



ICAO

ECONOMIC DEVELOPMENT

NO COUNTRY LEFT BEHIND



# ROUND TABLE DISCUSSION

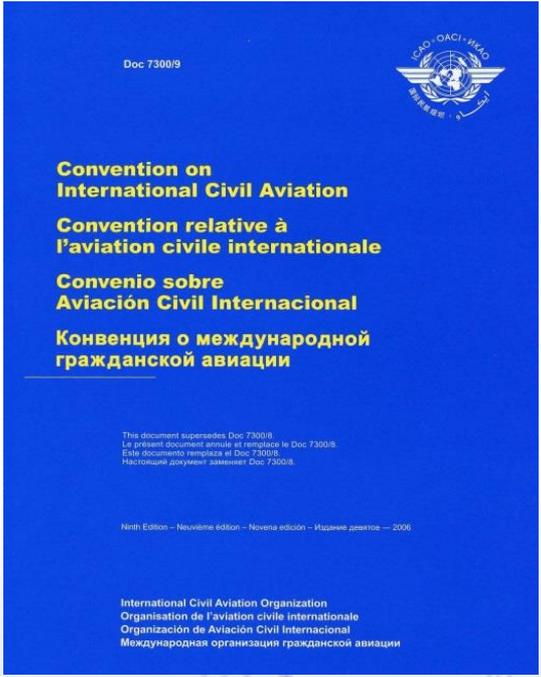
## Setting the Scene

**Mr Boubacar Djibo**  
**Director Air Transport Bureau**  
**ICAO**





# Chicago Convention



## Preamble

THEREFORE, 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 establish on the basis of equality of opportunity and operated soundly and economically

## Article 44

d) Meet the needs of the peoples of the world for safe, regular, efficient and economical air transport





ICAO

ECONOMIC DEVELOPMENT

NO COUNTRY LEFT BEHIND

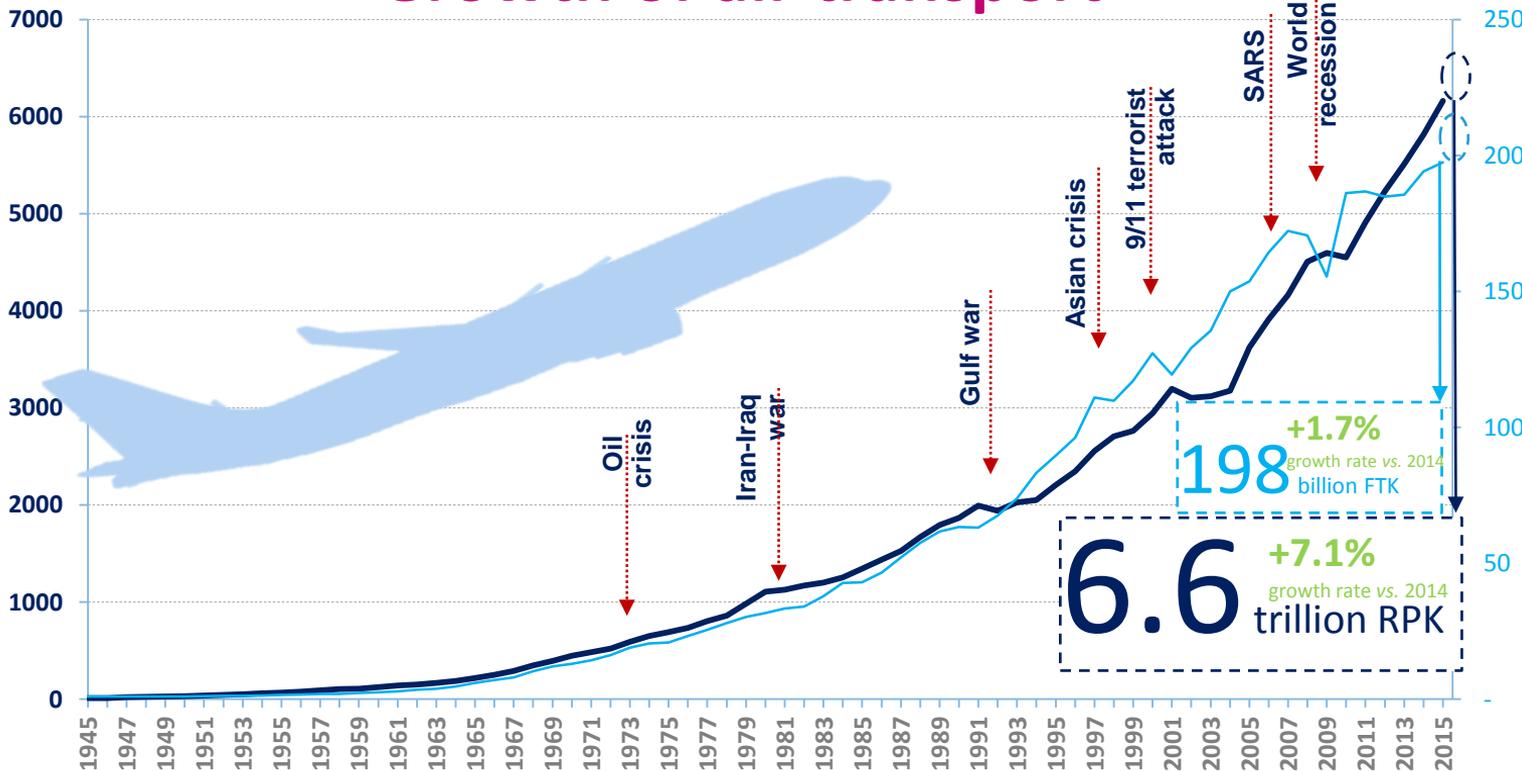


# State of the Air Transport Industry



# Growth of air transport

Revenue Passenger-Kilometres  
(billion)



Freight Tonne-Kilometres  
(billion)



- ✈ **40 million flights**
- ✈ **3.5 billion passengers**
- ✈ **51 million tonnes of freight**
- ✈ **Over 1 400 scheduled airlines**
- ✈ **More than 27 000 aircraft**
- ✈ **More than 4 130 airports**
- ✈ **173 air navigation centres**

