



INTERNATIONAL CIVIL AVIATION ORGANIZATION

A United Nations Specialized Agency

Overview of Global Regulatory and Industry developments

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Low Cost Carriers**

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Presentation to cover:

Overview of global scene (大环境)

- ❖ **Regulatory developments (政策环境)**
- ❖ **Industry developments (市场情况)**
- ❖ **Future trends (未来发展趋势)**

Distinct features of air transport

- Strategic to States (political, economic, social)
- Not an end product, but a tool, an intermediary service
- Capital intensive
- Technology intensive
- Steady growth
- Low profitability
- Strong dependence on the economy
- Vulnerable to various impacts
- Highly regulated => liberalizing economic regulation
- High profile

Important contributor to economic development, tourism and trade

Regulatory developments (政策环境)



Regulatory changes (政策和管理方式的变化)

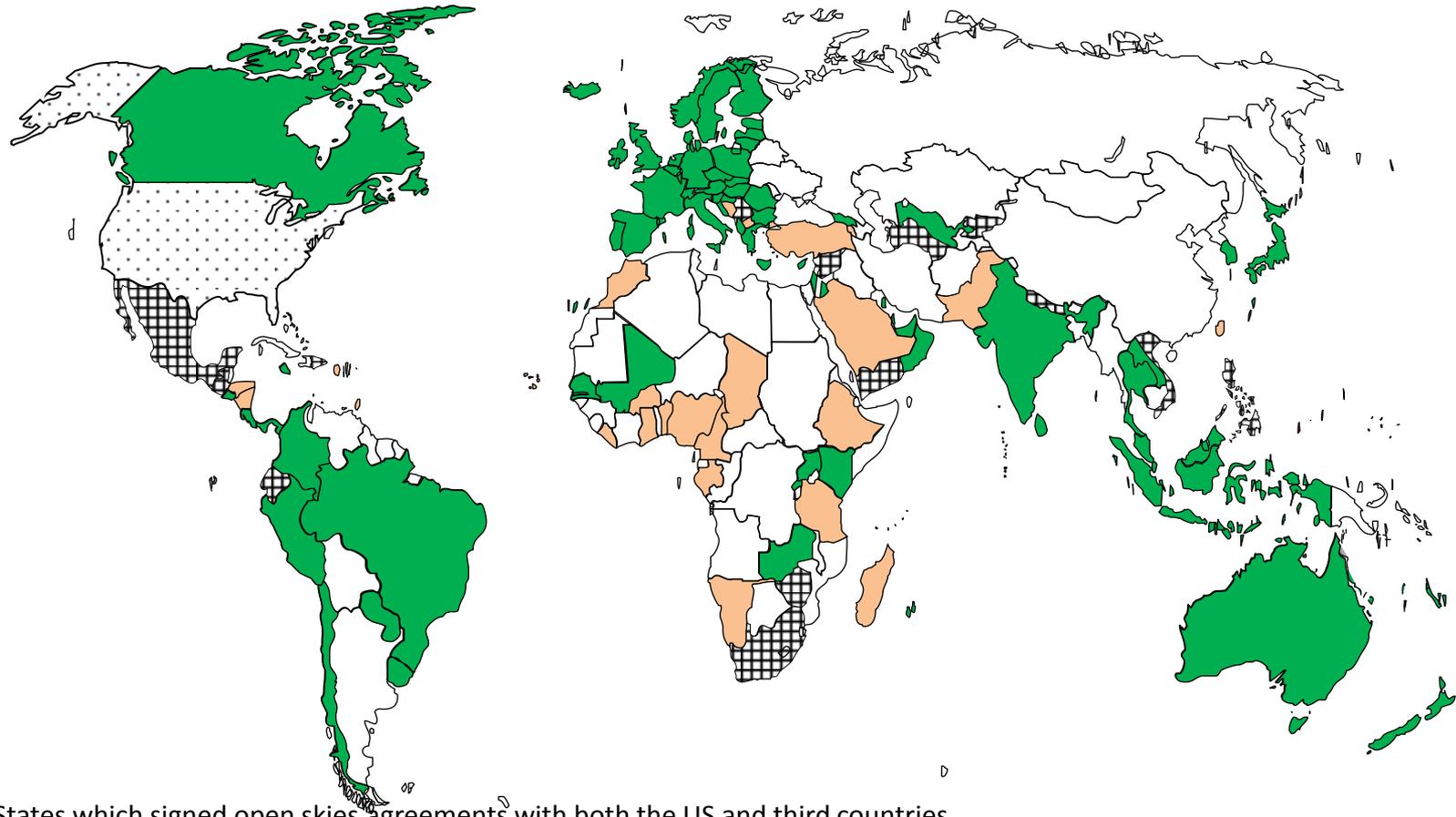
- **More open and liberalized** (更开放, 宽松, 自由化)
- **Progress uneven** (发展不平衡)
- **Approaches varied** (方式不一样)
[national, bilateral, regional, multilateral; heavy, light, off-handed]

