SETTING THE SCENE
An Overview of State of Air Transport and Regulatory Developments

Boubacar Djibo
Director of the Air Transport Bureau

ICAN 2014
Bali, Indonesia, 17 November 2014
Convention on International Civil Aviation

Convention relative à l'aviation civile internationale

Convenio sobre Aviación Civil Internacional

Конвенция о международной гражданской авиации

Preamble

THEREFORE, the undersigned governments having agreed on certain principles and arrangements in order that international civil aviation may be developed in a safe and orderly manner and that international air transport services may be established on the basis of equality of opportunity and operated soundly and economically;
**United Nations:** "Sustainable development meets the needs of the present without compromising the ability of future generations to meet their own needs."

**Triple Bottom Line:** In business, one approach to sustainability is focusing on the impact of decisions on the environment and the community in addition to profit (traditional single bottom line). The diagram illustrates this idea.

- **Safety**: Enhance global civil aviation safety
- **Air Navigation Capacity and Efficiency**: Increase capacity and improve efficiency of the global civil aviation system
- **Security & Facilitation**: Enhance global civil aviation security and facilitation
- **Economic Development of Air Transport**: Foster the development of a sound and economically-viable civil aviation system
- **Environmental Protection**: Minimize the adverse environmental effects of civil aviation activities
The air transport industry is not only

- a **vital engine** of global socio-economic growth
- but is also of vital importance as a **catalyst for economic development**, 
  - creating direct and indirect employment,
  - supporting tourism and local businesses, and
  - stimulating foreign investment and international trade.
Economic benefits of aviation

58.1 million \textit{Jobs} supported by aviation worldwide

$2.4$ trillion \textit{Global economic impact}* 

*including direct, indirect, induced and tourism catalytic

\textbf{Source:} Air Transport Action Group (ATAG), 2014
The Size of the Industry in 2013

- 3.1 billion passengers
- 49 million tonnes of freight
- 1,000 scheduled airlines
- 26,000 aircraft in service
- More than 4,000 airports
- 170 air navigation centres

Traffic is for scheduled services in 2013
Global traffic flows
Major markets 2012

Source: based on OAG
**Digital/e-tools**

**ENV Tools**
- ICAO Fuel Savings Estimation Tool
- ICAO Green Meetings Calculator

**Air Traffic Mapping Tool**

**Air Transport Monthly Monitor**

**ECONOMIC DEVELOPMENT**

OCT 2013: Air Transport Monthly Monitor

World Results and Analysis for AUG 2013. Total scheduled services (domestic and international).

**GLOBAL KEY FIGURES**

<table>
<thead>
<tr>
<th></th>
<th>AUG 2013</th>
<th>ASK 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>RPK</td>
<td>+6.8%</td>
<td>+6.9%</td>
</tr>
<tr>
<td>LF</td>
<td>83.4%</td>
<td>+13 pts</td>
</tr>
</tbody>
</table>

**OUTLOOK - SEP 2013**

As of SEP 2013:

- RPK: +6.8%
- ASK: +5.8%

**PASSENGER TRAFFIC**

Revenue Passenger Kilometres - RPK
World passenger traffic grew by +6.8% in August 2013 compared to August 2012. This growth represents the highest year-on-year increase in the past 13 months. Compared to one year ago, the demand has been quite robust during the summer peak period, reflecting market development and better consumer and business confidence, notably in the Eurozone, UK, US, Japan and China.

**CAPACITY**

Available Seat-Kilometres - ASK
Capacity increased by +5.8% in August 2013, the highest growth posted in the last 13 months. Capacity is expected to increase by +6.8% in September 2013, which would be the fifth consecutive growth above 5%.
Number of routes increased by 30% in the last decade showing the dramatic growth of new regional hubs.
The Monthly Monitor

- Published every month on ICAO website: http://www.icao.int/sustainability/Pages/AT-MonthlyMonitor.aspx
- Outlook and analysis of passenger and freight traffic
- Top 15 airports and airlines
- Evolution of the capacity by region
2013 - State of Air Transport

