 September, 2018



| ICAO

CONCEPT NOTE

Background

As a trade facilitator, aviation increases the global reach of businesses, enabling them to get products to market in a more convenient and quicker way. It allows businesses to be more responsive to the needs of customers and improves communication between buyers and sellers, including just-in-time inventory management and build-to-order production.

Aviation's speed and reliability gives it an advantage over other modes of transport in "same-day" and "next-day" delivery services and transportation of urgent or time-sensitive goods. High value electrical components and perishable products such as food and flowers are transported all over the world through the efforts of cargo integrators. Although the demand for air freight is limited by cost, which is typically 4 to 5 times that of road transport and 12 to 16 times that of sea transport, the commodities shipped by air are those that have high value per unit density. Globally, air freight constitutes 34.6 per cent of world trade by value despite representing only 0.5 per cent by volume.

The first and most obvious condition for States to establish a cohesive economic and trading area (for example, the Belt and Road Initiative) and an airport economic zone/aerotropolis is to ensure the availability of reliable air cargo services. Economic progress of States, especially Small Island Developing States (SIDs), Land Locked Developing Countries (LLDCs) and Least Developing Countries (LDCs), depends significantly upon air cargo services which allow them to overcome infrequent boat services or poor infrastructure for ground transportation. Air cargo service routes are regarded as regional lifelines for these areas.

The e-commerce business cannot flourish without air cargo services. In turn, accelerated advancement of aircraft technology, rapid growth of electronic transactions, and reshuffling in the logistics services and its complementarity with other means of transport (intermodal) in the supply chain are increasingly influencing air cargo business and the way enterprises interact among themselves, and with consumers and governments.

Notwithstanding the above, air cargo business still faces challenges in economic vulnerability and regulatory hindrances. Optimizing the benefits of air cargo services requires new business models with an improved and integrated supply chain under the more liberalized marketplace. There is also a strategic need to develop and modernize quality infrastructure commensurate with the level of predicted air freight traffic growth and in view of the enhancement of the connectivity of airports, which integrates airports with business centres and local communities.

Objectives

The second ICAO Air Cargo Development Forum (IACD2018) will follow up on the outcomes of the first Air Cargo Development Forum held in Zhengzhou, China in 2014, and will address emerging issues in the development of air cargo in various parts of the world. In particular, the forum will discuss ways of maximizing the benefits of air cargo to States and other stakeholders, and propose solutions on any identified regulatory and operational challenges to the growth and full liberalization of air cargo and e-commerce.

The main objectives of the second ICAO Air Cargo Development Forum will be to:

- build consensus on the removal of regulatory barriers by liberalization of air cargo services worldwide (market access up to the *7th Freedom* traffic right) in line with the recommendation of the 6th Worldwide Air Transport Conference (ATConf/6);
- identify potential areas that can be more efficient and speedier (for example, paperless) in the air cargo supply chain; and
- influence and move forward a specific integrated transport system and infrastructure development projects with the focus on air cargo and e-commerce.

Target Audience

The Forum will bring together stakeholders of air cargo services at various levels, including regulators, airlines, freight forwarders, airports operators, academia, and other strategic partners from all regions.

Content and Tentative Programme

The Forum will cover panel discussions and presentations by world and regional experts. A tentative programme for the Forum is attached.