ICAO to facilitate and assist (forum, policies and guidance, multilateral agreements...)

Bilateral Open Skies (by March 2013):



✓ 400+ OSAs involving 145 States

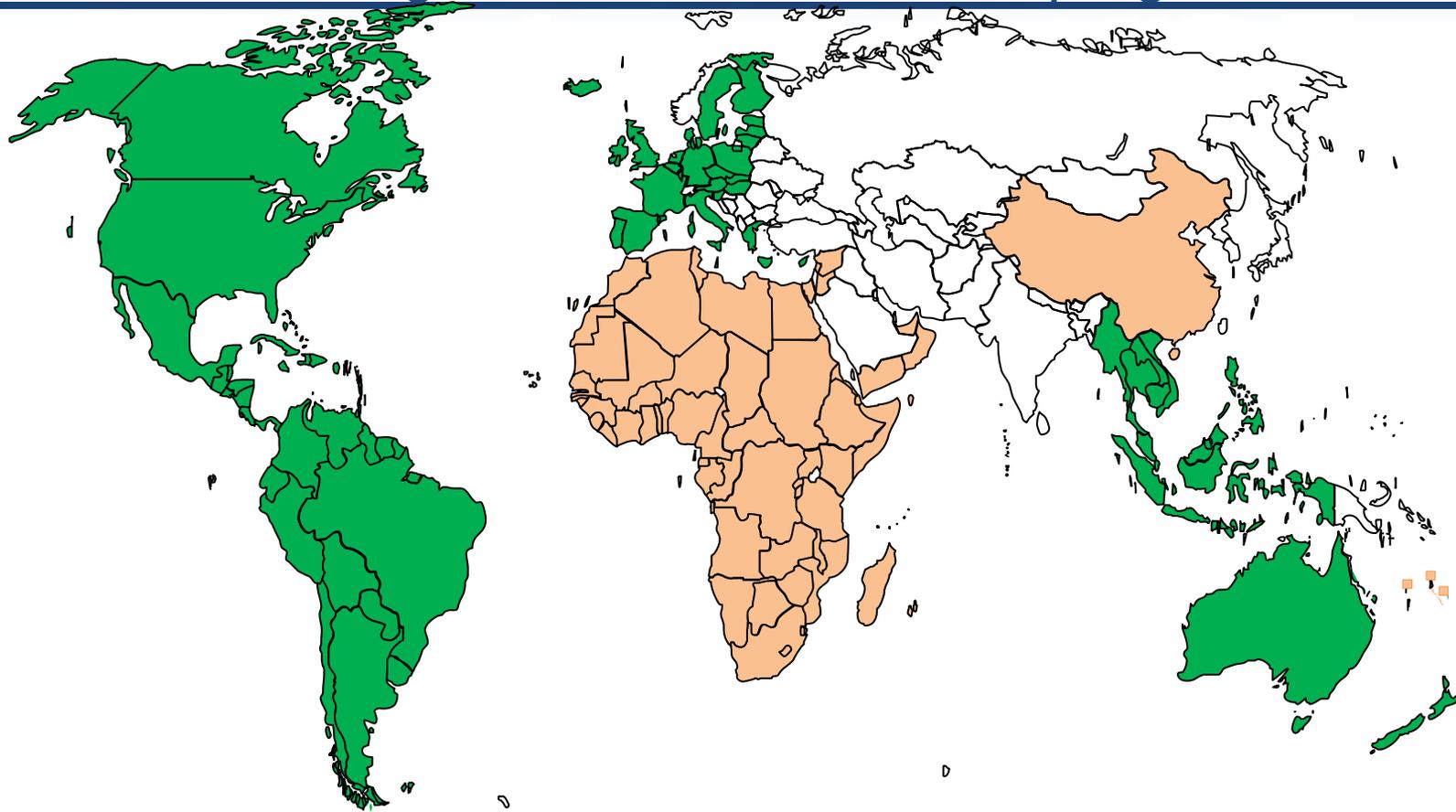


-  States which signed open skies agreements with both the US and third countries
-  States which signed open skies agreements with the US only
-  States which signed open skies agreements with the third countries only

REGIONAL LIBERALIZATION :



✓ *Most world regions have liberalization programs*