Annual analysis on a world and regional level

- 63 pages of comprehensive analysis and key figures of air transport

For each ICAO Statistical Region:
- Passenger and cargo traffic for 2011, 2012 and 2013
- Top 15 States, airlines and airports in 2013
- Evolution of LCC market penetration in the last 10 years
World Top 15 Airlines in 2013

- 5 carriers from North America
- 5 carriers from Asia/Pacific
- 4 carriers from Europe
- 1 carrier from Middle East
- 2 low-cost carriers: Southwest and Ryanair
- Highest growth → Emirates with +15.8%

RPK growth in 2013 vs 2012

Note: scheduled services Source: ICAO Form A and ICAO estimates
World Top 15 Airports in 2013

Departures (thousand)

- Atlanta (ATL) - 2.1%
- Chicago (ORD) + 0.6%
- Dallas/Fort Worth (DFW) + 4.3%
- Los Angeles (LAX) + 1.6%
- Denver (DEN) - 4.9%
- Beijing (PEK) + 1.9%
- Charlotte (CLT) + 1.1%
- Las Vegas (LAS) - 1.3%
- Houston (IAH) - 0.8%
- Paris (CDG) - 3.9%
- Frankfurt (FRA) - 2.0%
- London (LHR) - 0.7%
- Amsterdam (AMS) + 0.6%
- Phoenix (PHX) - 3.2%
- Philadelphia (PHL) - 2.0%

Note: scheduled and non-scheduled services

Source: ACI

- 10 airports in North America
- 4 airports in Europe
- 1 airport in Asia/Pacific

Total (international and domestic) services
Top 15 airlines for carried freight

- 6 carriers from Asia/Pacific
- 5 carriers from Europe
- 2 carriers from North America
- 2 carrier from Middle East

2 all freight carriers: Federal Express and UPS

Highest growth → Cargolux with +18.7% FTK growth

Note: scheduled services
Source: ICAO Form A and ICAO estimates
### Top 15 airports by freight tonnes handled

<table>
<thead>
<tr>
<th>Airport</th>
<th>Freight tonnes handled (million)</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Memphis TN (MEM)</td>
<td>1</td>
<td>+3.0%</td>
</tr>
<tr>
<td>Hong Kong (HKG)</td>
<td>2</td>
<td>+2.5%</td>
</tr>
<tr>
<td>Shanghai (PVG)</td>
<td>3</td>
<td>+0.1%</td>
</tr>
<tr>
<td>Dubai (DXB)</td>
<td>4</td>
<td>+6.8%</td>
</tr>
<tr>
<td>Anchorage AK (ANC)</td>
<td>5</td>
<td>-1.7%</td>
</tr>
<tr>
<td>Incheon (ICN)</td>
<td></td>
<td>-0.1%</td>
</tr>
<tr>
<td>Louisville KY (SDF)</td>
<td></td>
<td>+2.5%</td>
</tr>
<tr>
<td>Frankfurt (FRA)</td>
<td></td>
<td>+1.5%</td>
</tr>
<tr>
<td>Tokyo (NRT)</td>
<td></td>
<td>+0.8%</td>
</tr>
<tr>
<td>Miami FL (MIA)</td>
<td></td>
<td>+0.6%</td>
</tr>
<tr>
<td>Paris (CDG)</td>
<td></td>
<td>-3.8%</td>
</tr>
<tr>
<td>Singapore (SIN)</td>
<td></td>
<td>+0.8%</td>
</tr>
<tr>
<td>Beijing (PEK)</td>
<td></td>
<td>+2.4%</td>
</tr>
<tr>
<td>Los Angeles CA (LAX)</td>
<td></td>
<td>-1.0%</td>
</tr>
<tr>
<td>Taipei (TPE)</td>
<td></td>
<td>-0.4%</td>
</tr>
</tbody>
</table>

- 7 airports from Asia/Pacific
- 5 airports from North America
- 2 airports from Europe
- 1 airport from Middle East

- 10 out of the Top 15 airports recorded an annual growth
- Highest growth → Dubai Airport with +6.8% tonnes handled growth

**Note:** scheduled services

**Source:** ACI
World Air Transport in 2013

- Passengers carried: 3.1 billion, +4.5% vs. 2012
- Commercial flights performed: 32 million, +1.2% vs. 2012
- Revenue Passenger-Kilometres: 5.8 trillion, +5.5% vs. 2012
- Freight Tonne-Kilometres: 186 billion, +0.4% vs. 2012

