

**Concluding remarks by Mr. Daniel Azema**  
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**At the ICAO/CAAC Symposium on Low Cost Carriers**  
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It is always a delicate exercise to give concluding remarks after such a symposium, where the exchanges have been numerous and there may be some different perception of the main point of consensus or diverging views. I will start by highlighting what has been covered in these two days :

- The symposium has Overviewed global, regional, and China's situation, both the regulatory situation and the industry developments and trends
- We had a focused, comprehensive and thorough analysis of LCC phenomenon, the reasons for its emergence, growth, and successes as well as lessons to be learnt
- We identified the conditions required for sound, viable and sustainable development of air transport as a whole and LCCs in particular
- We learnt about the current and long term goals of China's civil aviation, its policies and regulatory practices concerning air transport development, particularly its current policy considerations and future direction for LCCs in China
- We shared experiences and exchanged views on how LCCs can develop, grow, and succeed.

I will now highlight some of the important points made at the symposium, or the way I have perceived it :

- LCC is an part of the overall air transport system, an airline evolution and industry response to changes in the regulatory environment and market conditions
- LCCs are growing and spreading, mainly as a result of liberalization that allow the liberty of establishment and the liberty of choice of services and pricing.
- The conditions for success are among the following :
  - Possibility of use of aircraft more in the day by short turn over and judicious choice of routes to serve.
  - Increased density in the aircraft , by elimination or simplification of cabin segmentation
  - Increased load factors, by careful management of ticket pricing. (but ex of easyjet where what is important is the average price, as flights will allways been full)
  - Single aircraft type model, giving a lot of cost saving possibilities, in use of crew, in maintenance, in bargaining possibility with the manufacturer, ...
  - Use of simplified services terminal where possible, or secondary non saturated airport, where they can found suitable slots for offering services at the right time of the day.

- Unbundling of the services offered, with only basic transport service being offered for the ticket price, a series of other services having to be paid in addition if the passenger so wish.
- An enterprise culture where every employee is conscious of cost cutting necessity
- While there are many common features in LCCs, there is no “one fits all” model or approach. I find it particularly interesting in learning about an LCC model using both long haul and transit passengers, where the differentiation with traditional airlines start being blurred.
- Government plays a key role through 3 main elements which in fact are not specific to LCCs:
  - Putting in place regulations liberalizing market access, domestically or internationally, and organize a level playing field for competition. In this area it has been remarked that subsidies may prevent the market forces to operate freely for the benefit of the passengers.
  - Providing required infrastructure, capacitive enough for the growth of the traffic. This includes capacities at airport, but also ATM capacity, which can be obtained by opening airspace use and smarter ATM systems.
  - Putting in place regulations that both protect the passengers as a consumer from abusive practice but also allow innovation in the way the services are offered. What is important is mainly the transparency in particular in the way prices are advertised, and the possibility of choice, It is also important to know what will happen to the passengers when something goes wrong.
- In the end it appears that there will be a segmentation of the market and possible hybrid types of business model, that may require some form of cooperation between various types of airlines.
- For the Chinese part I may sum up the policy, as Vice Administrator Xia has made it clear, that LCCs are not an end in themselves. Rather, they are one means--an important means--of achieving China's goal of expanding the benefits of aviation to the general public.
- It has also been recalled, and as ICAO I am particularly keen on this point , that regardless of the different business models of air transport, safety remains of paramount importance. But LCC have generally a good record on that, because they usually use brand new aircraft, simplifying maintenance burden. But the vigilance of oversight authorities should not diminish.

In conclusion, the symposium has achieved its objectives and I feel is a big success. ICAO is very pleased to have played its role by bringing together the aviation community, fostering sharing and exchange between the government policy makers, the regulators, industry and aviation stakeholders, and supporting and assisting its member states, in this case, China, in their air transport development and policy making. ICAO will continue to do so as much as possible.

The success of the symposium was made possible by the high importance attached and support provided by the CAAC leadership, the excellent preparation by our organizers CAMIC and CAS, whose staff went the extra miles in making all the logistic arrangements and providing the services, and by the many people working behind the scenes, including those of Hilton. So thank you CAAC, CAMIC and CAS.

A special thanks to all our invited guest moderators, speakers and panelists. Your high quality performance, insightful knowledge, your pointed views and useful suggestions on the topics in discussion have greatly contributed to the success of this event. Also thank all the participants for active participation and keen interest in the LCC discussion.

Finally, I am pleased to thank the sponsors, AirAsia, Spring Airlines and Embraer, whose support has been much appreciated.

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