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Remarks of Tony Tyler at ICAO Air Transport Symposium, Montreal

For me sustainability means ensuring that how we do business today facilitates growth and supports our ability to do business tomorrow.

Aviation is a highly regulated industry. Sustainability depends not only on what airlines do for themselves but also the policies adopted by governments. This symposium is essential preparation for next year's Air Transport Conference.

Governments and industry share a common interest in aviation's success. Aviation is a business and a driver of economic and social development that is so important to governments. About 3 billion people fly annually. And the nearly 50 million tonnes of cargo transported by air represents some 35% of the value of goods traded internationally. The unique connectivity that aviation provides supports millions of jobs and contributes trillions of dollars in economic activity.

Air transport is a force for good. And we share a responsibility to build a sustainable future for it. The most obvious example is environment. The industry has committed to three targets, the most ambitious of which is to cut net emissions in half by 2050 compared to 2005. We cannot do that without government cooperation. As aviation is a global industry, that cooperation must be coordinated through ICAO.

That is why Europe's inclusion of international aviation in its ETS is counter-productive. The regional approach distorts markets. And it will not have the positive impact on sustainability of globally coordinated measures through ICAO. On top of that, the unilateral and extra-territorial approach is seen by non-European states as an attack on their sovereignty.

Nobody wants a trade war. And I am confident that if Europe participates whole-heartedly at ICAO—being prepared to find solutions with the international community beyond its current plans—ICAO will successfully facilitate a durable solution for environmental sustainability.

Safety provides a good precedent. If aviation is not safe, it is not sustainable. 2011 was our safest year, with one hull loss for every 2.7 million flights on western built jet aircraft. That is the result of global standards, ICAO working with governments in its USOAP audit program, IATA working with airlines through the IOSA audit standards, an agreement between IATA, ICAO, the US Department of Transport and the EC to share safety information, and countless efforts around the world to spread the implementation of best practice.

As a businessman who spent over three decades in an airline, I must also emphasize the need for financial sustainability. With an historical margin of less than 1%, airlines—despite their enormous contribution to the global growth and development—have collectively destroyed shareholder value.

There are numerous reasons for that. Shocks and business cycles are beyond our control. But Secretary General Benjamin has raised several constraints on financial sustainability which are within the control of governments. If I can paraphrase his examples of fragmentation, we have:

- National and regional regulation that is neither coordinated nor mutually recognized, but which comes at a high cost of compliance, and
- Half-baked de-regulation that freed airlines to compete on price but maintained restrictions on access to global capital and to markets; and allowed some parts of the value chain to flourish, but kept others particularly the airlines financially weak.

We fully support ICAO's important role in working with governments to deliver solutions to these. I will add to that list several more areas for urgent action:

- Modernization of air traffic management so we don't waste time and fuel and secure substantial emission reductions
- Effective regulation of monopoly suppliers to ensure sufficient infrastructure, reasonable returns for operators and cost-efficient prices for airlines
- And for governments to resist the urge to pile more taxes on aviation, and retain a bigger portion of what is collected to develop critical infrastructure, training, safety programs and so on

- Resisting the urge to micro-manage competition, allowing airlines to explore different business models and for market forces to play out.

Too often governments see aviation as a luxury and milk it as a cash cow. Aviation connectivity is the infrastructure of our global community. A key component of sustainability must be a pragmatic and comprehensive policy approach focused on building competitiveness to maximize aviation's economic and social benefits.

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