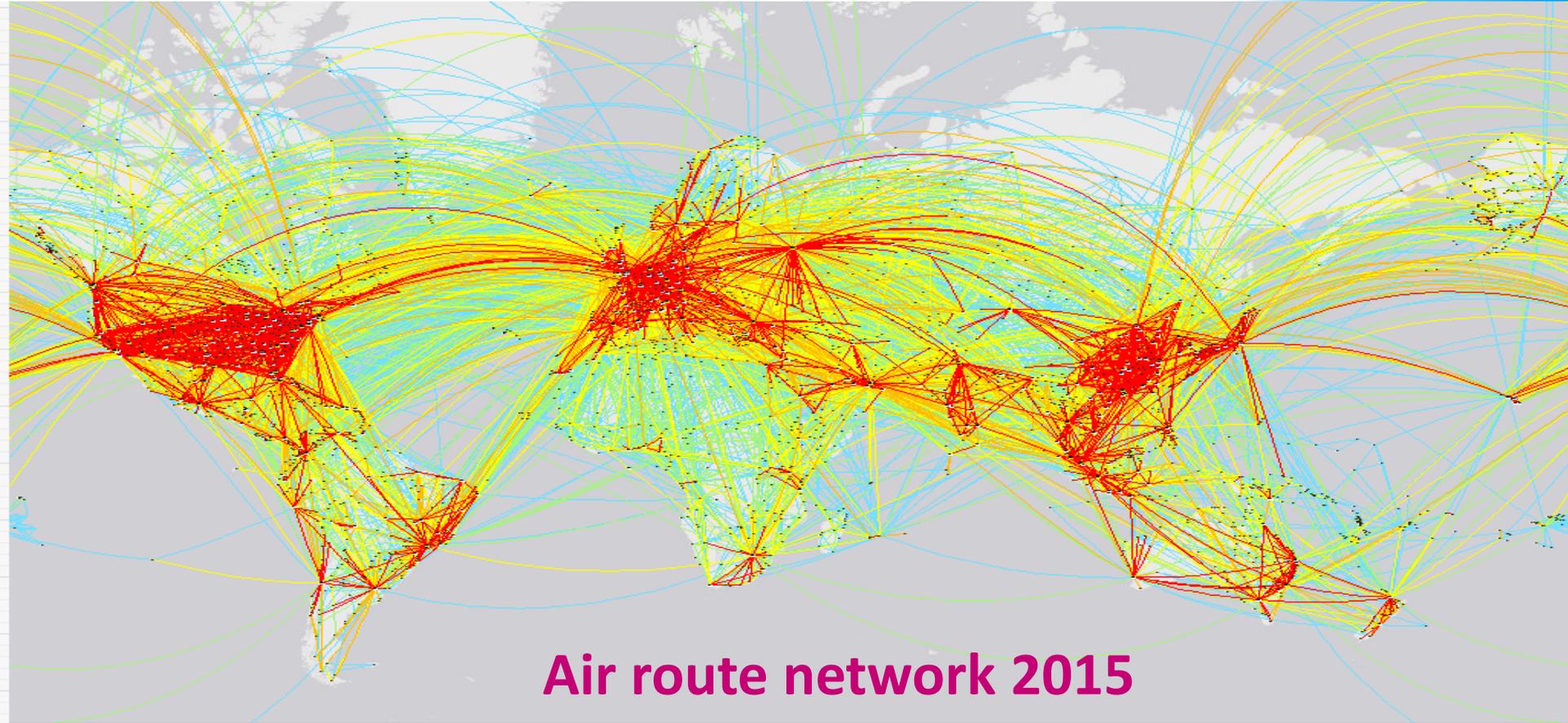
*Traffic is for scheduled services*



ICAO

ECONOMIC DEVELOPMENT

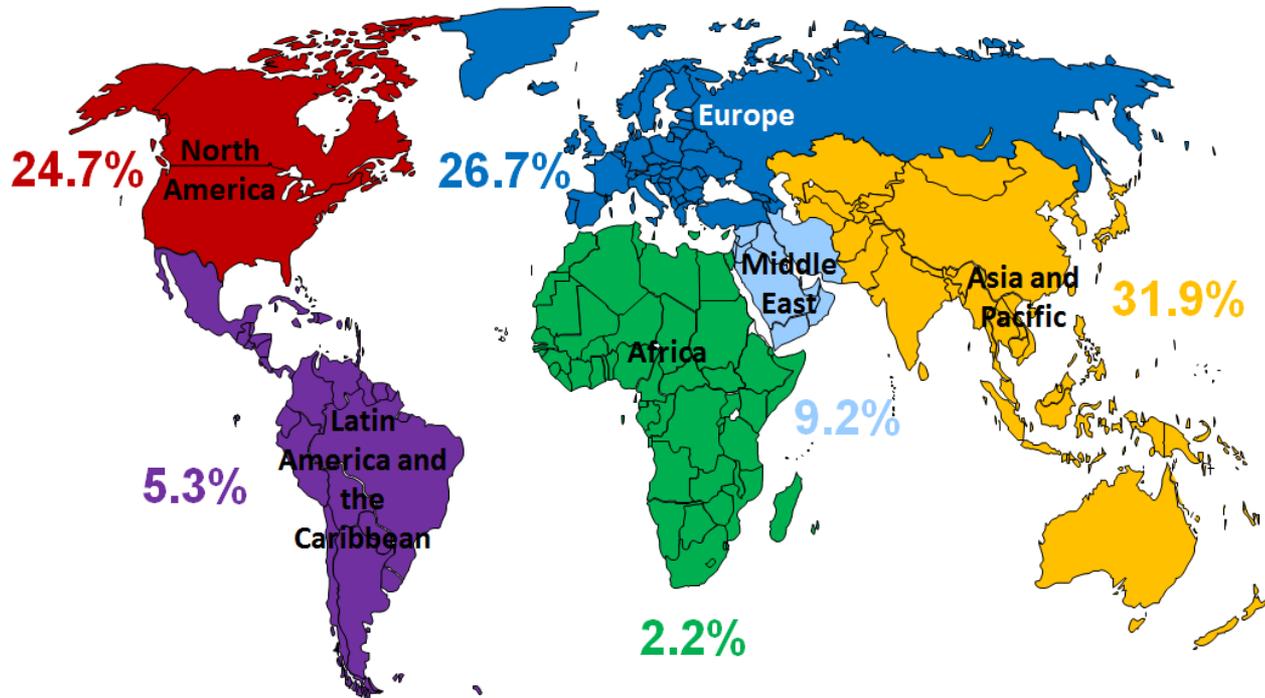
NO COUNTRY LEFT BEHIND



**Air route network 2015**



# Share of Revenue Passenger-Kilometres by region in 2015





# Traffic rankings in 2014-15

## International Scheduled Revenue Tonne-Kilometres (RTK)

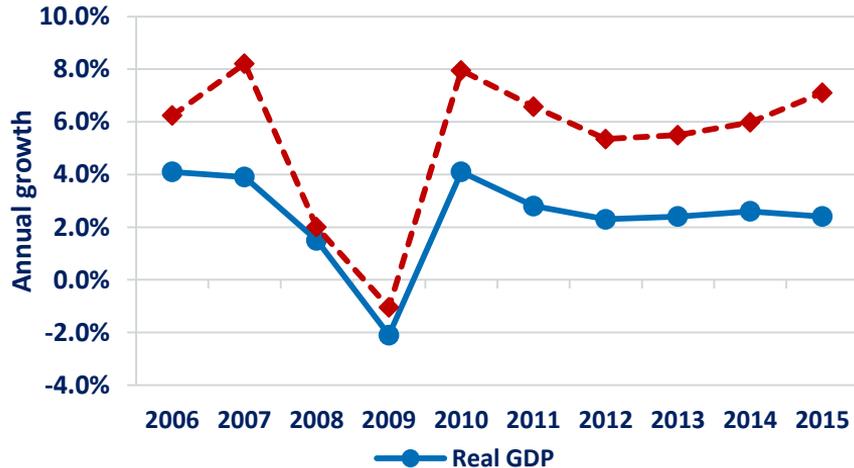
Rank	State of AOC	RTK 2014	RTK share (%)	Cumulative (%)
1	China (1)	62,661,657,151	11.76083%	11.76083%
2	United States	62,359,064,486	11.70404%	23.46486%
3	United Arab Emirates	46,892,720,885	8.80119%	32.26605%
4	United Kingdom	30,158,001,753	5.66029%	37.92634%
5	Germany	28,814,799,214	5.40819%	43.33453%
6	Republic of Korea	20,764,711,405	3.89728%	47.23181%
7	Singapore	18,511,391,369	3.47436%	50.70617%
8	France	17,732,411,000	3.32816%	54.03433%
9	Netherlands	15,962,395,348	2.99595%	57.03028%
10	Japan	14,581,032,148	2.73668%	59.76696%
11	Qatar	14,293,445,230	2.68271%	62.44967%
12	Turkey	13,771,403,581	2.58472%	65.03439%
13	Canada	11,983,608,812	2.24918%	67.28357%
14	Ireland	11,868,967,019	2.22766%	69.51123%
15	Russian Federation	11,802,890,290	2.21526%	71.72649%
16	Malaysia	9,593,485,831	1.80058%	73.52707%
17	Australia	8,855,781,434	1.66212%	75.18919%
18	Thailand	8,473,871,575	1.59044%	76.77963%
19	Spain	7,995,446,551	1.50065%	78.28028%
20	India	6,510,575,876	1.22196%	79.50223%

Rank	State of AOC	RTK 2015	RTK share (%)	Cumulative (%)
1	China (1)	70,403,245,196	12.42421%	12.42421%
2	United States	61,944,119,667	10.93141%	23.35562%
3	United Arab Emirates	52,100,507,516	9.19429%	32.54991%
4	United Kingdom	31,065,034,269	5.48211%	38.03203%
5	Germany	30,507,251,927	5.38368%	43.41571%
