



**Opening Address and Overview by the President of the Council of the
International Civil Aviation Organization (ICAO), Dr. Assad Kotaite,
to the High-level, Ministerial Conference on Aviation Security**

(Montreal - 19 February 2002)

Introduction

Your excellencies, ladies and gentlemen, I have the honour to declare open this High-level, Ministerial Conference on Aviation Security. On behalf of the Council and the Secretary General, I am privileged to welcome you to the Headquarters of the International Civil Aviation Organization.

We have gathered at a critical juncture for civil aviation and for society at large. The events of 11 September 2001 destroyed thousands of lives, undermined public confidence in air travel, sent much of civil aviation into a down spin and caused tremors throughout the global economy.

In the next two days we will review and develop a global strategy for strengthening aviation security with the aim of protecting lives both in the air and on the ground, restoring public confidence in air travel and promoting the health of air transport in order that it can renew its vital contribution to the world economy. This is an enormous challenge.

But I have no doubt that ICAO is up to this challenge. For more than 30 years, States have relied on ICAO to develop measures aimed at protecting civil aviation from acts of unlawful interference. After the ICAO Assembly in 1968 initially addressed the issue of the unlawful seizure of aircraft, the ICAO Council quickly adopted a first series of preventive measures. In 1970 an Extraordinary Session of the Assembly, attended by no less than 91 of the then 119 Contracting States, launched a comprehensive Aviation Security programme, to be based on a new Annex 17 to the Chicago Convention and the addition of security-related provisions to other Annexes. Throughout the years, these tools have been continually strengthened in response to new and emerging threats and our aviation security activities have been expanded to include, for example, field assessments and training.

We have had considerable success. The events of last September have tended to obscure the fact that civil aviation continues to be an inherently safe mode of transport. Our aviation security statistics show a long-term reduction in incidents of sabotage, in acts of unlawful seizure of aircraft and, until last year, in the number of persons killed or injured. Furthermore, aviation safety is essentially inseparable from aviation security and our aircraft accident statistics show an improving trend in both fatal accidents and passenger fatalities continuing right through 2001.

But one fatal act of unlawful interference, one fatal accident, is one too many. We must do more, especially since today we are faced with a whole new dimension of threat. Last September, civil aircraft were used as weapons of mass destruction. This present Conference is consequently no less of a launching pad than that Extraordinary Session of the Assembly was nearly 32 years ago. Today we need to launch a comprehensive and effective worldwide response to the newly emerging and potential forms of threat. I am optimistic that we will do so. But to deal with this new dimension of threat, we will need a new dimension of tools, a new dimension of resources and a new dimension of cooperation. And at the same time, we must remain continually alert to the earlier, known threats, which undoubtedly persist.

The fact that so many States and Organizations are here today is an expression of a global determination to put an end to acts of unlawful interference with civil aviation and to deal with the particularly pressing situation arising from the events of last September. The impact of these events has been substantially higher than that of any act of unlawful interference with civil aviation in the past. Moreover, this impact came in a period of downturn in the economy and in air transport.

Downturn in air traffic demand

We had already been alerted to the downturn. World air freight traffic¹, which is a lead indicator of the world economy, had already started to fall in 2001 before 11 September, while world passenger traffic was showing only a moderate increase. After 11 September, both air freight and passenger traffic plunged. The resulting year-on-year declines translated to a fall of approximately 60 million passengers and 2 million tonnes of freight carried.

Declines in traffic varied considerably amongst different regions, but there is no doubt that there has been some significant negative impact for all regions worldwide.

Ramifications

The combination of economic slowdown and plummeting demand for air travel led to overcapacity at a time of increased operating expenses brought about by soaring security and insurance costs. The operating losses of scheduled airlines are currently estimated at more than \$10 billion for the year 2001, despite the financial assistance packages provided in some regions.

Airlines reacted to contain losses by reducing frequencies, capacity and staff. The announced layoffs by airlines amounted to some 120 000 employees worldwide. Non-profitable routes have been reduced or eliminated altogether. Costs have been further cut by closing facilities, reducing on-board amenities and aggressively reducing overheads. Airlines have parked or accelerated the retirement of older aircraft and deferred the delivery of new ones. Some airlines had to cease operations entirely due to accelerated deterioration in their financial situation.

The ramifications have inevitably spread beyond the airlines into civil aviation as a whole. For example, the deferral of aircraft deliveries had a domino effect on aircraft and engine manufacturers and their suppliers. Cutbacks by major manufacturers are spreading along the production chain, and substantial job losses are also expected to filter down to various suppliers. According to industry reports, some 170 000 layoffs have been announced by the aerospace industry worldwide. Aerospace manufacturers estimate a total operating loss of some \$7.5 billion through 2002.

The events of 11 September have also had significant implications for airports and air navigation service providers. The principal impact has been financial, in particular the loss of income from aeronautical user charges linked to the reduction in aircraft movements, and from passenger service charges and non-aeronautical revenues with the reduction in passenger traffic. On the cost side, airports faced a similar insurance coverage and premium crisis to that of the airline industry, though on a lesser scale. An immediate impact for many airports has been the additional cost of security measures.

And of course there are ramifications well beyond civil aviation. As you know, air transport is a driver of economic development, producing catalytic effects through business, trade and, particularly, tourism, plus induced effects through the spending by all the employees concerned.

¹ Unless otherwise indicated traffic data are expressed in terms of freight tonne-kilometres and passenger-kilometres performed on scheduled air services.