■ Full liberalization arrangements (ASEAN, CARICOM, EU, LACAC. Trans-Tasman cooperation)

■ Gradual liberalization arrangements (AFCAC, Damascus Agreement signatory states, South Pacific Islands)

Industry developments (市场情况)



❖ Ongoing structural transformation (结构调整)

- *Alliances, consolidation*
- *New, innovative business models*
- *Going high-tech and E-commerce*

❖ Increasing competition (竞争激烈)

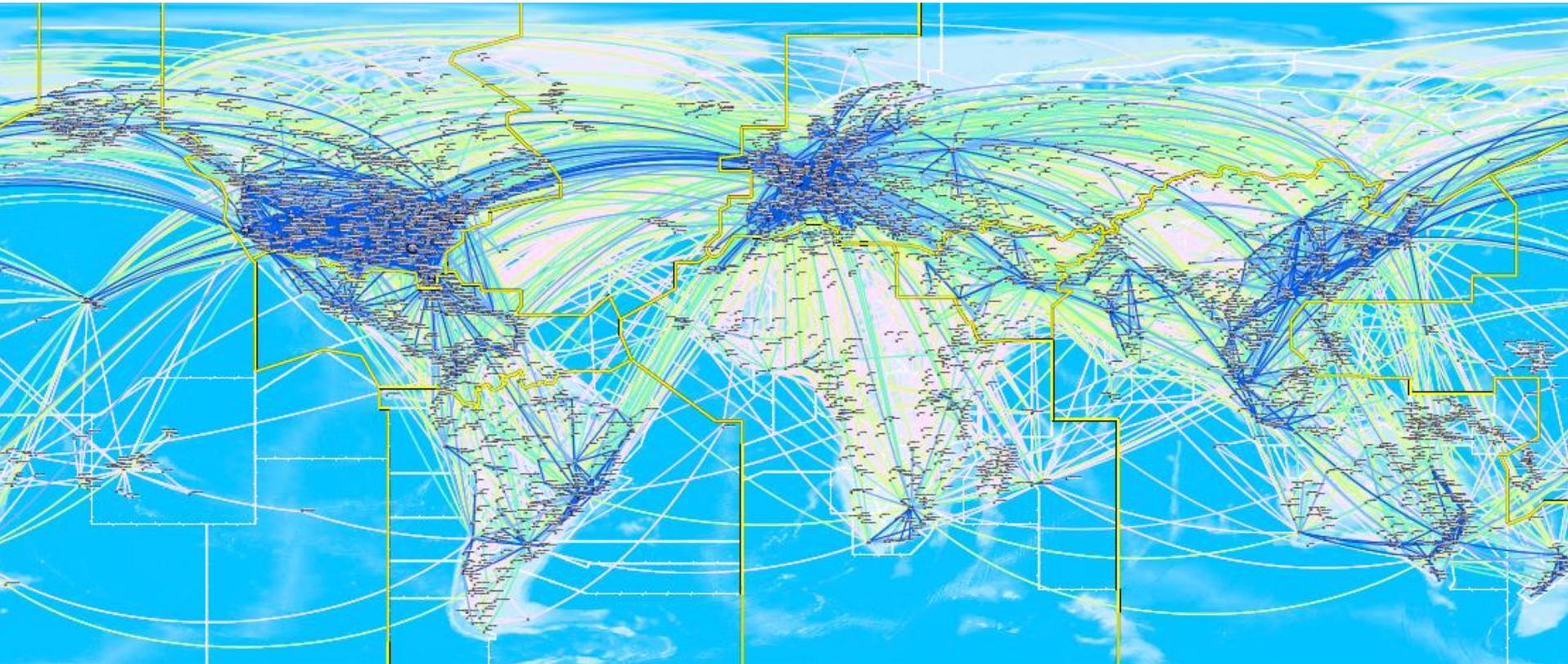
- *Between legacy airlines*
- *Between alliances*
- *Legacies vs. LCCs*
- *Between LCCs*
- *Air vs. other modes (e.g. high speed trains)*

