



**Opening address by the President of the Council of the
International Civil Aviation Organization (ICAO),
Dr. Olumuyiwa Benard Aliu,
to the ICAO Air Cargo Development Forum**

(Zhengzhou, China , 3-5 September 2014)

Let me begin today by thanking our co-organizers of this event, the Civil Aviation Administration of China and the People's Government of Henan Province and to express special thanks to the People's Government of Zhengzhou City and the International Cooperation and Service Centre, for their particularly helpful assistance in the organization of this meeting and for providing us with this very pleasant venue for our discussions.

Collaboration is essential to virtually every undertaking ICAO embarks upon, and it certainly encourages me to see such a select representation of aviation regulators and industry coming together to confront the challenges of air cargo development in China. We have a unique opportunity today to discuss our common challenges, learn from each other, and forge practical, effective solutions, and I am confident that is precisely what will be accomplished.

Before we begin to look at those challenges in more detail, however, let us first recognize that modern air transport is an essential enabler of global connectivity, supporting some 60 million jobs and more than two trillion dollars in economic activity worldwide. For the Asia-Pacific Region specifically, aviation supports over 24.2 million jobs and contributes approximately 516 billion dollars to the regional gross domestic product (GDP).

I would also highlight here that air cargo services are playing an increasingly important role in generating these positive impacts, with forecasts suggesting that worldwide air freight volumes will expand at an annual rate of 5.2 per cent through 2030.

One of the most important benefits of civil aviation, and something which is of significant interest to both governments and industry, is its ability to bring businesses and customers together to expand markets and elevate levels of local and regional prosperity.

This is an especially important step where air cargo services and perishable products are concerned – a product segment which contributes significantly to the prosperity of many of China's citizens today.

Two important means by which air cargo companies can deliver these economic benefits to Asia-Pacific businesses and regions are firstly liberalized air services agreements between States, and secondly increased connectivity through point-to-point routes. China and other Asian States have made good strides in this regard in recent years.

As many of you are aware, the first air transport agreement of the Association of Southeast Asian Nations (ASEAN) was concluded in 2011 with the People's Republic of China. And earlier this year, the European Commission and ASEAN adopted a Joint Declaration in support of a new and comprehensive air transport agreement between the European Union (EU) and ASEAN. This dialogue and cooperation regarding the Asia-Pacific aviation market is very encouraging, however I would also stress that the Asia-Pacific market remains relatively segmented and that, in the face of globalization and increasing competition, there is much room for further improvement.

ICAO has already developed template air services agreements (TASA) to facilitate the liberalization process for States. As recommended by the Sixth Worldwide Air Transport Conference (ATConf/6), and subsequently endorsed by the 38th Session of the Assembly, ICAO has been given a leadership role in the development of specific international agreements to facilitate further liberalization of air carrier ownership and control and market access, including on air cargo services, taking into account their distinct features.

I also wish to point out that ICAO conducts unique air services negotiation events annually, otherwise known as 'ICAN' meetings, where air services negotiators can gather in a single location to discuss and exchange traffic rights with multiple States. I encourage all of you to attend the next ICAN event which will be held here in your region in Bali, Indonesia, in November of this year.

ICAO recognizes that the process of liberalization is a complex one – and one which should be pursued in a manner appropriate to the needs and circumstances of all concerned States and regions. Due regard must be given to the interests of all stakeholders, changing business environments and infrastructure requirements, and I hope some time will be spent here in Zhengzhou on how to take these aspects into proper account.

With respect to infrastructure, significant capital outlays are required. Governments have remained the primary sources for this funding, however, growing demands on public finances from other sectors can make it very difficult to find adequate resources for the financing of airport and air navigation infrastructure. Solutions such as privatization and Public-Private Partnerships can be useful in this regard, notably when they are structured on the basis of ICAO policies relating to charges for airports and air navigation services.