In 1998, for example, a total output of \$ 1 360 billion and 27.7 million jobs were generated worldwide by air transport².

More than four and a half per cent of world output may be attributed to the air transport component alone of civil aviation.

Outlook

The outlook for growth in air traffic demand remains uncertain. Based on schedules submitted by airlines for the year 2002, it is anticipated that the capacity offered in terms of passenger aircraft movements worldwide will be about 7 to 8 per cent below the 2001 level. It is assumed that the effects of 11 September 2001 on the economic cycle will be minimized with a recovery boosted by government stimulus and softer monetary policies. On the cost side, airlines face continued increases, for example, in security and insurance. Fuel prices, which are a key component of operating costs, are at present relatively low but may well rebound with the economy.

Taking all this into account, current ICAO estimates are for world air passenger traffic, which fell by 5 per cent in 2001, to decline further in 2002. We can anticipate positive growth in 2003, but this will still not bring us back to the level of the year 2000. And, needless to say, even this is dependent on prevention of any further critical breaches of security.

Both the financial impact and the longer term impact are very difficult to predict with any accuracy. However, assuming revived consumer confidence and a stable operating environment, longer term demand should, after a two- to three-year lag, return to the forecasts before 11 September of about 5 per cent growth per annum globally for passenger traffic and a little higher for freight traffic.

The only other time since the Second World War that world airline traffic recorded an annual decrease in traffic was in 1991, following the Gulf War. But the impact from the events of 11 September 2001 is unparalleled in the history of civil aviation and may well affect the structure of operations. In a number of countries, both developed and particularly developing, Governments are now concerned not only with such issues as consolidation and subsidy, but with the fundamental sustainability of carriers and assurance of continuing service. Substantive consideration is already being given to these matters in the preparations for the Worldwide Air Transport Conference: Challenges and Opportunities of Liberalization, which the ICAO Council is convening in Montreal from 24 to 29 March next year.

Responsibilities of the Conference

So, the responsibility on the shoulders of our present Conference is enormous. We are here to strengthen international cooperative measures to counter the global threat of unlawful interference with civil aviation. We see a need for individual States to harmonize aviation security measures with their national security measures. At the same time, we see a need for international harmonization of aviation security measures, to meet or exceed the provisions of Annex 17 and security-related provisions of other Annexes to the Chicago Convention. Harmonization does not mean that measures must be identical, but they must be equivalent, mutually recognized by States and provide the same minimum levels of security, leaving room for operational flexibility.

The measures that we initiate at this Conference must also be within the capability of being effectively applied in all States worldwide, with assistance from other States if required. They must be passenger and user-friendly. And they must not be overly costly for the industry and its consumers if the driving economic contribution of civil aviation is to be renewed; in this regard civil aviation should not be asked to bear an undue burden on behalf of national security.

² According to an estimate commissioned by the Air Transport Action Group.

We have just two days in which you will be asked to make some far-reaching and potentially long-enduring decisions. You will be asked:

- to reaffirm the responsibility of States to comply with ICAO Standards and to provide adequate security at their airports and for the provision of air navigation services;
- to endorse proposals for a comprehensive ICAO *Aviation Security Plan of Action*;
- to endorse, as a key element of the Plan of Action, the launching of a programme of universal, regular, mandatory, systematic and harmonized aviation security audits of the level of implementation of the Standards and Recommended Practices contained in Annex 17;
- to endorse the concept of an ICAO *Aviation Security Follow-up Programme* to provide States with assistance as required to rectify deficiencies identified during aviation security audits;
- to consider the funding requirements for ICAO to implement the Plan and, to the extent possible at this time, to pledge the constituencies you represent to make voluntary contributions towards the requirements for the next three years; and
- to consider resource needs and options to enable States worldwide to follow through on the ICAO Plan.

Input and proposed results

In order to achieve our ambitious - but I believe realistic - goals, our debate must be focussed. To this end we shall concentrate our attention on the Conclusions and Recommendations in the working papers from the Secretariat, which will be considered in conjunction with additional Conclusions and Recommendations proposed by States. The final package of Conclusions and Recommendations, aimed at ICAO and its Contracting States, as debated and refined, will be the primary output of the Conference.

The Conclusions and Recommendations will be accompanied by a public Declaration, reflecting the outcome of the Conference and the demonstrated commitment of the Ministers and other high-level officials present to strengthening aviation security worldwide, to restoring confidence of the public in air transport and to revitalizing the air transport industry itself.

Closing

The events of 11 September underline the need for continued vigilance. We must not allow complacency to creep in. We cannot relax our scrutiny for a moment. Our resolve should be to create a security net which is global in nature and so tight that not one further potential act of unlawful interference can slip through. And in weaving our net, we must be imaginative, both in assessing threat, which could come from new directions and in new forms, and in designing measures “with the objectives of preventing, combatting and eradicating acts of terrorism involving civil aviation” as stated in Assembly Resolution A33-1.

I would like to close by putting our work in context. Civil aviation is a fundamental feature of today’s society. In all of modern history no other human accomplishment of human endeavour has contributed so much to the movement of individuals and goods throughout every part of the world. All this, and more, has occurred because civil aviation provides global accessibility in a matter of hours. When the

means of that global accessibility is threatened and confidence in its security is undermined, as was the case with the events of 11 September 2001, nations must unite to prevent the threat to this vital instrument of human advancement. The shadowy and elusive nature of an adversary with potential to wreak great destruction will warrant all the efforts and resources that we can muster.

Distinguished Representatives of States and Organizations, I am confident that you will seize the moment.