Industry developments *(continued)*

- ❖ **Market dynamic**
- ❖ **Challenges abound**
- ❖ **Key to success:**
 - ✓ *Adaptation to market changes*
 - ✓ *Focus on consumer demands*
 - ✓ *Innovation*
 - ✓ *Diversification*
 - ✓ *Healthy competition*
 - ✓ *Cooperation*

Driving regulatory change

Global traffic flows (Major markets)



Source: ICAO

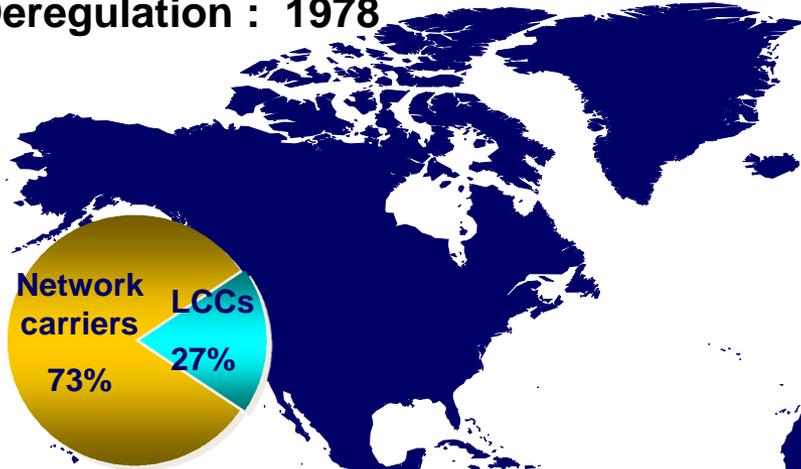
Toward more consolidation: Alliances, mergers and acquisitions



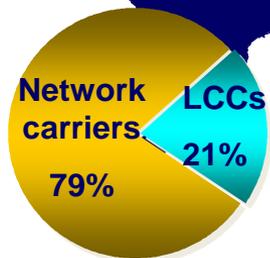
3 mega alliance groups = 60+% of world total scheduled traffic

Low Cost Carriers developments

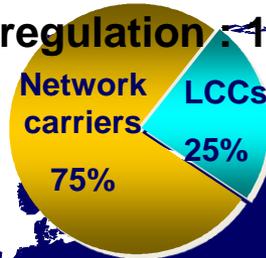
Number of LCCs : 15
Deregulation : 1978



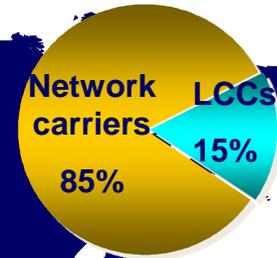
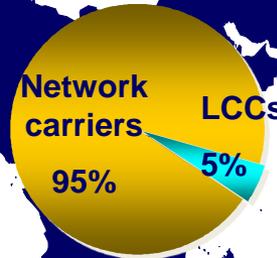
Number of LCCs : 12
Deregulation : in progress