6	Republic of Korea	21,802,605,943	3.84755%	47.26326%
7	Singapore	18,615,753,428	3.28516%	50.54842%
8	France	18,295,414,100	3.22863%	53.77705%
9	Qatar	17,359,871,880	3.06353%	56.84059%
10	Netherlands	15,732,743,524	2.77639%	59.61698%
11	Turkey	15,587,345,360	2.75073%	62.36771%
12	Japan	15,527,311,664	2.74014%	65.10785%
13	Ireland	13,165,546,390	2.32335%	67.43120%
14	Canada	13,040,382,256	2.30126%	69.73246%
15	Russian Federation	11,635,019,200	2.05326%	71.78572%
16	Australia	9,368,848,020	1.65334%	73.43906%
17	Spain	9,215,837,003	1.62634%	75.06540%
18	Thailand	9,113,598,830	1.60830%	76.67370%
19	Malaysia	8,966,590,598	1.58235%	78.25605%
20	India	6,994,194,840	1.23428%	79.49033%



## Growth despite constraining factors

### Real GDP Growth



- Brussels airport attacks (security concern)
- Zika outbreak (health concern)

### Global spread of Zika virus 2013-2016



ISLA DE PASCUA—Chile is not displayed in the map given the uncertainty in the start date. Circulation of Zika virus in Thailand, Cambodia and Lao People's Democratic Republic started before 2013. Countries where sexual transmission occurred are not represented in this map. Available information does not permit measurement of the risk of infection in any country; the variation in transmission intensity among countries is therefore NOT represented on this map. Zika virus is not necessarily present throughout the countries/territories shaded in this map.

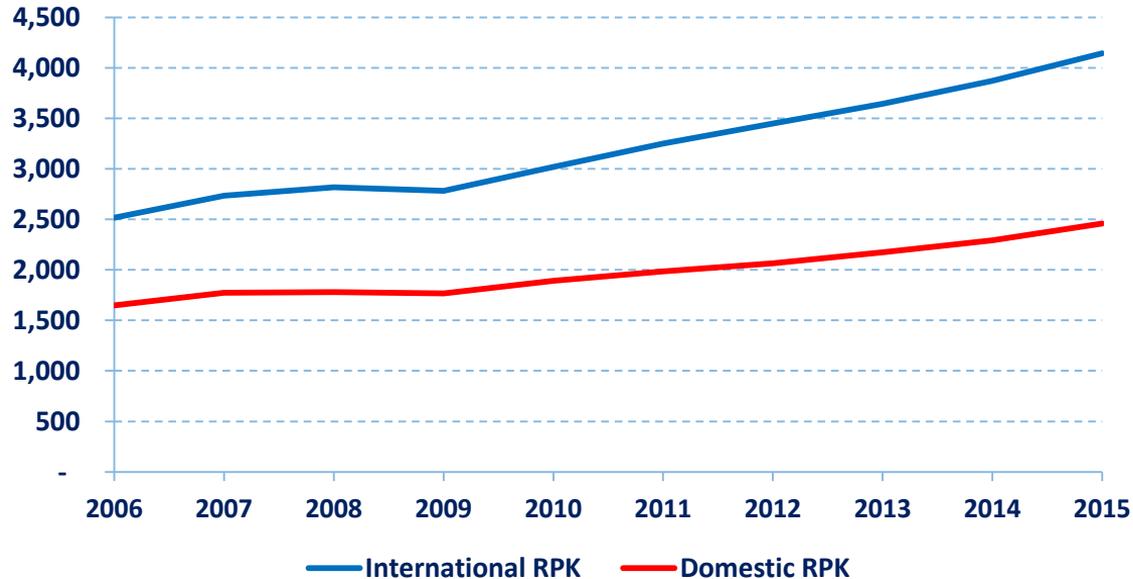
Source: WHO

The world economy recorded a real GDP growth of 2.4% in 2015 and total passenger-kilometres increased by 7.1%



## International and domestic passenger traffic

Domestic and International Revenue Passenger-Kilometres (RPK)  
(in billion)

