

**Address by the Secretary General of ICAO
Mr. Raymond Benjamin
to the
ATConf/6 Pre-conference Symposium**

(Montréal, ICAO Headquarters, 17 March 2013)

1. Good morning ladies and gentlemen, and welcome to what we hope will be a very provocative and engaging *Pre-conference Symposium* in advance of ICAO's *Sixth Worldwide Air Transport Conference*.
2. The goal of this decade's event is to determine policies and frameworks supporting a more *sustainable* air transport system.
3. Participants will consider many new ideas and approaches over the coming week, but I'd suggest that some of the most important insights will in large part emerge today.
4. Our goal today is to set aside formalities in the interest of a frank and candid exchange of views.
5. I therefore encourage every panelist and moderator to represent their positions with the passion and commitment that has established each of them as leaders in their communities.

6. As ICAO Air Transport Conferences occur only once every ten years, participants are faced with a formidable challenge.
7. Not only must they establish recommendations which apply to our immediate concerns, they must also anticipate long-term challenges so that we define enduring, *sustainable* solutions.
8. Either way, we cannot wait another ten years to address the current regulatory framework and the fragmentation that plagues it.
9. Whether the issue is:
 - The fragmentation of traffic rights through a mélange of market access restrictions
 - The legal fragmentation inherent in thousands of bilateral air services agreements
 - Or the economic fragmentation due to profits being spread unequally across the aeronautic value chain... Incisive action is now required.

We must bring greater coherence to this regulatory framework in order to maximize aviation's potential as a driver of economic development and human well-being.

10. From a financial standpoint, there is a very clear need to modernize our regulatory approaches to encourage greater market liberalization, healthier competition, and air transport operations that are sustainably profitable.
11. On this point I'll let the numbers speak for themselves.
12. Despite the fact that they operated an average of over 80,000 flights a day in 2012, the financial health of global airlines remains precarious.
13. Our friends in IATA have noted that revenues for all carriers in all regions totalled \$636 billion dollars last year, and yet global profits were only \$4.1 billion or a mere 0.6% of gross revenues.
14. The financial results at airports demonstrate further challenges, with profitability being almost exclusively dependant on non-aeronautical revenue streams in this sector.
15. And the Air Navigation Services community faces its own hurdles due to shortfalls in recent traffic growth and resulting impacts on strategic investments.
16. While the predominance of public ownership in the ANSP community makes it unique in some respects, these factors cannot shield it from rapidly increasing labour and technology costs.

17. For our operator colleagues then, *sustainable* air transport is very much about *profitable* air transport – but make no mistake: I am not advocating that every airline must be guaranteed an annual profit.
18. What I am saying is that a modern regulatory framework should ensure that competitive airlines can earn a sufficient return on capital. This enables the long-term investments that are required to meet the ever growing demand for air services.
19. We must also ensure, however, that this increased profitability and diminished fragmentation isn't achieved at the expense of wider system safety, security, efficiency or emission targets.
20. So where then do we look for our sustainable solutions...
21. We are now at a stage where increased multilateralism in the exchange of commercial rights should become the new norm. Our ICAN events have tried to encourage this trend in recent years, but bilaterals are still very much the order of the day.
22. Widespread increases in taxes and levies highlights another area of priority. Here we must improve recognition of the fundamental economic employment and tax base benefits being achieved through low-tax, low-fee approaches in States such as China, Singapore and South Korea.

23. We must also strive over the coming days to address longstanding airline ownership and control issues. These have been discussed at great length over recent years but they continue to impede access to international capital markets and the creation of efficient global airline networks.

24. Additional priorities, such as:

- Better separation of ATM service provision from regulatory oversight.
- Non-traditional methods to finance infrastructure investment.
- And certainly the confusing patchwork of consumer protection and price transparency policies...

Must also be more effectively addressed.

25. To be blunt, none of this is easy. But let's be bold enough to take some important steps towards these goals this year – beginning at this Symposium and Air Transport Conference and carrying through to our Assembly in the fall.

26. Ladies and gentlemen, I'd like to hand the podium over now to my good friend and Secretary General of the UN World Tourism Organization, Mr. Taleb Rifai, but only on the condition that he keep his remarks extremely short and to the point.

27. As I know this has always been his style, I am sure he will not mind. Monsieur Rifai...