

Address by the Secretary General of ICAO
Mr. Raymond Benjamin
to the
ICAO Air Transport Symposium (IATS)
(Montréal, 18 – 20 April 2012)

Approx Timing: 0930-0940

Thank you very much, Professor Button.

Good morning ladies and gentlemen,

1. I am delighted to take part in this ICAO Air Transport Symposium (IATS) and to open this introductory Panel.

2. As you will no doubt have noticed, the title of this Panel ends with a question mark. Why raise this question, you may ask? After all, the air transport industry has existed for decades, has expanded through various crises and has shown its long-term resilience.

3. In 1944, when the Convention on International Civil Aviation was signed in Chicago, the Parties recognized the paramount importance of ensuring the sustainable development of air transport services. As a matter of fact, the third paragraph of the Preamble of the Convention states:

“the undersigned governments having agreed on certain principles and arrangements in order that international civil aviation may be developed in a safe and orderly manner and that international air transport services may be established on the basis of equality of opportunity and operated soundly and economically.”

4. Much has changed in the 68 years since 1944. Sustainable air transport remains a primary goal, but the challenges today are, in many respects, different. The extraordinary growth—indeed, the enormous success—of civil aviation now exerts extraordinary pressure on all aviation systems, many of which are operating at maximum capacity. Governments and aviation stakeholders will be challenged as never before to ensure that civil aviation may continue to grow, to serve the ever-mounting needs of society, and to do so in a way that is safe, secure, environmentally responsible, and economically sound.
5. Sustainability requires the maintenance and enhancement of resources in order to meet the needs of current and future generations. The UN definition describes sustainability as “an **economic, social** and **environmental** concept that involves meeting the needs of the present without compromising the ability of future generations to meet their own needs.”
6. Sustainable **air transport** must therefore benefit all — air transport industry players, States, societies and individual citizens both today and tomorrow.
7. In order to achieve that vision, creative thinking is required. Innovative thinking?

8. Air travel and air cargo are today the lifeline of the global economy, creating millions of jobs and spreading immense social benefits everywhere – from the enjoyment of leisure and cultural experience, to the rapid and effective delivery of emergency and humanitarian aid in many regions of the planet. The increased efficiency and affordability of air transport has allowed global markets to improve living standards, and foster economic growth and alleviate poverty. Aviation has risen to this challenge while at the same time vastly enhancing the safety of flight, addressing ever-changing security challenges, and establishing an impressive record of environmental improvement. Yet more must be done if air transport is to remain sustainable in the years to come.

9. Consistent with the goals of ICAO, as set forth in the Chicago Convention, and with ICAO's status as a specialized agency of the United Nations, a sustainable air transport system, I suggest, is one that:
 - "Allows the basic access and development needs of individuals, companies and society to be met safely and in a manner consistent with human and ecosystem health, and promotes equity within and between successive generations.

 - Is affordable: operates safely, securely, fairly and efficiently, offers choices of air services and supports a competitive economy as well as balanced regional development.

- Limits emissions and waste within the planet's ability to absorb them, uses renewable resources at or below their rates of generation and uses non-renewable resources at or below the rates of development of renewable substitutes, while minimizing the impact on the use of land and the generation of noise.”
10. So, can we say that our current air transport system is sustainable? The quick answer is not yet, and I believe that the main impediment to sustainability is fragmentation—fragmentation of the industry along national and regional lines, fragmentation of the economic value chain ...
 11. Air transport suffers from an outdated regulatory system, which proved its value in the past, but needs to be profoundly adapted for the demands of today and, most assuredly, tomorrow.
 12. Fragmentation based on geographic divisions—whether among States or regions—is an impediment to the sustainability of air transport. As you all know, traffic rights are governed by a byzantine complex of several thousand bilateral air services agreements that fragment the air services market in a manner unknown to any other economic sector. The criterion of airline nationality is pivotal to this system, which balkanizes the world of commercial aviation, thwarts economies of scope and scale, and is increasingly seen as fundamentally incongruent with a global economy.

13. Because of these national divisions, carriers face major hurdles in accessing the financial resources that could help ensure sustainable development and long-term success in a competitive market.
14. Some fragmentation is purely economic. It is a recognized fact that profits are not spread equally along the “Value Chain” of air transport. The return on invested capital is reported to range from a low of 2 per cent to a high of 20 per cent. One must ask whether such fragmentation in the profitability of services that form part of a single air transport system is sustainable in the long term.
15. Whether the fragmentation is geographic or economic—or a combination of the two—the barriers posed to an economically sustainable air transport system are inherited from the current regulatory framework. These barriers impede efficiency, generate friction and hinder growth.
16. ***If fragmentation is the main impediment to sustainability, let me offer an ICAO strategy: seamlessness.***
17. “Seamlessness” is a concept used in many contexts, such as in air traffic management, where efforts such as One Sky aim to achieve a seamless operational airspace and reap the environmental, safety, and economic benefits that ensue. We should also aim for a seamless air transport economy in the broadest sense, with the goal of spurring the most effective allocation of resources and ensuring the greatest rewards for the global economy at the least cost and with maximum environmental accountability.

18. By tackling fragmentation head-on, we will allow the air transport system to grow in a balanced and fair way, which is what sustainability is all about.

19. As we seek to free air transport from antiquated impediments to economic sustainability, however, we must at the same time ensure fundamental fairness and guard against abuse. Governments have a crucial role to play through “smart” regulation that carefully balances costs and benefits. We should examine the feasibility of common approaches on topics that have global repercussions on air transport economics, such as consumer protection and fair competition. The time has come to be bold and to think outside the box. Multilateral solutions, or at least processes aimed at maximum convergence, are required. The issue of passenger rights is a good example. Considering the thin profit margins of air carriers, it would seem logical to provide them with some level of predictability as to what they are expected to deliver to passengers in cases of delays or cancellations. Today, we have a plethora of regulatory regimes with different philosophies, different processes, and different rules that apply to operators, many of which operate air services to scores of countries.

20. *The tool to make the system seamless? Defragmentation.*

21. If I use a computer analogy, the best tool to eliminate fragmentation is to run a “defrag”!
22. That, in my opinion, should be the focus of this Symposium: What in fact we should plan to do during these next three days, and in the coming months leading to the Sixth Worldwide Air Transport Conference (ATConf/6), scheduled to take place at ICAO in March 2013, is the following:
- First, agree on the main impediments to sustainability in air transport; and
 - Second, define the best tools to remove or minimize these impediments.
23. Bold ideas are needed. Success will come from innovative solutions. I am convinced that this Symposium will plant the seeds of the new vision that is taking shape today.
24. It is essential that efforts are not done in isolation. Coordination involving all stakeholders is the key to success. This Symposium is a great opportunity to exchange ideas and to build consensus on how to create the conditions for a sustainable air transport.

25. Global problems require global solutions. The Organization is keenly aware of the leadership role conferred on it by its Member States, and it is totally committed to meeting the challenges of providing a safe, secure and economically viable global air transport system, while mitigating the adverse impact on the environment, towards a sustainable future for international civil aviation.

26. I am looking forward to hearing the very interesting debates and presentations that will be given during this Symposium, and I am sure that by the end of the third day, we will have a clearer picture of how to achieve sustainability for air transport.

27. Thank you very much.

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