

OPENING ADDRESS TO THE 2010 WORLD ROUTE DEVELOPMENT FORUM

Ladies and gentlemen,

It is a great pleasure to welcome all of you to the Global Aviation Strategy Summit, and what is certain to be a stimulating discussion on the timely theme of air transport sustainability. This is the sixth in a series of annual events organized by ICAO and The World Bank — and the third such event in which the Route Development Group Ltd. is associated as a partner.

Many of you, no doubt, will participate in the 37th Session of the ICAO Assembly that begins in Montreal next week. Of course, the current event's focus on issues affecting sustainability is highly relevant to the forthcoming Assembly discussions. It provides an excellent opportunity to exchange views, share knowledge and identify strategies for ensuring a sustainable industry.

I would like to briefly touch upon the sub-themes of this forum from ICAO's standpoint, beginning with the economic well-being of the industry.

State of the Industry

As you might imagine in this rapidly changing world, ICAO must constantly re-position itself to meet the needs of States in the context of the new operational and economic realities facing the air transport industry.

Before I elaborate, let us look at the latest data available from ICAO Member States. The 2008 financial crisis and the 2009 economic downturn had a serious impact on the financial health of the industry.

In 2009, total passenger traffic declined by almost 2 per cent, a reflection of the 0.8 per cent decrease in world GDP — the first negative growth in the global economy since the Second World War. Double-digit domestic passenger traffic growth in the major emerging and developing markets of Asia, and a relatively strong performance by low-cost carriers, helped curtail the severity of the decline in total traffic.

Despite the industry's current financial woes, ICAO's short-term traffic forecast calls for a strong recovery in world air travel demand in 2010, a reflection of the global economic recovery. Over the next 20 years, global traffic is expected to grow by 4.7 per cent per year. This encouraging outlook assumes that growing demand for air travel will assure continued access to capital markets, allowing airlines to acquire assets needed to improve efficiency or continue operating efficiently.

ICAO promotes the sustainable development of international air transport by providing comprehensive policy and guidance material on air transport regulation and liberalization. We are also ideally positioned to promote harmonized regulatory policies and practices, and greater transparency of States' policies and practices, including those on charges and taxes.

The objective of liberalization is to create an environment in which international air transport may develop and flourish in a stable, efficient and economical manner, without

compromising safety and security. ICAO supports the liberalization process. ICAO, in fact, acts as the global forum for exchanging experiences and discussing key issues.

The development of ICAO policies and guidance on economic issues relies greatly on sound data. Sophisticated forecasting products and enhanced analysis are also of paramount importance. This is why ICAO is now implementing an enhanced statistical programme that will include features such as aviation fuel consumption data. Employing new methodologies, we are developing more detailed forecasts. These will prove indispensable to all civil aviation stakeholders whose activities rely on effective planning.

Aviation and the Environment

One of the major issues to be considered at the ICAO Assembly this year, as with past Assemblies, will be aviation and the environment.

Since the last Assembly, ICAO has been especially proactive in the field of international aviation and climate change. Of particular note, we have adopted a Programme of Action, a development that means, in essence, that international aviation has become the only sector to agree on a global goal for CO₂ emissions.

The Programme of Action is the product of last year's High-Level Meeting on International Aviation and Climate Change. It represents the collective determination of ICAO Member States to address this complex issue in a truly cooperative manner. It also demonstrates the seriousness with which ICAO takes its responsibilities toward the sustainable development of aviation.

The agreement reached at the High-Level Meeting last October includes a commitment to improve fuel efficiency by 2 per cent annually up to 2050. States also agreed to develop a global CO₂ Standard for aircraft and to facilitate further operational changes to reduce aviation emissions.

Yet another point of agreement concerned the development of a framework for market-based measures to reduce aviation emissions, as well as the elaboration of measures to assist States with regard to their related action plans.

At another notable environmental conference last year, Member States adopted a global framework for the development and deployment of sustainable alternative fuels. This is an extremely promising breakthrough for limiting aviation's impact on climate change.

The Copenhagen Climate Change Conference of December 2009 did not produce the long anticipated outcome that would guide ICAO's work on aviation and climate change, but it did create an opportunity for ICAO to strengthen its leadership role in this area. We can accomplish this by spearheading a more ambitious global policy, one that calls for carbon-neutral growth and emissions reductions.

Aviation Security

One of ICAO's top priorities is, no doubt, aviation security. And while security aboard aircraft and at airports around the world has improved markedly since the events of 9/11, the

attempted sabotage of Northwest Airlines Flight 253 last December reminds us all too well that the threat to civil aviation is ever present.

Considering all we've done to strengthen aviation security, why is this the case? Quite simply, it is because civil aviation is a high-profile and essential mode of transport that contributes significantly to worldwide economic and social development.

Constant vigilance is critical. By remaining on guard and addressing the threat in a proactive manner, we can ensure that civil aviation's vulnerabilities are not exploited by criminally-minded individuals. At the same time, we recognize that security and facilitation are complementary processes. In addressing the threat, we must strive to constantly strike a balance between the effectiveness of security measures and the need to facilitate the efficient flow of passengers and goods.

Safeguarding civil aviation without impairing facilitation is truly a challenge. Every time a new type of security-related incident occurs, our first priority is to adopt measures that maintain full confidence in the security of the aviation industry, bearing in mind the need for such measures to be sustainable.

In adapting to the threat, technology is a key part of the solution. This is certainly the case as we respond to the problem of liquid explosives that arose in 2006. The short-term solution has entailed costly and inconvenient restrictions on the carriage of liquids, aerosols and gels. This is why ICAO has spared no effort to encourage and coordinate the development of more efficient, yet effective, long-term solutions using innovative technology. Hopefully, the restrictions imposed on carry-on liquids will be removed in the near future, thus vastly improving facilitation.

One-stop security arrangements, as we see in Europe today, are another example of how travel can be facilitated without compromising security. ICAO promotes adoption of this concept, whereby bilateral or multilateral arrangements permit passengers to transfer between trans-border flights without undergoing additional and repetitive security checks.

In all we do, it is important to communicate clearly with the public about new procedures or technology made necessary by the evolving threat. For example, health and privacy concerns related to advanced body scanners now being installed at many airports have to be adequately addressed. In the long term, public acceptance of security measures is also important to industry sustainability.

Conclusion

In closing, I am confident that this forum will help identify strategies for operating air transport services in a manner that is environmentally and economically sound, while also ensuring the efficient flow of passengers and cargo in a safe and secure way. I look forward to an interesting and productive discussion, and thank you all in advance for your participation.

— — — —