

**ICAO Air Transport Symposium
Montréal, 18-20 April 2012**

Panel on “Towards a Global Vision of Sustainable Air Transport?”

Introductory remarks by Chris Lyle, Representative of the World Tourism Organization (UNWTO) to ICAO

The World Tourism Organization would like to express particular appreciation to ICAO for inviting us to participate in this panel of aviation leaders. This exemplifies a new dimension, an emerging recognition of the need for ever-closer co-operation and collective action beyond functional “silos” if air transport and its partners are going to be sustainable.

The challenge is to find a balance amongst the three pillars of sustainability - social, environmental and economic - and one approach should be to position travel and tourism *collectively* as a strategic industry, with air transport as an interconnected core.

The first pillar: social. Here, of course, air transport’s contribution is primarily as a catalyst for the considerable potential from tourism and trade. For aviation in itself to be sustainable, it does require uncompromised commitment to safety and security, as well as to facilitation and to prevention of the spread of communicable disease. Aviation is in the vanguard of global safety and security by any measure and, thanks to the efforts of ICAO in particular, the standards generally apply effectively in poorer as well as in richer countries. And ICAO co-operates effectively with the World Health Organization and the World Tourism Organization on health issues. But air transport is struggling to cope with the security-driven facilitation requirements at airports. Facilitation of travel also has broader aspects (for example regarding visa availability and processing) which are having a substantially negative impact and which need to be tackled. **Travel and tourism *collectively* need to address these issues.**

The second pillar: environmental. The crucial issue here is air transport’s contribution to climate change. Air transport directly represents globally some 2% of anthropogenic carbon dioxide emissions but just under 1% of GDP, a ratio of about 2:1 which is presently rising. Growth in air transport is likely to continue to outpace technical and operational improvements for the foreseeable future, although the margin should be reduced if the promise of biofuels can be fulfilled. But therein lies a lesson of “silos”. In comparison with the figures I just cited, travel and tourism (encompassing the air transport component) represents globally about 5% both of global carbon dioxide emissions and of GDP, a ratio of 1:1. While air transport in isolation may not easily become sustainable, travel and tourism together, in which air transport plays a crucial role, may not only be sustainable but actually a primary driver of green growth.

We should *collectively* sell this message.

To the third pillar: economic. As with the social pillar, the predominant role for air transport is as a catalyst, and it is an extremely effective catalyst at that.

But there are concerns, regarding widely varying returns on investment in various elements of the travel and tourism value chain - with airlines at the marginally sustainable low end, and with factors largely beyond our control such as fuel prices and general economic circumstances.

There is also a growing fiscal concern in the form of unsubstantiated levies on both air transport and tourism. While the industry should contribute its due, there is an increasing proliferation of taxes and charges which can actually produce a net *disbenefit* to the general economy. This is killing the goose which lays the golden egg and needs to be addressed by **collective positioning of the benefits of air transport and tourism**.

And, where levies can be substantiated, they need to be carefully designed. For example, it is by now widely recognized that some form of market-based mitigation measures for air transport emissions will be necessary, although their global form has yet to be determined. As stated in the Rio +20 zero draft, “priority needs to be accorded to the special needs of Africa, small island developing States, least developed countries and landlocked developing countries”.

In this context, focus within the air transport “silo” may mean that factors such as the following are not fully taken into account:

- Imposition of air transport levies in originating markets impacts not only airlines but can have a greater impact on destination economies
- Imposition of market-based measures only on airlines with principal place of business in major markets would still impact destination markets to which these airlines fly whether or not airlines from destination markets are exempted.

We would like to see **a cross-silo conversation** here, for example to prioritize the countries I have just mentioned by *route* or *route group* irrespective of the origin of airlines and traffic, for which implementation principles are already available in the UNWTO/ICAO joint study on *Essential Service and Tourism Development Routes*.

Another challenge in the economic pillar is that of breaking out of the archaic silo of the regulation of international air transport. The concept of air service reciprocity, associated with protection of “national” carriers, takes precedence in too many countries over a more rational assessment of net national economic and social benefits from tourism and trade.

Separate sectoral policies on air transport and tourism in many States results in a fundamental and often conflicting disconnect which is a severe constraint on the development of travel and tourism as a whole and thus of each of its components.

A primary issue is that air carrier ownership and control is still vested in the citizens of single States or, in the case of Europe, a group of States. This puts severe constraints on access to capital and to markets.

Next year, ICAO will be holding its sixth Air Transport Conference. Over the past five Conferences, the approach has moved from “whether to liberalize” to “how to liberalize”.

This has produced a wealth of guidance material but less action. The focus should now be on “let’s liberalize”.

If there is one element which could make the Conference a success, it would be movement on the issue of air carrier ownership and control. One vehicle is already available, the United States *Draft Multilateral Convention on Foreign Investment in Airlines*, which takes a practical and straightforward approach by invoking the waiver in bilateral air services agreements requiring designation of carriers by each party limited to those owned and controlled by interests from their territories.

ICAO could build on this, and on IATA’s related *Agenda for Freedom* initiative, by promoting sign-on to such a Convention on a plurilateral basis, by a “**Club of the ready and willing**”, the basic premise being that adherence by two members would over-ride the relevant provisions in an existing bilateral agreement between them. This process could start immediately, and use opportunities including the ICAO Air Services Negotiation Conference in December, with a view to achieving critical mass at next year’s Air Transport Conference.

So, to sum up, thinking beyond the silos provides synergy and positive results. Air transport’s value lies in delivering social and economic goods and services. And there is no more effective service contributor than tourism.

International tourism and air passenger transport are locked at the hip. Over half of international tourist arrivals globally are by air, with much higher proportions for long-haul destinations. And by the same token, a very large majority of international air passengers are tourists, which include business and leisure travellers¹.

Recently published World Tourism Organization forecasts², indicate that international tourist arrivals will rise from 1 billion this year to reach 1.8 billion by 2030. The air transport market share compared with surface will continue to increase, if at a slower pace than in recent years. But if this is to be achieved, and particularly with the increasingly fundamental focus on green growth, the challenges I have described will have to be overcome. Tourism will not surmount these challenges on its own and neither will aviation.

Air transport now needs to be seen at the core of positioning travel and tourism as a strategic industry, with a single voice on such issues as security and facilitation, the environment, economic impact, taxes and liberalization,. Let us all think in **a larger box: an integrated, collective vision.**

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¹ An international tourist arriving and departing by air counts as at least two passengers (on direct flights) or more if connections are involved.

² *Tourism Towards 2030* provides a global reference on tourism future development and *inter alia* tourism flows for 5 regions of origin and 22 sub-regions of destination by 2 means of transport, air and surface.