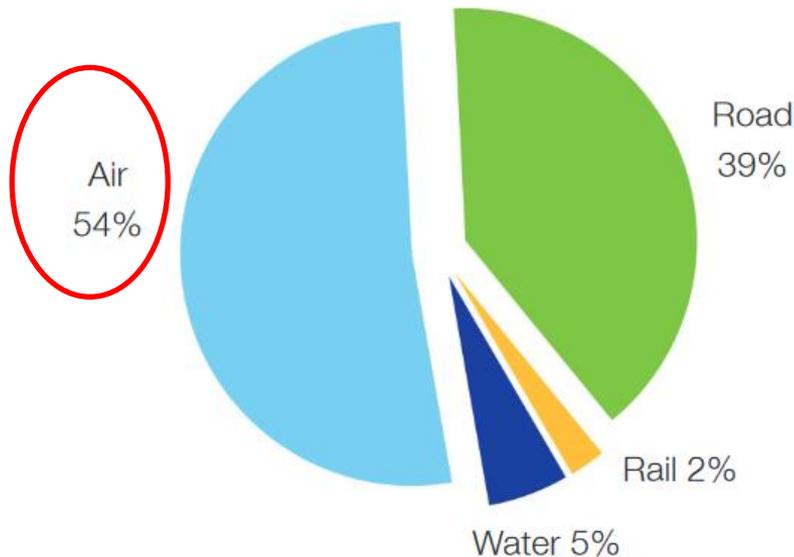


+7.0% in 2016 (ICAO projection)

+7.3% in 2016 (ICAO projection)



## More than half of international tourists arrive by air



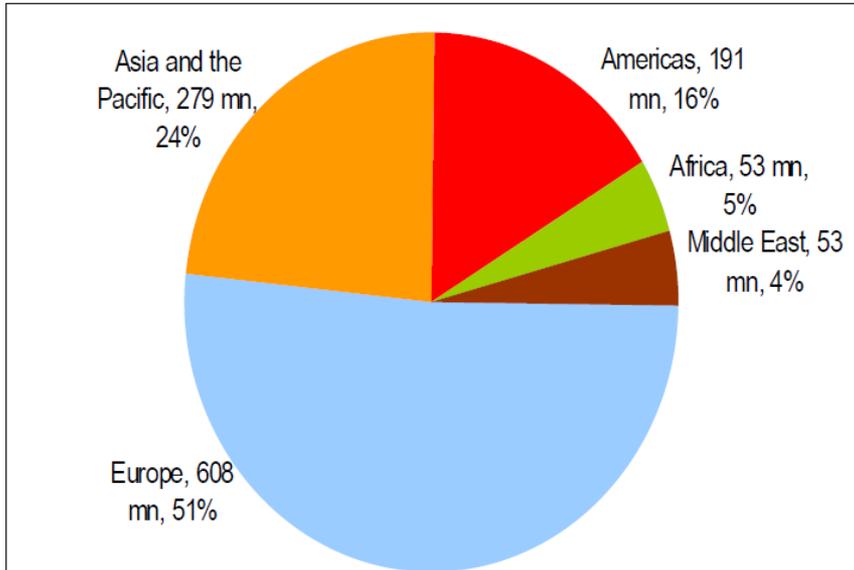
### Inbound tourism by mode of transport in 2014

- Tourism expansion relies heavily on air transport, providing substantial economic benefits for anyone involved in the value chain of tourism
- Separate sectorial policies on air transport and tourism result in a fundamental, and too often even conflicting disconnect which constitutes a severe constraint on the development of travel and tourism

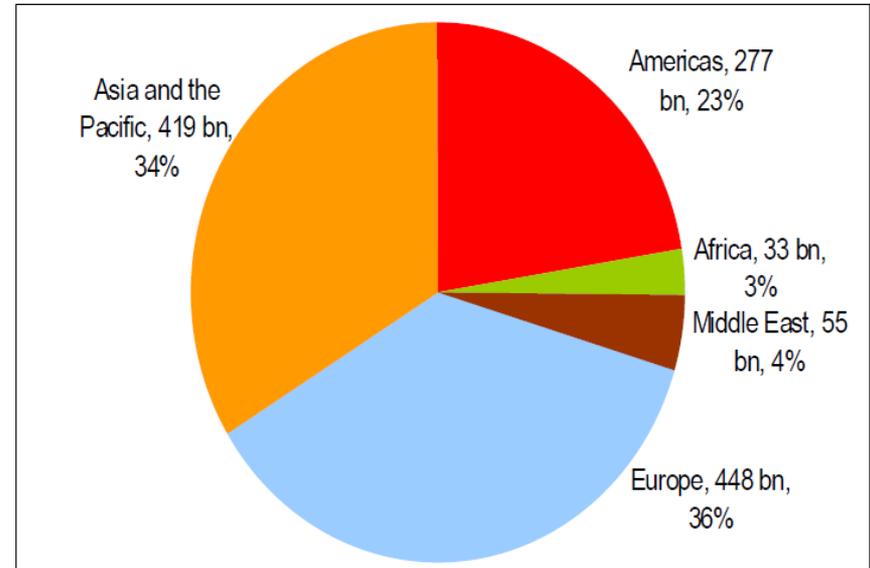


## International tourism

### International tourists arrival - 2015

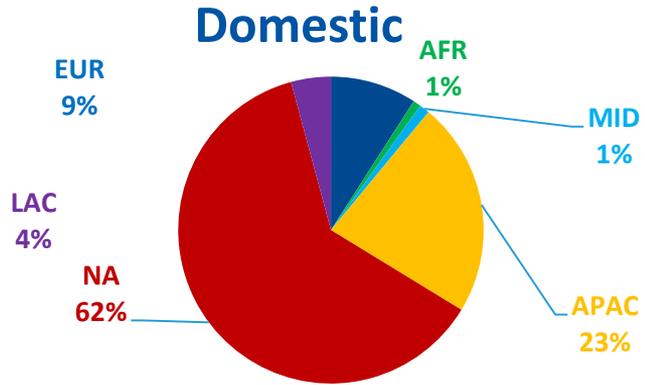


### International tourism receipts – 2015 (USD)

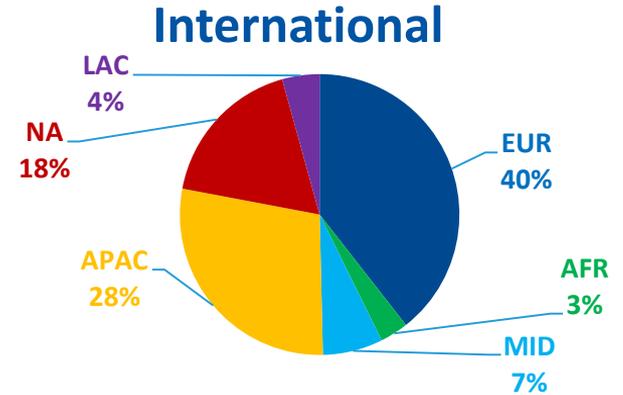




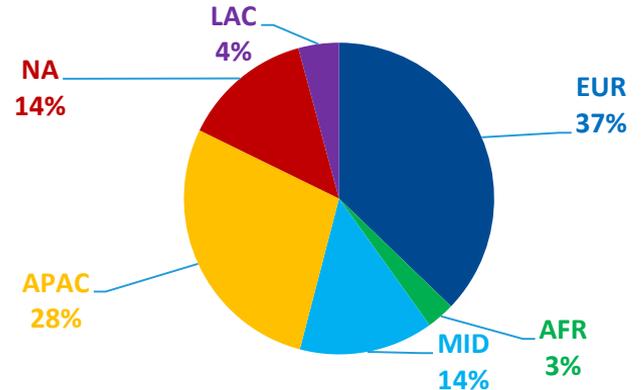
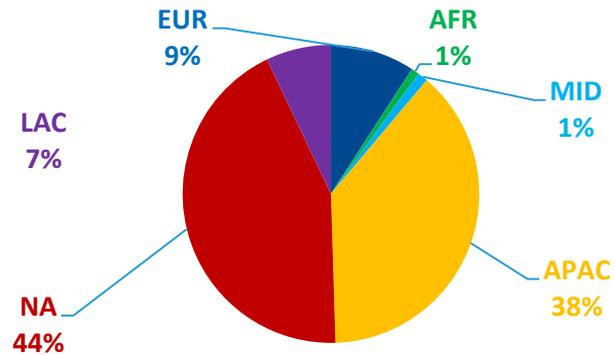
# Passenger traffic distribution



