



**Opening remarks by the President of the Council of the
International Civil Aviation Organization (ICAO),
Mr. Roberto Kobeh González,
to the Sixth Worldwide Air Transport Conference (ATConf/6)**

(Montréal - 18 March 2013)

On behalf of the Council and the Secretary General of ICAO, I am delighted to welcome you all to the Sixth Worldwide Air Transport Conference.

An Air Transport Conference is convened approximately every ten years. The purpose is to update ICAO policies for the long-term growth of international civil aviation. At the fifth conference in 2003, we focused on liberalization. This year, we take a giant step forward and consider the overall sustainability of air transport.

By sustainable, we mean safe, secure and environmentally friendly operations, for both passenger and cargo traffic, that provide airlines, airports, air navigation service providers (ANSPs) and other partners of the air transport value chain with a reasonable expectation of profitability. It also means supporting competitive economies and promoting balanced regional development.

We have done well in the first three categories. Aviation is as safe as it has ever been, with 2012 the safest year in history in terms of fatalities. Aviation is also as secure as ever, with many valuable lessons learned from the events of 9/11. And today's modern aircraft are by far quieter and more energy efficient than their predecessors. In these three areas, we are committed to keep improving on this solid performance.

Where we have not done so well is in facilitating the profitable growth of the sector.

Aviation currently maintains around 60 million jobs worldwide, generates more than 2 trillion dollars in economic activity and carries annually more than half of the 1 billion international tourists. Air transport is more than ever an essential driver for economic, social and cultural development across the globe. And it is projected to keep growing.

ICAO's long-term forecast is for scheduled traffic to more than double by the year 2030, from 2.9 billion passengers last year to more than 6 billion. The number of departures should also double, from 30 million to 60 million a year over the same period. On the cargo side, the total value of goods transported by air represents 35 per cent of all international trade and 0.5 per cent by volume, a trend that is expected to continue in the future.

The potential benefits of growth are enormous – but there is a good chance that they won't fully materialize unless we create the appropriate context for an economically sound global air transport system for all stakeholders.

That sets up our challenge for the next five days – to come up with practical and concrete recommendations for adapting the global regulatory framework to the realities of the 21st century.

One of the critical issues we will address is market access. It is fundamental to an efficient global air transport system, yet it is currently highly constricted. We must respond to the persistent requests for greater freedoms for the industry and for a multilateral approach to eventually replace the prevalent bilateral system.

A related and equally pressing issue is air carrier ownership and control. More flexible rules are needed for airline designation and authorization, foreign investment in national airlines, and airline access to international capital markets.

We need to propose measures to support the financial health of the air transport industry. For example, profitability differences between air carriers and other stakeholders of the air transport value chain must be minimized or eliminated if sustainability is to be achieved.

At the same time, growing competition among airlines and between airline alliances, coupled with an increase in concentration in some markets, have raised concerns over fair competition. And as liberalization expands around the world, safeguards will continue to be needed to promote the sustainable and effective participation of all States in the global marketplace, particularly developing countries.

Let us not forget the passenger. Consumer protection is more widespread today in many parts of the world, but there are no global rules. On the issue of price transparency, how do we encourage convergence of national or regional schemes towards an international model?

Another widespread and complex barrier to sustainability is taxation. States are increasingly imposing taxes and levies on air transport service providers and users. The reasons may be legitimate, but they still have a serious detrimental impact on the growth of air travel.

Then there is the financing of huge investments in airport and air navigation infrastructure. In many cases, this will involve the private sector, which raises a number of crucial governance questions, including State responsibilities under the Chicago Convention.

As you can see, the table has been set for what I expect to be nothing less than a fundamental rethinking of our global regulatory framework.

In my opinion, we must begin with the preamble to the Chicago Convention. It clearly refers to States agreeing to certain principles and arrangements so 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.

This is an extraordinarily lucid, comprehensive and visionary description of sustainable air transport.

Article 44 of the Convention provides direction for the pursuit of sustainability. Among the objectives it sets for ICAO are to:

- a) meet the needs of the peoples of the world for safe, regular, efficient and economical air transport;
- b) prevent economic waste caused by unreasonable competition; and,
- c) insure that the rights of Contracting States are fully respected, and that every Contracting State has a fair opportunity to operate international airlines.

While the intent of these words written almost 69 years ago remains intact, the world in which we live has changed profoundly and irreversibly. In today's globalized economic and trading environment, it is our responsibility as regulators to question any outdated position or thinking that prevents us from establishing an operationally and financially robust aviation sector.

ICAO has already taken a number of major steps in that direction. The Council recently approved a new Mission Statement for the Organization, which is to *“Achieve the sustainable growth of the global civil aviation system”*.

The Council also approved a new Strategic Objective titled *“Economic Development of Air Transport: Foster the development of a sound and economically-viable civil aviation system.”* It focuses our energies and resources on establishing policies and guidance on air transport regulation, infrastructure management and economics of aviation activities, including consumer protection, taxation, fair competition and user charges. It includes facilitating access to funding for aviation infrastructure and financing of the air transport system as well as for economic regulation and oversight.

Before I conclude, I want to stress the following point. Over the years, air transport conferences like this one have developed practical and comprehensive policies and guidance for States on the economic regulation of international air transport. For some reason, however, they are not implemented as widely as they should. I am concerned about this. Is it because they are not binding? Is it because they are not communicated and promoted well enough? Or do we need more practical tools to enhance their effectiveness?

I would like you to reflect on these questions and suggestions. I want to hear proposals that will encourage States to incorporate ICAO principles, policies and guidance in their national legislations, rules and regulations, and in air services agreements. This will significantly increase the effectiveness of your work here.

Together, we have one week to transform the global regulatory framework. We have five days to formulate a set of recommendations to the next ICAO Assembly in September 2013 that can alter the future course of international civil aviation for decades to come.

It is an opportunity given to very few people in the course of a lifetime. How far we go down that road depends on all of us in this room, on our commitment to change and on our involvement in the discussions.

Above all, let us not forget who we are doing this for. It is for the citizens of the world who, directly or indirectly pay for the services that we provide, either by purchasing tickets or through their taxes. We have a responsibility to uphold their trust in us.

In the spirit of international cooperation, we at ICAO are working in close cooperation with our usual partners, including international organizations, regional commissions and the industry as a whole, especially with the World Customs Organization for cargo issues and the World Tourism Organization for tourism matters.

I am now happy to give the floor to my dear friend Dr. Taleb Rifai, Secretary General of the World Tourism Organization.