

Liberalization of Air Transport in Asia/Pacific

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Leading the Way with Cargo Liberalization

Dora Kay

Immediate Past Chairman
The International Air Cargo Association

Air Cargo

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graph TD; A[Air Cargo] --> B[Creates competitive trade and production advantages]; B --> C[Connects nations to distant markets and global supply chains]; C --> D[Facilitates global trade]; D --> E[Drives economic development];
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The diagram is a vertical flowchart with five rectangular boxes connected by downward-pointing arrows. The top and bottom boxes are yellow, while the three middle boxes are light blue. The background is a dark blue grid with faint airplane silhouettes.

Creates competitive trade and production advantages

Connects nations to distant markets and global supply chains

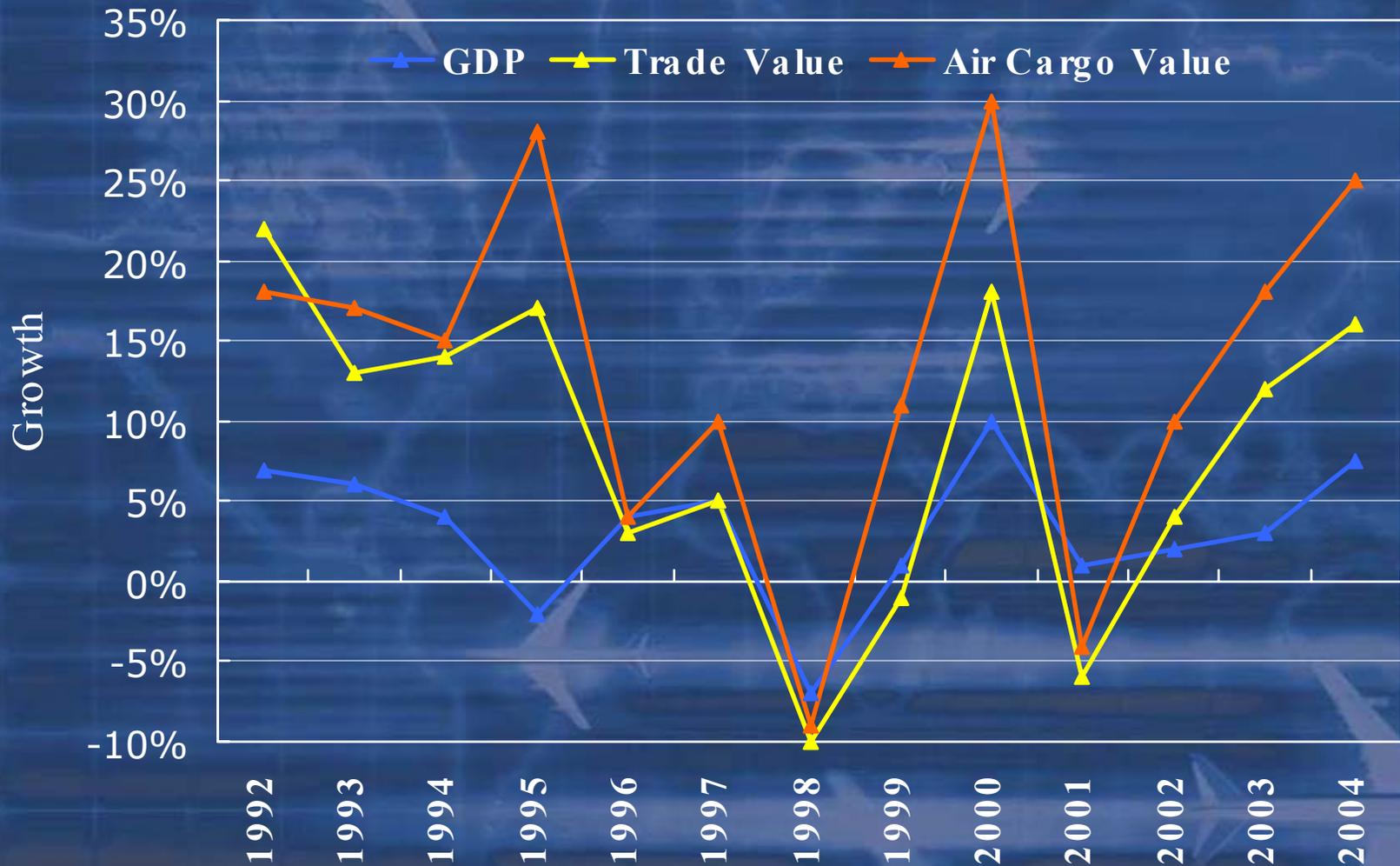
Facilitates global trade

Drives economic development

Well Established Relationship between Air Cargo Growth & GDP Growth

- Air cargo traffic ↓ 5.8% during 2001 economic downturn
- GDP growth rebound in 2002/2003 reflected in RTK growth of 7% / 4% with 15% / 6.2% increase in yield