**2005**  
Domestic 41%  
International 59%

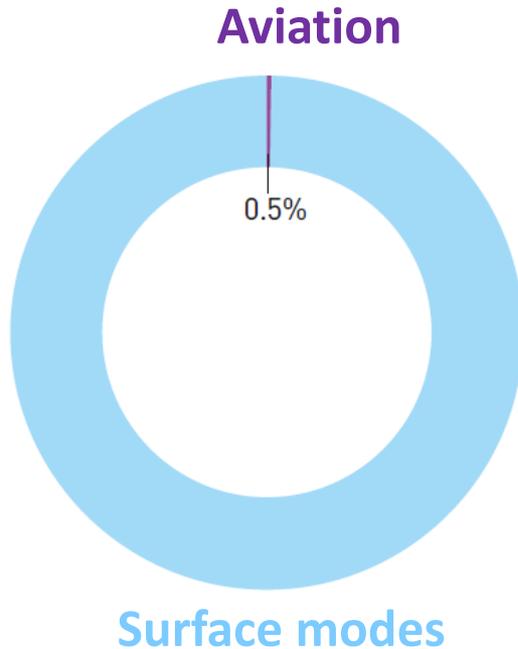


**2015**  
Domestic 37%  
International 63%

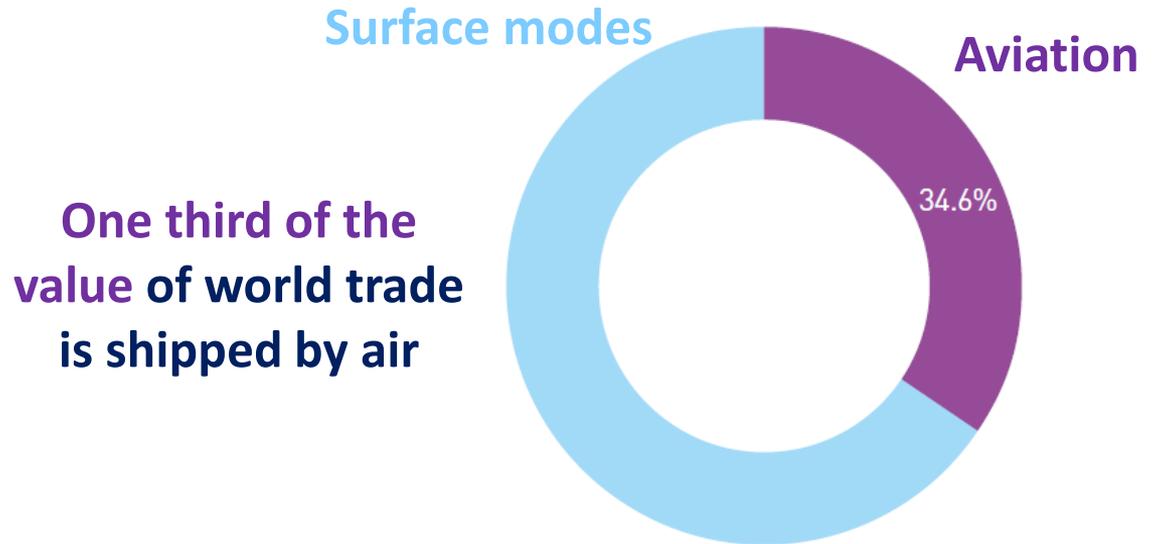




## Volume of world international cargo shipment

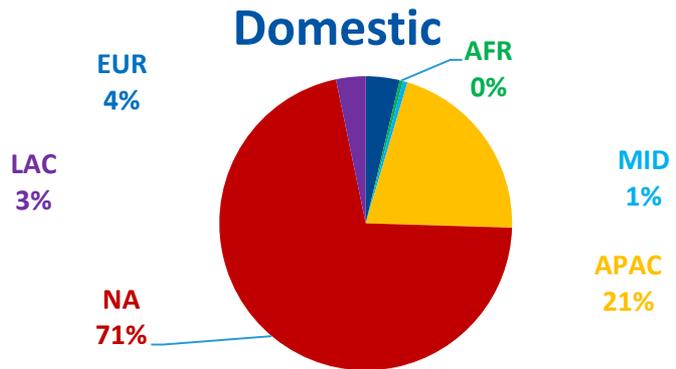


## Value of world international cargo shipment

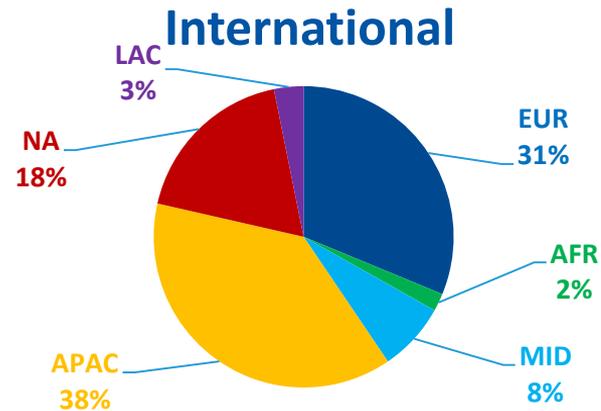




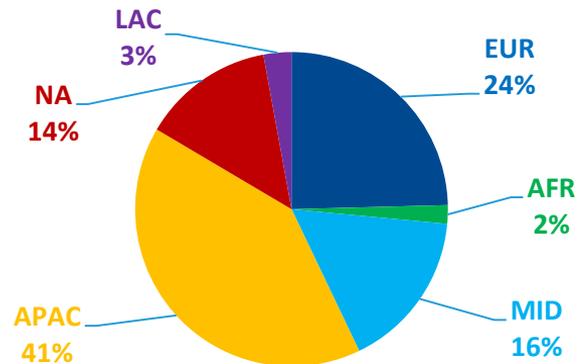
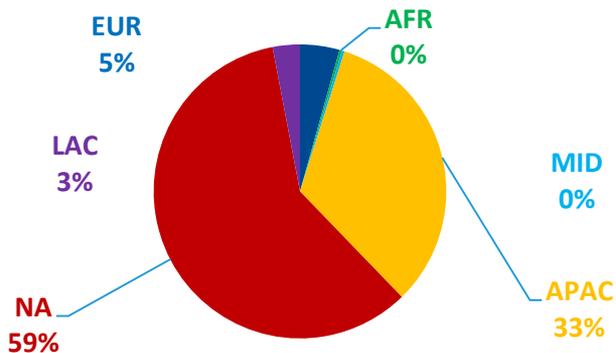
# Freight traffic distribution