Number of LCCs : 45
Deregulation : 1987- 1997



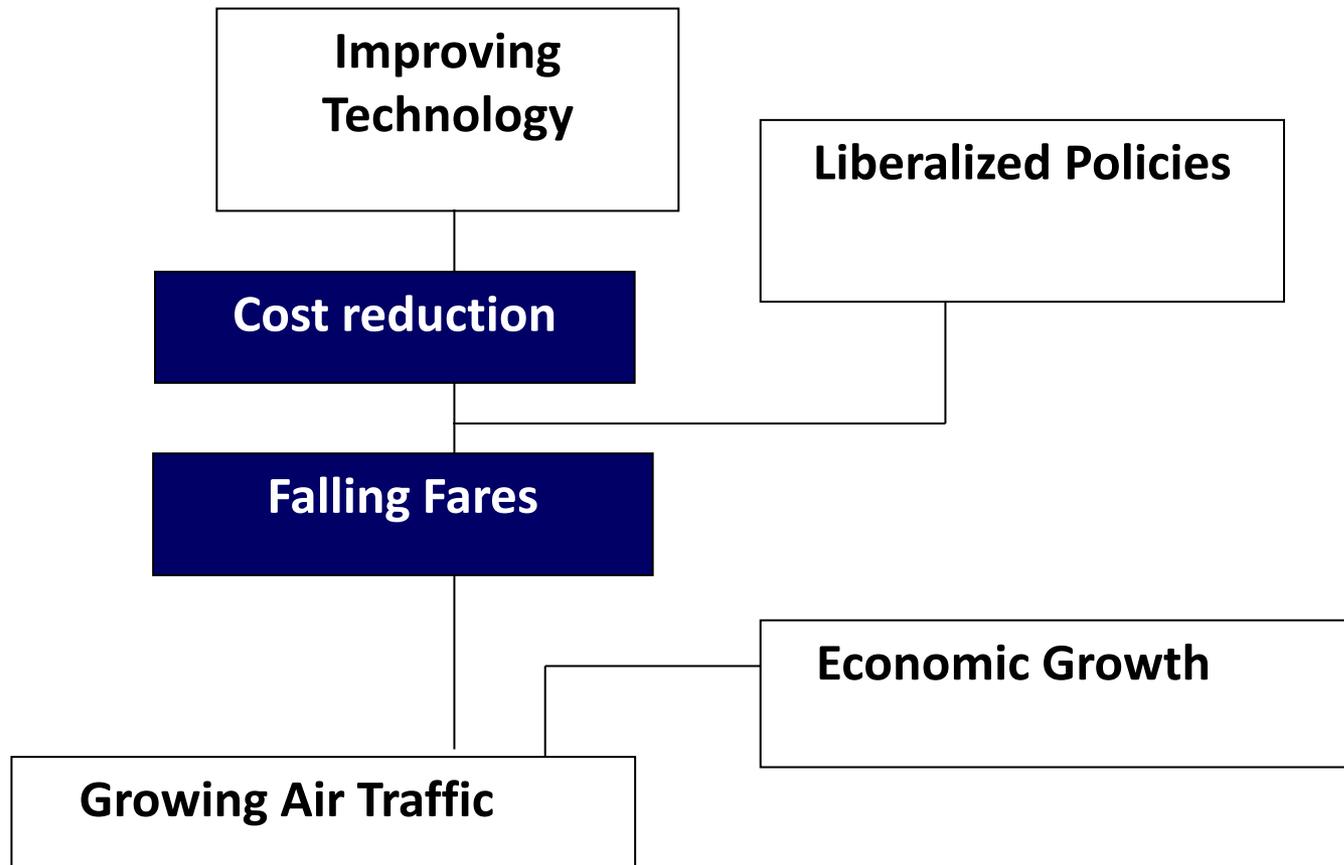
Number of LCCs (Africa and Middle East) : 10
Deregulation : uneven



