

**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* convened 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. Participants will consider many new ideas and approaches over the coming week, but I would suggest that some of the most important insights will in large part emerge today.

3. Our goal this morning is to set aside formalities in the interest of a frank and candid exchange of views. I therefore encourage every panelist and moderator to represent their positions with the full degree of passion and commitment that has helped establish them as leaders in their respective communities.

4. As an ICAO Air Transport Conference occurs only once every decade, participants are faced with a formidable challenge. Not only must they establish recommendations applicable to our immediate concerns, they must also anticipate longer-term challenges so that we define truly enduring, sustainable solutions.
5. Either way, we cannot wait another ten years to address the current regulatory framework and its continuing fragmentation. Whether the issue is the fragmentation of traffic rights through a mélange of market access restrictions, the legal fragmentation inherent in an antiquated system of thousands of bilateral air services agreements, or the economic fragmentation that arises when profits are spread unequally across the aeronautic value chain, incisive action is now required to bring greater coherence to this regulatory framework and allow aviation to maximize its potential as a driver of economic development and human well-being.
6. From a financial standpoint, there is a compelling need to modernize our regulatory approaches to encourage greater market liberalization, more vigorous and healthier competition and air transport operations that are sustainably profitable. On this point I'll let the numbers speak for themselves.
7. 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. Revenues for all carriers in all regions totalled \$636 billion dollars last year, and yet global profits were only \$4.1 billion or 0.6% of gross revenues.

8. The financial results at airports demonstrate further challenges, with profitability being almost exclusively dependant on non-aeronautical revenue streams.
9. The Air Navigation Service Provider community also faces hurdles due to shortfalls in recent traffic growth impacting strategic investment in infrastructure and service improvements. While the predominance of public ownership in this community makes it unique in some respects, these factors cannot shield it from rapidly increasing labour and technology costs.
10. For our operator colleagues then, *sustainable* air transport must first and foremost equate with dependable *profitability*. Make no mistake: I am not advocating that every airline must be guaranteed an annual profit. Rather, a modern regulatory framework must ensure that those airlines that succeed in the competitive marketplace are able to earn a sufficient return on capital to enable the long-term investments that are required to meet rapidly growing demand for air services. We must also ensure, however, that this increased profitability and diminished fragmentation isn't achieved at the expense of system safety, security, efficiency or emission targets.
11. So where must we look to for our sustainable solutions...
12. The last *Air Transport Conference* in 2003 delivered positive support for more liberalized air services agreements, but we are now at a stage where increased multilateralism in the exchange of commercial rights must become the new norm.

13. The increasing proliferation of taxes and levies highlights another area of priority. Here we must improve recognition of the fundamental economic benefits being achieved through low-tax, low-fee approaches in areas such as China including Hong Kong, Singapore and South Korea.
14. We must also strive over the coming days to address longstanding airline ownership and control issues that impede access to international capital markets and the creation of efficient global airline networks. These issues have been aired at great length over the past decade, and the time has come, in my view, for us to join together to endorse and implement concrete solutions. This is not an easy task, but let us be brave enough to take the first steps this year—at this Symposium, at the Air Transport Conference, and at the Assembly in the fall.
15. 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.
16. Ladies and gentlemen, I'd like to hand the podium over now to my good friend and the 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. As I know this has always been his style, I am sure he will not mind.

Monsieur Rifai...