**Volume** of world international cargo shipment

- Aviation: 0.5%
- Surface modes: 99.5%

**Value** of world international cargo shipment

- Aviation: 34.5%
- Surface modes: 65.5%

*Source: Air Transport Action Group (ATAG), 2014*
World Tourism in 2013

International tourist arrivals

Source: World Tourism Organization (UNWTO)
## World Air Transport in 2013 by Region

### Aircraft departures (million)

<table>
<thead>
<tr>
<th>Region</th>
<th>Departures (million)</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>7.9</td>
<td>-0.4%</td>
</tr>
<tr>
<td>Africa</td>
<td>0.9</td>
<td>-0.4%</td>
</tr>
<tr>
<td>Middle East</td>
<td>1.1</td>
<td>+4.9%</td>
</tr>
<tr>
<td>Asia and Pacific</td>
<td>8.6</td>
<td>+6.3%</td>
</tr>
<tr>
<td>North America</td>
<td>11.0</td>
<td>-1.3%</td>
</tr>
<tr>
<td>Latin America and Caribbean</td>
<td>2.6</td>
<td>+0.4%</td>
</tr>
</tbody>
</table>

### Passengers carried (million)

<table>
<thead>
<tr>
<th>Region</th>
<th>Passengers (million)</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>817</td>
<td>+3.1%</td>
</tr>
<tr>
<td>Africa</td>
<td>73</td>
<td>+3.5%</td>
</tr>
<tr>
<td>Middle East</td>
<td>161</td>
<td>+7.8%</td>
</tr>
<tr>
<td>Asia and Pacific</td>
<td>1,008</td>
<td>+8.0%</td>
</tr>
<tr>
<td>North America</td>
<td>815</td>
<td>+0.9%</td>
</tr>
<tr>
<td>Latin America and Caribbean</td>
<td>230</td>
<td>+5.7%</td>
</tr>
</tbody>
</table>

### Revenue Passenger-Kilometres (billion)

<table>
<thead>
<tr>
<th>Region</th>
<th>Revenue (billion)</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>1,556</td>
<td>+4.6%</td>
</tr>
<tr>
<td>Africa</td>
<td>134</td>
<td>+4.4%</td>
</tr>
<tr>
<td>Middle East</td>
<td>500</td>
<td>+11.2%</td>
</tr>
<tr>
<td>Asia and Pacific</td>
<td>1,785</td>
<td>+7.7%</td>
</tr>
<tr>
<td>North America</td>
<td>1,505</td>
<td>+2.0%</td>
</tr>
<tr>
<td>Latin America and Caribbean</td>
<td>303</td>
<td>+6.7%</td>
</tr>
</tbody>
</table>

### Freight Tonne-Kilometres (billion)

<table>
<thead>
<tr>
<th>Region</th>
<th>Freight (billion)</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>41.5</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Africa</td>
<td>3.1</td>
<td>+4.0%</td>
</tr>
<tr>
<td>Middle East</td>
<td>22.6</td>
<td>+12.0%</td>
</tr>
<tr>
<td>Asia and Pacific</td>
<td>74.0</td>
<td>+0.2%</td>
</tr>
<tr>
<td>North America</td>
<td>39.1</td>
<td>-4.9%</td>
</tr>
<tr>
<td>Latin America and Caribbean</td>
<td>5.3</td>
<td>+2.7%</td>
</tr>
</tbody>
</table>

Passenger traffic: Worldwide distribution (1/2)

Since 2010: Asia/Pacific ranks 1st

Since 2012: Europe ranks 2nd

Middle East has gained market share every year

Source: ICAO Annual Reports of the Council
Passenger Traffic Distribution

Distribution in Revenue Passenger-Kilometres (RPKs)

**2007**
- North America: 32%
- Asia/Pacific: 29%
- Europe: 27%
- Middle East: 6%
- Latin America/Caribbean: 4%
- Africa: 2%

**2013**
- Asia/Pacific: 31%
- Europe: 27%
- North America: 26%
- Middle East: 9%
- Latin America/Caribbean: 5%
- Africa: 2%

**Source:** ICAO Annual Reports of the Council (preliminary figures)

1st: Asia/Pacific
2nd: Europe
3rd: North America

Scheduled commercial traffic
Total (international and domestic) services
**Distribution of International Tourist Arrivals in 2013**

**World Inbound Tourism: International Tourist Arrivals, 2013**

- **Europe**: 52%
- **Asia / Pacific**: 23%
- **Americas**: 15%
- **Middle-East**: 5%
- **Africa**: 5%

*Europe* represents the **largest share** of international tourists arrivals with one **half of the World total**.