**2005**  
Domestic 17%  
International 83%



**2015**  
Domestic 14%  
International 86%





# Capacity growth stimulating traffic

## International capacity growth – Top 20 in terms of ASK

Rank	State	Percentage Increase in ASK
1	China	17%
2	United Arab Emirates	15%
3	Turkey	17%
4	Qatar	19%
5	Canada	11%
6	Spain	12%
7	Ireland	8%
8	Germany	4%
9	United States	2%
10	Japan	8%
11	Republic of Korea	5%
12	Mexico	22%
13	United Kingdom	2%
14	India	8%
15	Oman	37%
16	Hungary	18%
17	Philippines	10%
18	Brazil	14%
19	Ethiopia	16%
20	France	3%

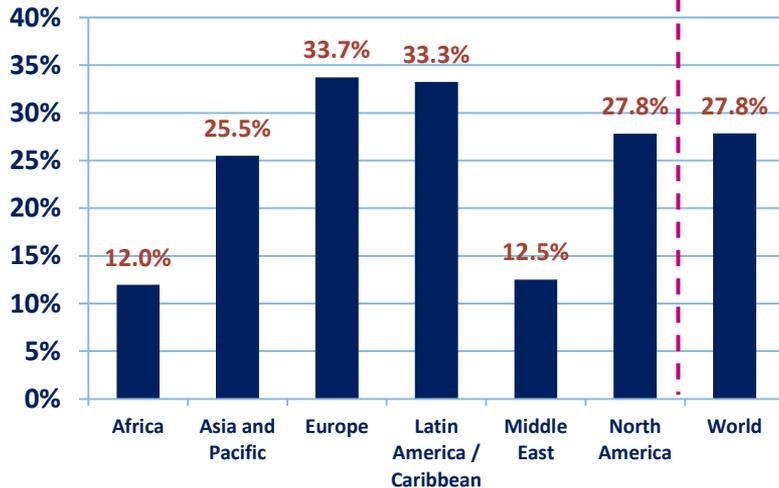
## Top 20 new routes in ASK in 2015

City Pair	Country Pair
Istanbul - San Francisco	Turkey – United States
Abu Dhabi - Brisbane	United Arab Emirates - Australia
Taipei - Istanbul	China - Turkey
Istanbul - Jakarta	Turkey - Indonesia
Dubai - Denpasar-Bali	United Arab Emirates - Indonesia
Hong Kong - Boston	China - United States
Melbourne - Beijing	Australia - China
Houston - Taipei	United States - China
Edinburgh - Abu Dhabi	United Kingdom - United Arab Emirates
Orlando - Dubai	United States - United Arab Emirates
Dallas - Beijing	United States - China
Brisbane - Tokyo	Australia - Japan
Istanbul - Manila	Turkey - Philippines
Sao Paulo - Addis Ababa	Brazil - Ethiopia
Salt Lake City - Amsterdam	United States - Netherlands
Guangzhou - San Francisco	China - United States
Vancouver - Osaka	Canada - Japan
San Jose - Beijing	United States - China
Nairobi - Hanoi	Kenya - Vietnam
Osaka - Los Angeles	Japan - United States



## Low-cost carriers (LCCs) stimulating traffic

Share of passengers carried by LCCs in 2015



Passenger number growth for LCCs and other carriers

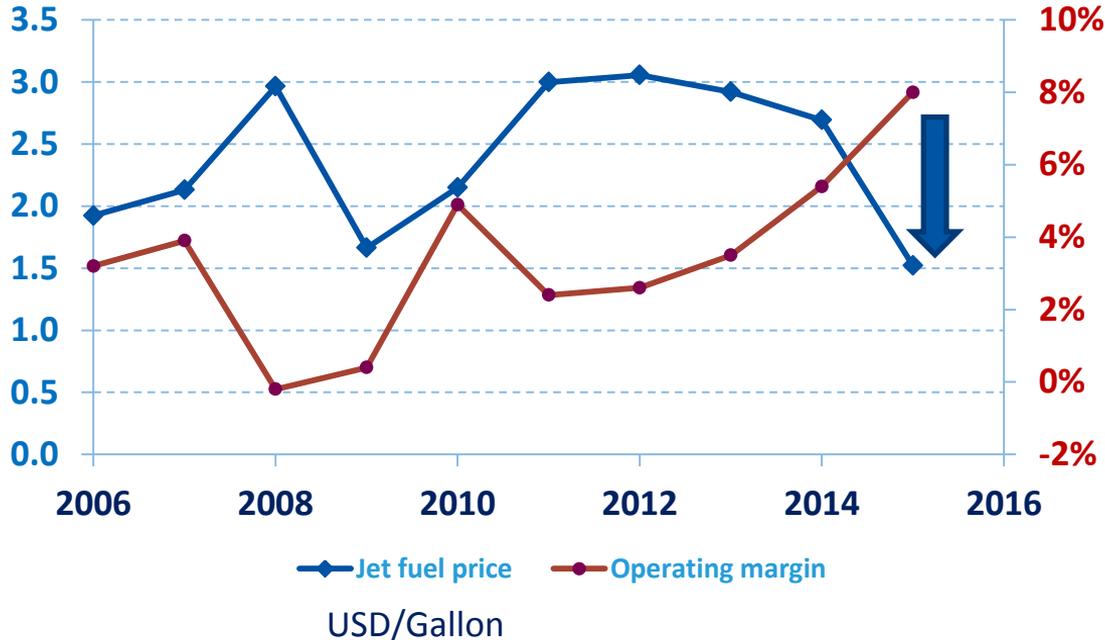
	2014	2015
LCCs	9.8%	10.3%
Others	4.2%	5.5%
Total	5.7%	6.8%

