

**ICAO World Aviation Forum**  
**Montreal, Canada**  
**Working Breakfast 8:00 AM**  
**26 September 2016**

Thank you for inviting me here today. This is an exceptionally busy period for ICAO, and doubly so for ACI as we are holding our 25<sup>th</sup> World Annual General Assembly. To address the three questions from the Working Breakfast organizers I am going to talk about the state of the airport industry. I will focus particularly on economic challenges and say a little about what ACI is doing to meet those challenges.

To put airports into context: industry revenue as a whole grew by 8.2% in 2014 compared to the previous year, to US\$142.5 billion. On a regional basis, European airports held the largest share of global airport revenues at 36%. This was followed by Asia-Pacific at 29% and North America at 19%. However, we saw the highest revenue growth in Latin America-Caribbean and Africa, followed by the Middle East.

The global return on airports' invested capital was 6.3% in 2014, which is about the same as the airline sector. Although the industry as a whole is profitable, airports that serve fewer than one million passengers per year have a negative return on invested capital of 2.6%.

Like others, we forecast passenger traffic to increase significantly over the next 15 years: from 7.1 billion in 2015 to over 12 billion by 2031, with much of this growth coming from emerging markets. The latter currently makes up 33% of global passenger traffic, but in less than two decades will represent some 45% of global passenger traffic. Many of the airports in these countries require investments in infrastructure, safety and efficiency if we're to fully realize aviation's potential as a driver of economic and social progress.

In a more general sense, regulators, financial bodies and aid agencies need to actively support the development of business cases that demonstrate the economic, social and environmental benefits of aviation as an accessible medium to all.

This is particularly important for developing countries, and how we can all work together in the context of No Country Left Behind. It is both a challenge and an opportunity, and clearly this is where we need to work with ICAO and our industry partners to ensure that this produces the benefits we expect. The top priorities are collaboration between regulators and industry, so as to provide capacity building, and coordination, so that we can work together to deliver the right assistance in the right place and at the right time.

ACI will continue to support airports by:

- Continuing our Airport Excellence (APEX) in Safety program and broadening the reach into Security where we have started the pilot phase and more

disciplines in the future. We have deployed the Global Community of Airports with Safety Partners that accompany us on peer review missions to help airports evaluate their safety compliance and recommend solutions. ICAO has been with us from the very beginning and we now have the participation of the U.S. FAA, the World Bank and the European Aviation Safety Agency, with more to come.

- Developing guidance, sharing best practices and working with industry partners on efficient use of infrastructure;
- Conducting training, developing guidance and sharing best practices on developing non-aeronautical sources of revenue: ACI World and most ACI Regions hold a conference each year dedicated exclusively to this topic; and Our Developing Nations Assistance program provides complimentary training on a regular basis.
- Promoting an economic regulatory environment that encourages appropriate capital investment in the airport sector: aviation must be allowed to operate like any other business. With the cooperation of ICAO and the International Transport Forum, we will hold an Investing in Airports Conference this year, in Goa, India where we will look at models of tendering, contract structure and oversight that facilitate the necessary investments into airport infrastructure; and,
- We also see benefits in airport systems where larger, successful airports support otherwise loss-making smaller airports, in a fully transparent manner.

I hope the discussions you have in IWAF, and in the Assembly, will help ICAO set a course for the next three years which becomes more collaborative between States, between the many responsibilities of the UN and other international agencies, and most importantly, from our perspective with industry. There are however challenges ahead, but we are ready to face them, and more and more we all see the value of working together.

Thank you.