Growth of GDP, Trade and Air Cargo

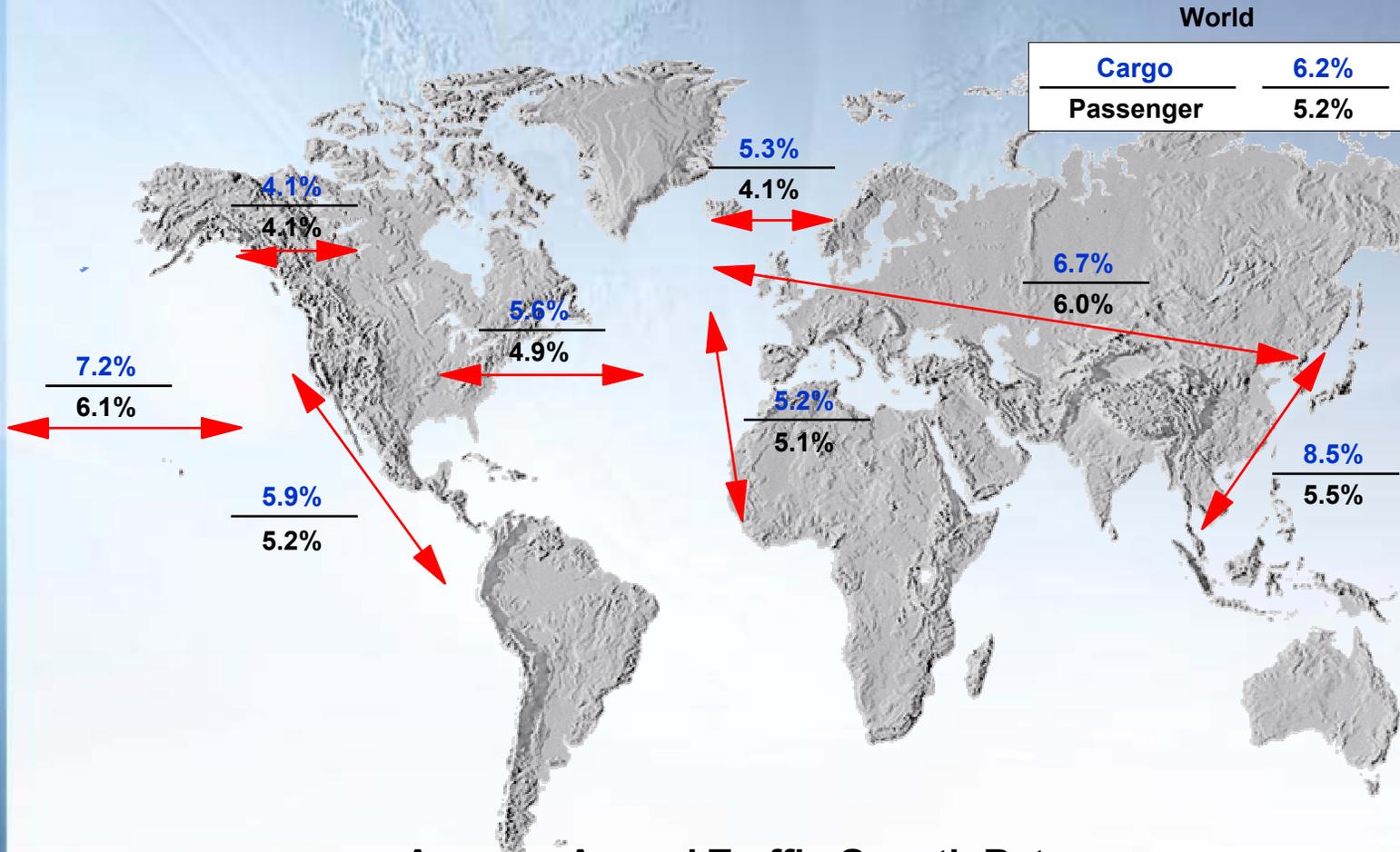


* Hong Kong statistics

Air Cargo Growth > Trade Growth > GDP Growth

Since 1970, air cargo RTK has grown 7.1% p.a. or more than 2.4 times faster than GDP growth

Cargo Growth Will Outpace Passenger Increase in Nearly Every Major World Market



Average Annual Traffic Growth Rate
2003 - 2023

World Air Cargo Traffic has grown significantly

730M RTKs
in 1970

150B RTKs
in 2003

> 500B RTKs
in 2023

Aviation Liberalization Results in Economic Development

- Competitive export-oriented manufacturing and FDI create jobs and revenue
- Aviation liberalization increases trade, improves GDP, raises FDI and promotes economic development

Restriction in Air Services Weakens Economic Development

- Provides some relief to a few national carrier(s)
- Weakens overall competitiveness
- Reduces connectivity and speed to market

OECD Principles for Liberalization of Air Cargo

- All-cargo carriers allowed to serve markets solely on the basis of commercial consideration
- Expanded 5th and 7th freedom rights leading to cabotage
- Pricing set by market without government intervention

China and Asia Leading the Way

- Movement towards open skies in Asia
- All restrictions on all-cargo services removed in new China / Australia ASA
- Liberal air cargo services between China and countries in Asia
- Air cargo hub provision in China / USA ASA

Air Cargo Hub Facilitates Manufacturing and Distribution Facilities

- Sustains reliable and fast “just-in-time” service throughout logistics chain
- Enables efficient shipment of high value goods and perishables
- Leads to establishment of “aerotropolis”

Airports Drive Economic Development in 21st Century

20th Century



Airports

Liberal Approach to Air Cargo Operation

- Aerotropolis concept has far reaching impact on economic development
- Expansion of airport cargo capabilities and facilities must be accompanied by a liberal approach to air cargo regulation and free market access