LCCs growth has been consistently twice as much as other carriers' growth



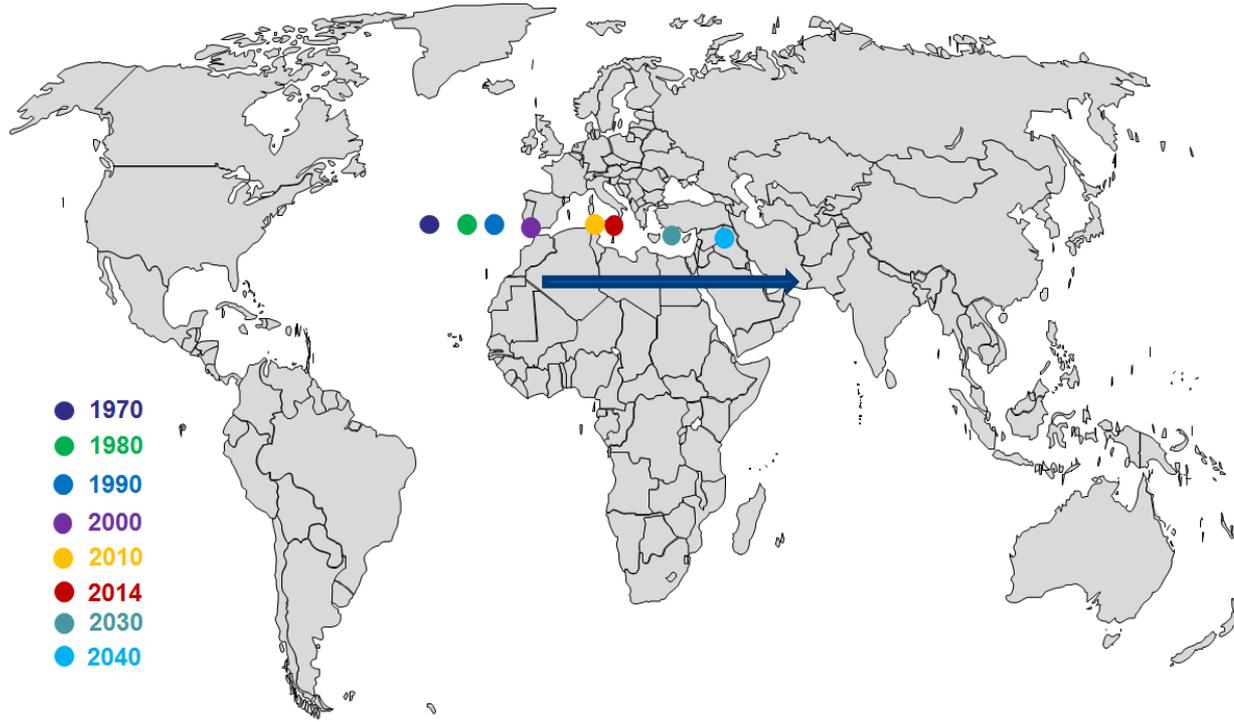
## Low oil prices support higher profits

Airline operating margin and jet fuel price



Jet fuel price declined by 43% in 2015

Airline operating margin continued to improve to reach 8% of operating revenues



Geographical centre of gravity of departing/arriving passengers

## Centre of gravity

The **centre of gravity** has been steadily moving from the **middle of North Atlantic** to the **middle of the Mediterranean sea** in the last four decades. It is expected to move further east by 2040.



ICAO

ECONOMIC DEVELOPMENT

NO COUNTRY LEFT BEHIND



# Impact of Air Transport



## Economic benefits of aviation in 2015

Direct economic contribution  
of the aviation sector

10.0 million

**Direct jobs** supported by aviation worldwide

\$718 billion

**Direct** Global **economic impact**

Direct, indirect, induced and  
tourism economic contribution of  
the aviation sector

63.5 million

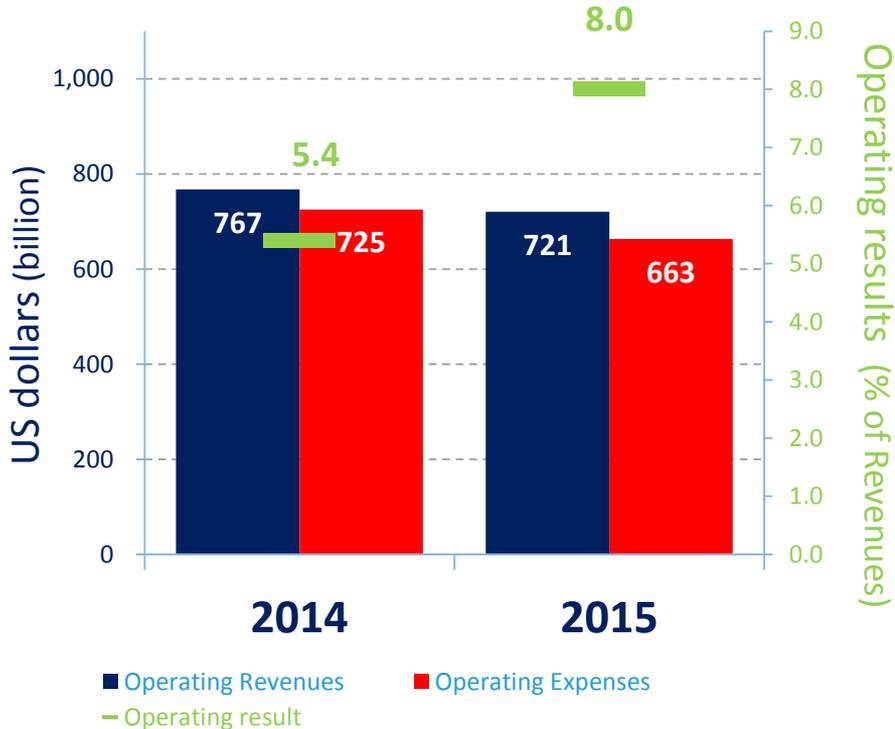
**Jobs** supported by aviation worldwide

\$2.7 trillion

Global **economic impact**



## Air Carrier Financial Results in 2015



Airline operating results in 2015:

- ➔ US\$ 58 billion operating profit
- ➔ 8.0% of operating revenues

With 23.1% of global traffic, airlines of North America generated more than half of global operating profits

ICAO is projecting the operating profit to be US\$ 65 billion in 2016



# Airline operating revenues

## Analysis of variance in operating result (2015 over 2014)

	2015	2014	Difference
Operating revenues, USD (millions)	720,500	766,900	-46,400
Operating expenses, USD (millions)	662,900	725,200	-62,300
Operating result, USD (millions)	57,600	41,700	15,900
RTK (millions)	817,030	771,587	45,444
ATK (millions)	1,221,228	1,151,894	69,333
Yield, USD (cent)	88.2	99.4	-11.2
Cost/ATK, USD (cent)	54.3	63.0	-8.7
Weight load factor (%)	67	67	-0.1
Break-even weight load factor (%)	62	63	-1.8

**A record operating profit due to the traffic increase and lower fuel costs**

## Analysis of difference in operating revenues (2015 over 2014)



## Analysis of difference in operating expenses (2015 over 2014)



## Net increase in operating result, USD (millions)





ICAO

ECONOMIC DEVELOPMENT

NO COUNTRY LEFT BEHIND



# Air Connectivity in Small Island States in the Caribbean



ICAO

ECONOMIC DEVELOPMENT

NO COUNTRY LEFT BEHIND



## Air Connectivity in the Caribbean





## Importance of tourism to Small Island States

Tourism is one of the few activities for which their location, natural and cultural resources, are a strong competitive advantage for Small Island States.

