



Setting the Scene
Address by the Director Air Transport Bureau
Mr Boubacar Djibo
to the
ICAO Air Transport Symposium (IATS)
(Montréal, 30-31 March 2016)

1. It is my pleasure to be part of this third ICAO Air Transport Symposium (IATS) with the theme of “Addressing Competition Issues” and to set the scene for this two-day event.

2. We are all aware that the air transport market involves a large number of players such as airlines, airports, air navigation services providers, aircraft manufactures, as well as many others. Their numbers have been growing exponentially; today, there are some 1 400 commercial airlines, 4 130 airports and 173 air navigation services providers.

3. The geographic centre of gravity of worldwide air transport operations has been steadily moving from the middle of the North Atlantic ocean to the east of the Mediterranean sea for the last four decades. The competitive market environment has reflected this evolution with the growth of emerging markets, linking the East-West trade corridor.
4. This two day event will address various issues on competition, which has been intensifying with more and more players entering the international air transport routes, which last year reached over 27 000 city pairs.
5. The opening address by the President of the Council has highlighted the importance of fair competition in international air transport. However, in order to address competition issues, we must first have a common understanding of the term "**competition**" in international air transport.

6. Although there is no universally accepted “clear-cut” definition of competition, it has been said that it implies two or more operating entities striving to gain advantage within the same market(s). In my personal view, competition in the air transport market may be considered as the existent or ***potential*** rivalry between two or more operators, carriers or groups striving for an advantage in the same market, by using price, connectivity and quality of services to achieve desired gains.
7. Beyond the definition of competition, there are significant differences across States and their competition authorities where they exist in approaches to competition in international air transport. For example, various legal and/or academic criteria and so-called “rules” can be applied on a case-by-case basis to delineate the boundaries of a “**relevant market**” where competition takes place.
8. In addition, along with the progress of air transport liberalization, the issue of government support to their airlines and airports have generated a lot of

discussion. The fundamental question that must be addressed here is: what is the role of the government in the liberalized market environment?

9. On one hand, the provision of subsidies and aids, which confers benefits to one entity but are not available to existing and potential competitors, distorts the market and creates welfare loss. On the other hand, some school of thought are of the view that there are certain circumstance which may warrant States assisting their carriers where such assistance will produce economic and social benefits, for example to ensure essential air services of public service nature.

10. As you are aware, certain general principles set out in the *Convention on International Civil Aviation (Chicago Convention)* may apply to competition issues in international air transport. The preamble of the Chicago Convention states that *international air transport services may be established on the basis of equality of opportunity and operated soundly and economically*. Article 44 of the Convention refers to

the prevention of economic waste caused by unreasonable competition and the insurance of a fair opportunity to operate international airlines.

11. From the records of the bilateral air services agreements and arrangements registered to ICAO by Member States, however, only 26 per cent of Member States have competition clauses referring to airlines having the right to fair and equal opportunities to compete in providing air services. Of this number, merely 9 per cent contain additional reference regarding unfair competition.

12. It is our desire that the spirit of the *Chicago Convention* should be respected in our bid to build a coherent global operating and regulatory framework of international air transport without creating any market distortions and inefficiency.

13. Distinguish participants, ICAO has been committed to providing useful information on the issue of competition and has already addressed various competition issues in the form of adopted resolutions

at the ICAO Assembly, conclusions and recommendations of conferences, and air transport policies and guidance material. Some of these materials, I am sure, will stimulate your debates and make your discussions more fruitful.

14. For example, a model clause on safeguards against anti-competitive practices were developed as one of the optional provisions in the ICAO Template Air Services Agreement. States can use this model clause at their discretion in their air services agreements.

15. As you were informed earlier by the President of the Council, ICAO is currently developing text for international agreements for the liberalization of market access and air carrier ownership and control. The resolution of competition issues is a fundamental piece of this work in developing the agreements, especially as it relates to safeguard measures which will ensure the effective and sustained participation of all States in international air transport.

16. The international multilateral Agreement, once finalized and implemented by our Member States, will significantly enhance air connectivity and competitiveness in a liberalized market at the global scale.

17. Distinguished participants, the uniqueness of this Symposium is that apart from the usual questions and answers period which comes at the end of each Panel Session, there is an Open Interactive Session at the end of each day. These Open Interactive Sessions will give the chance to all participants to share their views, ask additional questions, seek clarifications and share experiences on the topics discussed.

18. Throughout the two-day interactive discussions, I encourage everyone to consider new ideas and practical solutions to address competition issues and to enhance competitiveness and connectivity in our highly dynamic international air transport industry. The outcome of this Symposium will aid our ongoing work on the development of the international agreements and facilitate the desired regulatory

convergence of competition policies in international air transport.

19. Thank you.