



OPENING REMARKS BY THE ICAO SECRETARY GENERAL,
MR. RAYMOND BENJAMIN
TO THE IATA-FIDAE Wings of Change CONFERENCE
(Santiago, Chile, 26 March 2014)

Good morning ladies and gentlemen,

On behalf of the International Civil Aviation Organization, it's my great pleasure to be able to provide you with some hopefully useful perspectives on what ICAO sees as the main priorities today for the South American Air Transport sector. First though, let us establish a proper context for these remarks.

Measured in terms of Revenue Passenger-Kilometres (RPKs), ICAO's forecasts currently indicate that passenger traffic for Central and South American States combined will grow over the next twenty years at an annual average rate of 6.1 per cent. This will be notably higher than the corresponding world increase of 4.6 per cent.

Passenger traffic with Europe is expected to deliver the majority of this growth, with an annual average RPK increase of 5.7 per cent over the next twenty years. This will outpace projected traffic increases with North America but not those related to your Intra-regional Route Group, where traffic should expand by a significant 7.4 per cent annually over the next 20 years.

All of this growth and increased connectivity will drive further positive social and economic results across South America, including continued expansion of its middle class and a regional GDP that should continue to outpace the world average.

However it also raises some important questions regarding how prepared South America is to manage this growth, and this brings me to the first of several priorities ICAO now sees for this region: **infrastructure bottlenecks relating to airport capacity.**

South America today is facing a significant infrastructure challenge and a growing risk that airport congestion could impede projected passenger traffic growth. This is despite the fact that, between 2009 and end-2014, \$2.5 billion will have been invested in 13 major airport expansion projects across 7 South American States.

Brazil is not included in these figures and its case is an exceptional one, especially in light of the 2014 World Cup and 2016 Olympic Games hosting commitments it will be fulfilling. ICAO has been encouraged that Brazil has invested a further \$3 billion since 2011, increasing its airport capacity a full 38 per cent from 95.3 to 152.8 million passengers.

This brings total regional investments to \$5.5 billion in the last several years, and total airport capacity expansion in South America from 250 million to 350 million annual passengers. And yet ICAO still projects gaps in airport capacity which will need to be addressed, ideally to raise aggregate capacity to at least 400 million passengers annually by 2020.

To assist in this regard, our South American Regional Office will be promoting practical mitigation strategies, including a saturation analysis of South American airports to determine if their capacity shortfalls are systemic or relegated primarily to peak hour traffic demands. If the challenges here are restricted mainly to peak hour demand, traffic optimization solutions may prove to be effective stop-gap measures as further long-term investment commitments are sought.

Besides slot distribution planning for peak hour optimization, Airport Collaborative Decision Making (A-CDM) and Air Traffic flow Management (ATFM) solutions will also be encouraged to increase overall efficiency in the operational environment. These will bring added gains with respect to the progress we've already begun seeing through regional implementation of route optimization and Performance-based Navigation solutions, which along with further ATM measures have helped to realize annual fuel savings of 1.3 million metric tonnes and a 40,000 tonne reduction in CO₂ emissions.

ICAO's South American Office will also be encouraging its States to revise their Airport National Infrastructure Plans in consideration of the growth being projected, as well as their specific airport Master Plans for facilities with higher-than-average traffic growth forecasts.

The airline community will similarly be encouraged to provide States with 5-to-10 year traffic growth and fleet profile forecasts, where available, as these will be very useful for related State airport and air navigation services planning efforts.

Moving on now from our airport and air navigation capacity challenges, a second key priority which ICAO has highlighted for the South American region relates to the recent 38th ICAO Assembly resolution that urged States to ratify the **Montreal Convention of 1999**, or MC99 as we refer to it. This Convention governs the rules relating to airline liability during international carriage by air, replacing a patchwork of different liability regimes that had developed since the 1920s.