**Source**: World Tourism Organization (UNWTO)
**Freight traffic: Worldwide distribution (1/2)**

**Analysis**

- **Asia/Pacific**'s FTK share is **40%**
- **Europe** ranks clearly **2^{nd}**
- **North America** declined
- **Asia/Pacific** declined in 2011 and 2012
- **Middle East** has gained market share every year

**Source:** ICAO Annual Reports of the Council
## Freight Traffic: Worldwide Distribution

### Distribution in Freight Tonne-Kilometres

#### 2007
1. Asia/Pacific (42%)
2. North America (25%)
3. Europe (23%)
4. Latin America/Caribbean (6%)
5. Africa (3%)

#### 2013
1. Asia/Pacific (40%)
2. Europe (22%)
3. North America (21%)
4. Latin America/Caribbean (12%)
5. Africa (2%)

Source: ICAO Annual Reports of the Council

**Scheduled commercial traffic**

**Total (international and domestic) services**
For more analysis and data

- Past decade air transport trends
- Demand drivers analysis:
  - Economic growth
  - Liberalization
  - Low Cost Carriers
  - Improving technologies
- Challenges for air traffic development
  - Fuel prices
  - Airport/ANSPs capacity constraints
  - Competition and inter-modality
- Forecasts
  - Structure and methodology
  - Passenger and cargo
  - Results and analysis by route group

Available at: http://store1.icao.int/
An encouraging outlook

World scheduled passenger traffic

![Graph showing historical and forecasted revenue passenger-kilometres for world scheduled passenger traffic from 1995 to 2030. The graph indicates a steady increase in traffic, with a total traffic growth rate of 4.6% from 1995 to 2010 and 4.5% from 2011 to 2030.](image)
Agenda Item 1: Global Overview of Trends

1.1 Industry (a) and regulatory (b) developments
1.2 Other areas of ICAO’s work that may have economic implications (including the economic impact of the High-Level Conference on Aviation Security (HLCAS) outcomes)

Agenda Item 2: Examination of Key Issues

2.1 Market access
2.2 Air carrier ownership and control
2.3 Consumer protection
2.4 Fair competition
2.5 Safeguards
2.6 Taxation of and other levies on international air transport
2.7 Economics of airports and air navigation services (including the economic impact of the Twelfth Air Navigation Conference (ANConf/12) outcomes)
2.8 Implementation of ICAO policies and guidance
ATConf/6 Milestone results

• Stronger leadership role for ICAO in economic regulation
• ICAO leadership role in forging new regulatory tools
• Commitment of the global aviation community for increased international integration and harmonization
  – Cooperation between air transport stakeholders to avoid duplication of efforts
• Key achievements in areas of market access, air carrier ownership & control and consumer protection
• Implementation of a voluntary air transport fund in order to support the implementation of some important tasks that will not be funded by the regular budget
Highlights of A38 achievements
A-38 major achievements

• The ICAO Assembly **endorsed** the following:
  – a new Strategic Objective of *Economic Development of Air Transport* to guide the work of the Organization in the field of air transport for the 2014 -2016 triennium
  – recommendations of ATConf/6, and in particular, the action plan of the Council for the follow-up work to ATConf/6
  – an enhanced Assembly resolution on continuing ICAO policies in the air transport field
  – a stronger mandate for ICAO to play a leadership role for a long term vision for liberalization
ICAO to work on global regulatory frameworks and policy guidance to:

- develop an international agreement to liberalize market access
- develop an international agreement to liberalize air cargo services
- develop an international agreement to liberalize air carrier ownership and control
- develop core principles on consumer protection
Highlights of A 38 achievements