Number of LCCs : 38
Deregulation : accelerating

Source: ICAO

The link between the promoting factors for air traffic growth

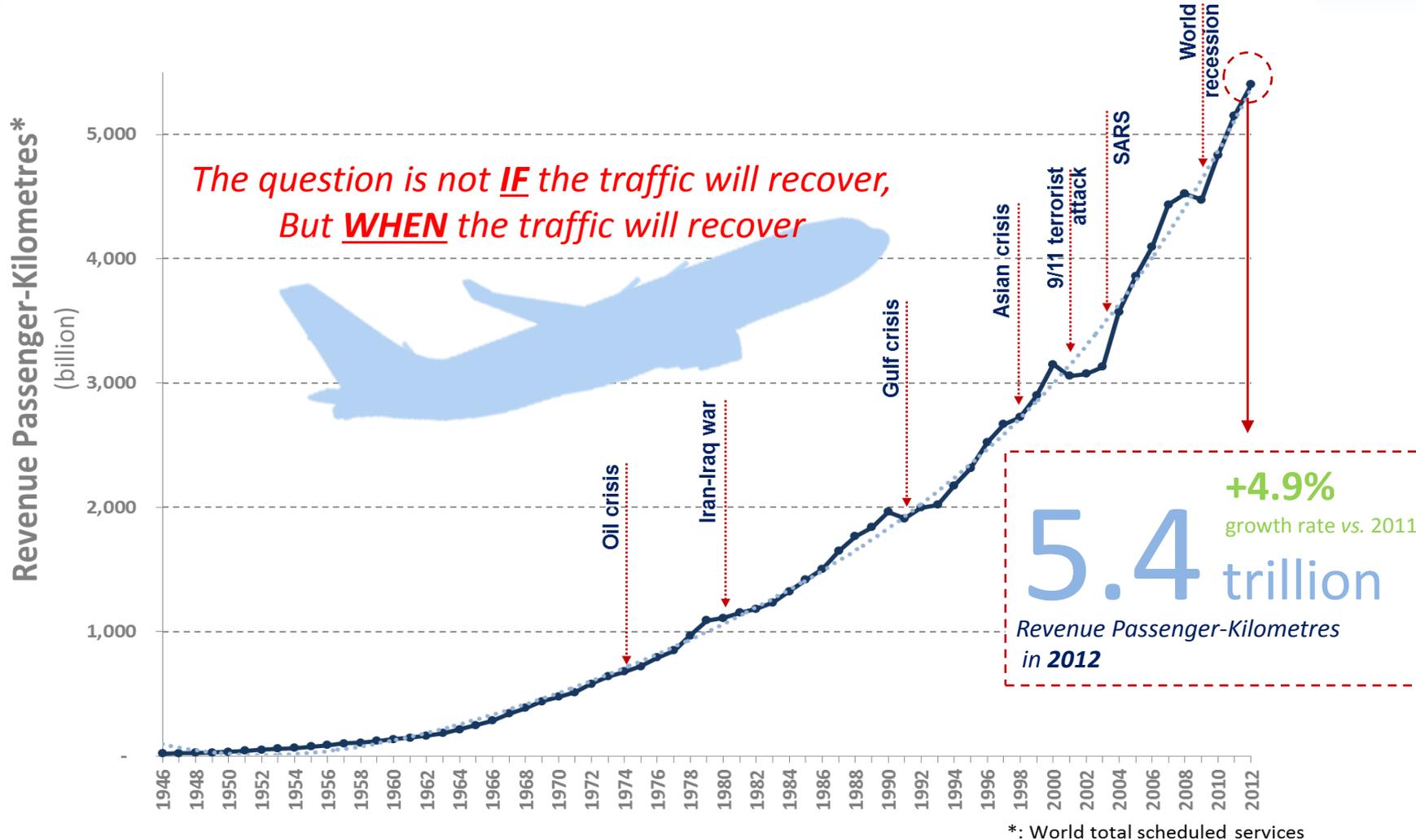


Future trends (未来发展趋势)