## Significant tourism growth in Small Island States

The number of international tourists visiting Small Island States destinations increased from 28 million in 2000 to 41 million in 2013.

## A critical contributor to the economy of Small Island States

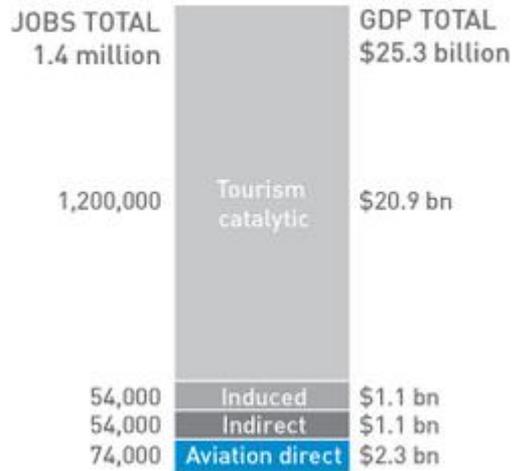
Tourism accounts for over one quarter of the GDP in at least seven Small Island States and represents 9% of the overall exports (US\$ 61 billion).

**Air connectivity is critical to fostering tourism growth**



# Jobs and GDP generated by Air Transport in Small Islands in 2014

Total jobs and GDP generated by air transport in Small Island States, 2014



Direct, indirect, induced and tourism economic contribution of the aviation sector

1.4 million

*Jobs supported by aviation in small islands*

\$25.3 billion

*economic impact of aviation in small islands*

Improve intra-  
regional and  
international air  
connectivity  
through



Good Regulatory and Economic Framework  
To:

Liberalize market  
access and air carrier  
ownership and control

Promote consumer  
protection

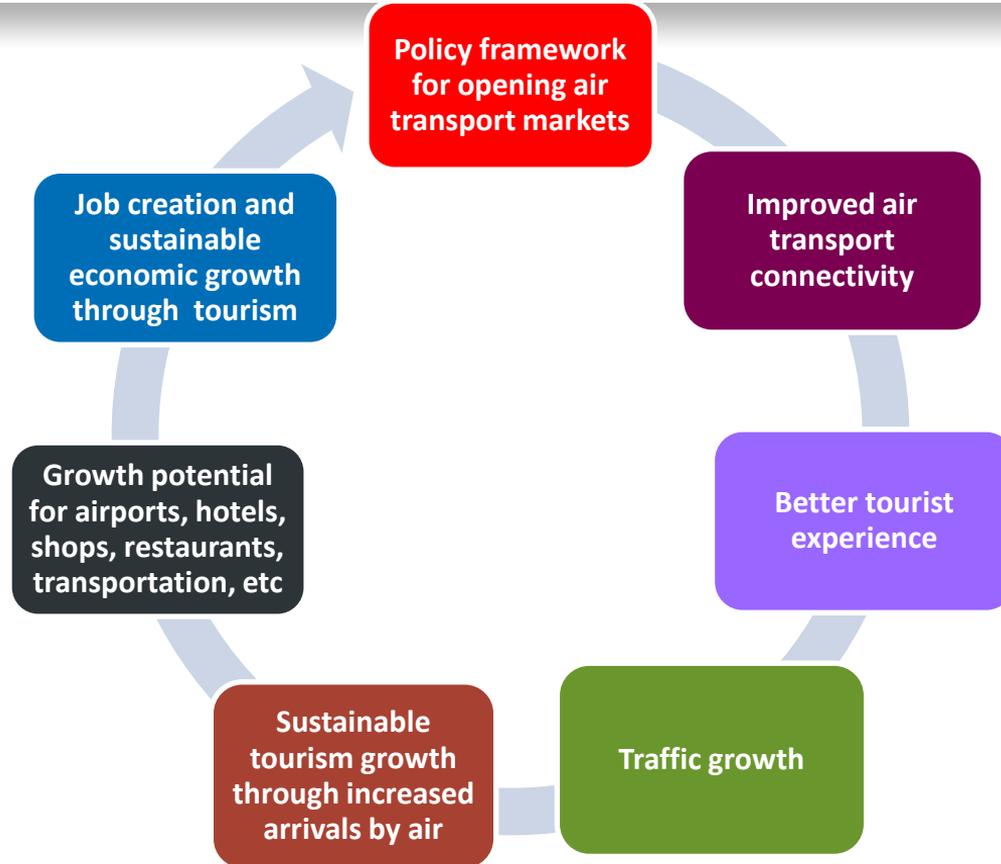
Reduce excessive  
changes and taxes on  
air travel

Encourage more Low  
Cost Carrier Business  
Model

Stimulate demand and  
promote competition



# Liberalization increases Air connectivity





# ICAO ASSISTANCE AND SUPPORT



## ❖ Infrastructure:

- ✓ Global Air Navigation Plan (GANP); and
- ✓ Aviation System Block Upgrade (ASBU)
- ✓ Promotion of Funding and Financing through Partnerships



ICAO

ECONOMIC DEVELOPMENT

NO COUNTRY LEFT BEHIND



# Voluntary Air Transport Fund



## Voluntary Air Transport Fund

- Mechanism for the collection and use of voluntary contributions from States and other donors to support ICAO's work in the air transport field
- For projects and activities not covered by the Regular Programme Budget under the Strategic Objective, Economic Development of Air Transport
- Consistent, transparent, efficient and timely
- Streamlined administration of donated funds
- Info on possible projects available on ICAO website.

### Why Support ICAO ?

Air transport makes significant contributions across social, economic and environmental pillars of sustainable development. The mode of transport provides freedom to travel, access to mobility and the exchange of cultural experiences. As a result, air travellers represent 52% of international tourists, with over 2.9 billion passengers per year. In addition, 56.6 million jobs are supported by aviation worldwide (34.5 million are aviation-enabled jobs in the tourism sector). The industry gives rise to 3.5% of global GDP (2.2 trillion USD global economic impact). Moreover, air cargo represents 35% of world trade by value carried.

For more information, please visit:

<http://www.icao.int/sustainability/Pages/TRAF.aspx>



ICAO

ECONOMIC DEVELOPMENT

NO COUNTRY LEFT BEHIND



ICAO

North American  
Central American  
and Caribbean  
(NACC) Office  
Mexico City

South American  
(SAM) Office  
Lima

ICAO  
Headquarters  
Montréal

Western and  
Central African  
(WACAF) Office  
Dakar

European and  
North Atlantic  
(EUR/NAT) Office  
Paris

Middle East  
(MID) Office  
Cairo

Eastern and  
Southern African  
(ESAF) Office  
Nairobi

Asia and Pacific  
(APAC) Sub-office  
Beijing

Asia and Pacific  
(APAC) Office  
Bangkok



THANK YOU