- develop guidance on the funding and financing of aviation infrastructure development, safety, security and economic oversight functions
- develop mechanisms to support operation improvements of the aviation system block upgrade modules (ASBUs)
- enhance States’ awareness of ICAO policies on taxation and develop guidance on the impact of taxation
Highlights of A38 achievements (3)

– conduct econometric studies and develop a monitoring system to explain the effects of the liberalization on international traffic and assess its evolution
– consider additional ways and means to enhance the status of ICAO policies
– work on future plans in the areas of forecasting, economic analysis and statistics to meet the needs of States and the users
– enhance the ICAN event to facilitate liberalization
Current and Future steps

- Mandate endorsed by Assembly based on priorities, budget and resources available for the 2014-2016 triennium

- Secretariat initiated work on implementation of Assembly Resolution
  - Consolidated statement of continuing ICAO policies in the air transport field (A38-14)

- Air Transport Regulation Panel (ATRP) to assist Secretariat on the different tasks
Harmonize global air transport regulatory framework

Develop international agreements to liberalize market access, ownership & control and air cargo; core principles on consumer protection; a compendium of competition policies etc. (follow-up to ATConf/6)

Develop policies and guidance to facilitate access to funding for aviation infrastructure and financing of air transport operations

Enhance ICAO Air Services Negotiation (ICAN) events in support of a long-term vision for international air transport liberalization

Provide accurate, reliable and consistent aviation data, statistics and economic analysis

Develop a single harmonized set of long-term traffic forecasts for global and regional use
Leadership role in:

- **Developing policy guidance** (e.g. long term vision for liberalization, core principles for consumer protection)
- **Modernizing regulatory framework** (developing international agreements for liberalizing market access, air carrier ownership and control, air cargo services)
- **Facilitating liberalization** (e.g. enhanced ICAN facility, global & regional forums to address topical issues)
- **Fostering regulatory harmonization and compatibility** (updating ICAO policy guidance, compendium on competition policies & rules, exchange forum for dialogue/cooperation between air transport & competition authorities)
- **Supporting aviation system bloc upgrades (ASBUs), and infrastructure development and regulatory oversight** (exploring new funding/financing mechanisms)
Regulatory changes:

- Regulatory regimes become more open and liberalized
- Liberalization progress uneven
- Regulatory/liberalization approaches varied
  [national, bilateral, regional, multilateral; heavy, light, off-handed]

**ICAO to facilitate and assist** (forum, policies and guidance, multilateral agreements...)}
States which signed open skies agreements with both the US and third countries

States which signed open skies agreements with the US only

States which signed open skies agreements with the third countries only

400+ OSA involving 145 States
Most world regions have liberalization programs

- Full liberalization arrangements (ASEAN, CARICOM, EU, LACAC. Trans-Tasman cooperation)
- Gradual liberalization arrangements (AFCAC, Damascus Agreement signatory states, South Pacific Islands)
Conclusions

- Liberalization-widespread and will continue
- Industry undergoing transformation
- Marketplace dynamic, competition intensified
- Traffic will continue to grow, but vulnerable to impacts
- Growth needs policy support, favourable environment
- Policy makers/regulators, Industry facing many challenges & opportunities
- Need to cooperate and work as a community

ICAO’s role: Uniting Aviation to create a better environment for sustainable development of air transport
ICAN 2014
Bali, Indonesia (17-21 Nov 2014)
ICAN Benefits

- Improve efficiency of negotiations
  - A place to meet for multiple ASA talks
  - A forum to get info, discuss issues
  - A platform for bilateral, multilateral talks

- Save time and money for States

ICAN 2015: Turkey
ICAN 2016: Latin America
Outlook on new ICAN features (in progress)

- **B2B – Meetings with the Industry**
  - For the first time this year in Bali

- **Possible future “ICAN Cargo” perspective:**
  - Component during future ICAN events to specifically address air cargo issues; or
  - Specific “ICAN Cargo” event in cooperation with TIACA

- Promoting negotiations between States, International Organizations and the Cargo Industry
شكرا, Shukran
谢谢, Xie Xie
Thank You
Merci
Спасибо, Spasiba
Gracias