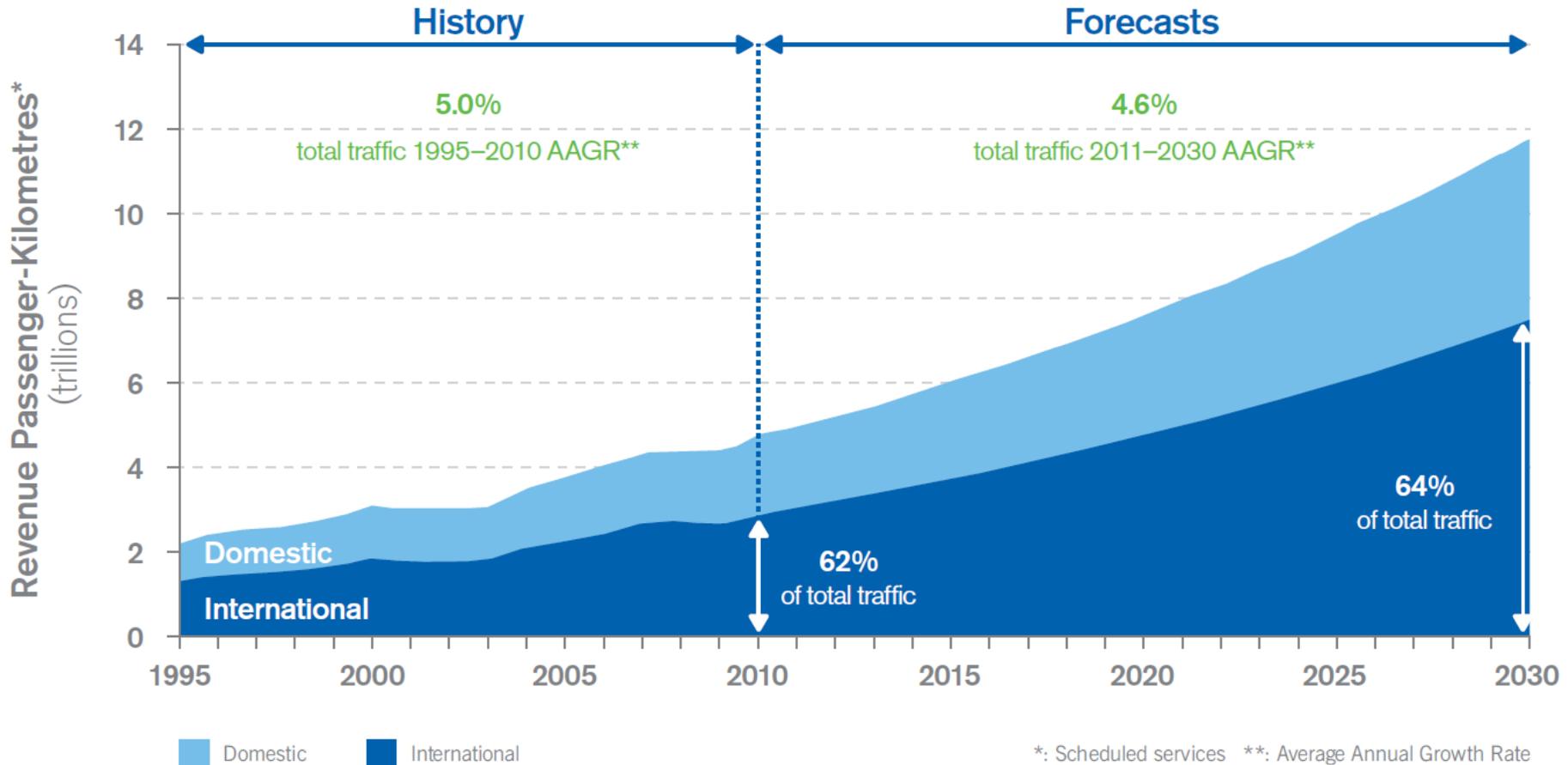


- **Air traffic will continue to grow**
(at 4.6% annual average growth rate to 2030)
- **International share bigger than domestic**
(64% of total traffic in 2030)
- **Asia/Pacific traffic grow at higher rate**
(at 6.2% to 2030 against world average 4.6%)
- **China => Major market, huge potentials**

Continuous growth of air traffic



World scheduled passenger traffic: history and forecasts