ASEAN Working Towards Open Skies

- Development of air liberalization program by 2006
- Significant liberalization of all-cargo services leading to full liberalization by 2008
- Open skies among member countries by 2010

Air Cargo Liberalization an Important Policy Goal of TIACA

- China's leadership in air cargo liberalization
- ASEAN liberalization program starting with all-cargo services

Air Cargo Should Lead the Way for EU / USA Open Skies

- All-cargo as catalyst to reopen negotiations
- Air cargo a natural first-step towards open skies
- Significant contribution towards world economic development

Separation of Cargo and Passenger Traffic Rights

- Air cargo is directional
- Outdated agreements ignore supply chain practices
- Cargo operators require routing flexibility and ability to make multiple stops

Separating all-cargo and passenger traffic rights will drive economic development, optimize use of limited airport resources and alleviate over-capacity problems

Customs Reform and Corruption Must Also be Addressed

- Customs clearance accounts for 20% of air cargo transit time and 25% of costs
- Corruption impacts air cargo development and hurts competitiveness, FDI and economic growth

Substantial Progress Made in Liberalization

- TIACA urges governments to continue to:
 - liberalize air cargo services
 - lift restrictions on air cargo operations
 - allow greater access to markets
 - improve quality of Customs
 - eliminate corruption

Industry and Government Authorities Working Together in Good Will

Face Challenges + Work Together



Success

The background is a solid blue color with a light blue grid pattern. Faint, semi-transparent silhouettes of various commercial airplanes are scattered across the scene, some appearing to fly across the frame. A faint, light blue world map is also visible in the background, centered behind the text.

Thank you