Currently, 54 per cent of ICAO Member States have ratified MC99, which delivers many important benefits to passengers, shippers and airlines. One of its most important economic advantages is the legal framework it provides for the use of electronic documents in air cargo, such as electronic air waybills (eAWBs), inclusive of the cost, efficiency and data-sharing benefits these help to provide.

In order to make use of electronic air waybills, however, airlines must be operating on routes where both the origin and destination countries have ratified MC99. In light of this requirement, I would therefore like to use this opportunity to add to the call of the Assembly and urge all South American States who have not yet done so to ratify this global liability regime.

Another priority for South America relates to MC99 from a different standpoint – namely its relation to the current and detrimental proliferation of varying consumer protection regimes. Responding to these developments, the 38th Assembly requested that the ICAO Council develop a set of high-level core principles on consumer protection that strike an appropriate balance between consumer rights and industry competitiveness. The Council was further requested to take into account the needs of States for flexibility, given their varying social, political and economic characteristics, and to ensure these core principles remained consistent with existing instruments, in particular those contained in MC99.

This is an important matter in South America, where 11 States have now implemented local consumer protection policies affecting airlines and air transport end-users. However, your region is by no means to be singled out in this regard, as globally there are fully 60 separate jurisdictions which have taken similar measures.

When we consider that some of your major air carries, such as LAN, AVIANCA and COPA, operate distinctive national brands across your continent, regulatory variations in consumer protection and other air transport domains can have serious and direct impacts on both wider operational efficiency and operator bottom lines. These are precisely the sort of divergent outcomes which ICAO works to mitigate and which we should continue to strive to resolve.

I would stress in this context the very clear success story in regulatory harmonization which your region has accomplished through the Latin American Aeronautical Regulations (LARs) initiative. These harmonized standards, adopted by the Latin American Safety Oversight Cooperation System (SRVSOP) Member States, have delivered important operational and economic efficiencies as well as significant cost savings to both the participating States themselves and to the operators who serve them. This is an excellent example of aviation at its best.

Staying in the realm of economic policy matters, another important priority for South American States which I wish to highlight today is **liberalization**.

Inclusive of its market access and ownership and control restrictions, this was a key topic of discussion at the 38th ICAO Assembly, where our Member States reaffirmed the primary role of ICAO in developing policy guidance on the regulation of international air transport, and in facilitating liberalization as necessary.

The Assembly also requested that the Council develop and adopt a long-term vision for international air transport liberalization, including examination of an international agreement by which States could liberalize market access.

I would like to commend the Latin American Civil Aviation Commission (LACAC) in this respect, and notably the ad-hoc group it established to draft a Multilateral Open Skies Agreement to be considered by your Central and South American States.

LACAC Member States endorsed the draft Agreement and it was enacted at the Ordinary Assembly in November 2010. To this date it has been signed by 9 Central and South American States and it is expected that at least five more will do the same next year.

I would furthermore single-out Chile as a particularly insightful example of the benefits of a liberalized approach to market access and ownership and control, including greater connectivity and choice and lower fares for consumers.

Chile's underlying policy seeks to ensure the highest quantity of flights possible without any cost to the State, and irrespective of the nationality of the air carriers involved. In terms of the success being seen as the result of its over 40 separate air services agreements, Chilean airlines carried 13.8 million passengers in 2013 on total scheduled services, which represents an increase of 7.1 per cent compared to 2012.

This type of progress on multilateral initiatives is very important, mainly as restrictions built into current bilateral air service agreements undermine international aviation's potential contributions to State trade, tourism, job creation and economic growth targets.

In closing I would also like to add the **Bogota Declaration targets** to the list of South American air transport priorities I will raise with you today.

Agreed to by an impressive range of States, international organizations and industry representatives last December, this Declaration's 11 points cover a wide range of important safety, air navigation and environmental objectives and are an excellent example of how South American States are aligning themselves today to meet the challenges of the coming years.

ICAO wishes you every success as you work together towards these goals, and we are confident of the progress you will achieve in light of the improved levels of collaboration and consensus being demonstrated across your region.

Thank you for your attention.

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