Another important challenge we must address is how to better secure and streamline the global air cargo supply chain. This is a formidable task which impacts significant amounts of freight on both cargo and passenger aircraft, and ICAO has responded by promoting the implementation of secure supply chains, introducing methods for securing high-risk cargo, and providing common baseline security measures for passenger and all-cargo aircraft.

We also clearly recognize, however, that the unobstructed flow and rapid release or clearance of goods is economically critical to both States and industry. With this in mind, ICAO is striving with key partners to streamline security processes and improve cargo facilitation at the same time, mainly through the effective application of information technology and risk management techniques.

ICAO and the World Customs Organization (WCO) established a Memorandum of Understanding in this area in 2011, the first practical outcome of which was the development of a free publication entitled *Moving Air Cargo Globally*. This document describes the security and facilitation aspects of the cargo supply chain and explains the critical roles of 'Regulated Agents' and 'Known Consignors'. Cargo screening requirements can be very strict and time-consuming, but when shipments originate from a Known Consignor and are handled by a Regulated Agent, they become much more streamlined.

ICAO is therefore continuing to cooperate with all stakeholders to ensure that aviation security and customs priorities take into account the diversity of goods being transported, the significant number of parties involved, and the practicalities of trying to streamline trans-national operations under multiple regulatory environments.

Looking beyond the clear security and facilitation challenges just mentioned, another area of priority going forward must be the training of air cargo personnel.

The growing complexity of the worldwide air cargo industry demands a pool of well-educated staff and managers. Without these trained personnel, the air cargo sector will not be able to maximize opportunities for Asia-Pacific societies and businesses. We therefore need to discuss and identify ways to address the issue of training and I am counting on this event to determine some practical recommendations.

Recognizing the importance of training, ICAO has been offering specialized courses on key cargo issues, including Dangerous Goods and Air Cargo Security and Facilitation. In addition to detailed courses for experts, we have also developed a series of online familiarization courses for managers and decision-makers.

I would also draw your attention to the fact that, on 3 and 4 December of this year, ICAO will be convening an important symposium for what we refer to as 'Next Generation of Aviation Professionals'. Training issues will be very prominent at this event so please follow our related announcements and plan for your State's participation.

Another topic I would like to address is the legal framework for cargo operation. The ratification of the Montreal Convention of 1999 or "MC-99" as it is often referred to, established a modern, fair and effective regime in this regard. While I alluded earlier to the tremendous economic benefits that an efficient air transport environment can bring to States and regions, over the last several years the air freight market actually began decreasing in size. An important factor in this decrease is that aviation still lags behind the maritime and ground transport sectors in the area of e-Commerce or – more specifically – e-Freight.

ICAO is very pleased to recognize that China has ratified MC-99, notably as only slightly more than half of our Member States have completed this important step. I would encourage everyone here to please verify the status of MC-99 in your State upon your return, and would further highlight that our partnering organizations, such as IATA, WCO, TIACA and FIATA, stand ready to assist you in the introduction of your electronic cargo documentation.

The last issue I wish to bring to your attention today relates to the proliferation of taxes and duties on aviation operations, including air cargo, and their negative long-term impacts on both operators' bottom lines and the ability of air services to effectively promote economic development. This proliferation is clearly at odds with ICAO policies, which seek to foster the reasonable and efficient generation of government revenues, and we are therefore encouraging a greater exchange of information on the related economic impacts.

Ladies and gentlemen, I would encourage you all to take full advantage of the unique opportunity this forum offers to share your experiences and views and engage in productive discussions. I am optimistic that your interactions here will highlight important collaborative opportunities for future air cargo development, and would stress that this work must be coordinated at the global, regional and State levels.

In closing, let me take this opportunity to bring to your attention that 2014 is the 70th Anniversary of the signing of the *Convention on International Civil Aviation*, and of ICAO serving as a focal point for consensus and progress on our air transport challenges. Throughout this period the world has benefitted from the resolute cooperation ICAO has been able to foster and I remain very committed to the belief that we will continue to drive further and greater progress – if we continue to work together.

Thank you.