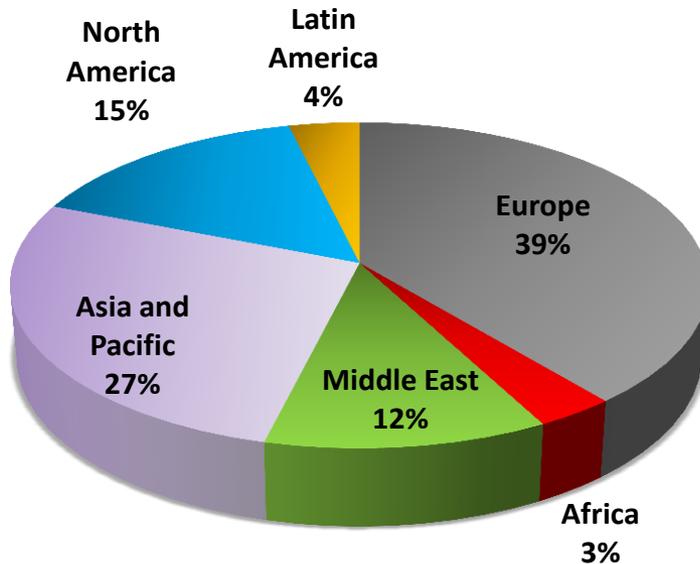


Source: ICAO's *Global Air Transport Outlook to 2030 – Cir 333*

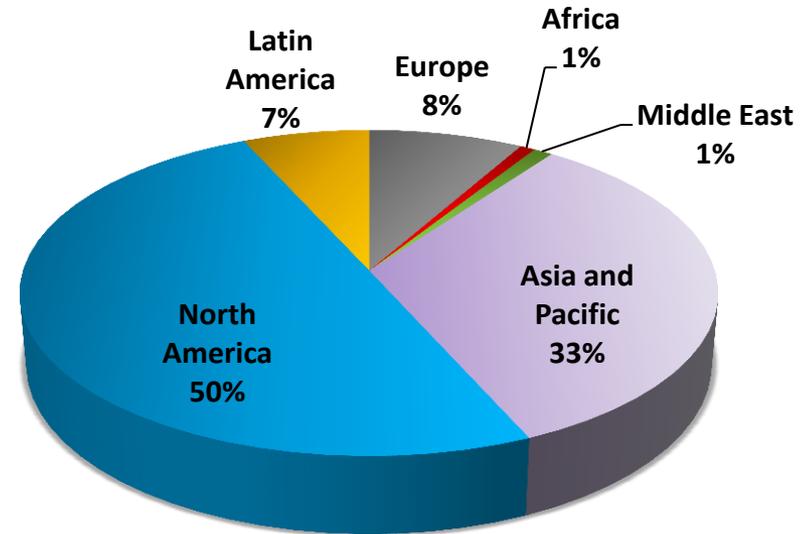
Market Shares*

International traffic represents 62% of the total passenger traffic (64% in 2030)

*International passenger traffic***



*Domestic passenger traffic***



* Market share of the scheduled traffic of the airlines domiciled in the region

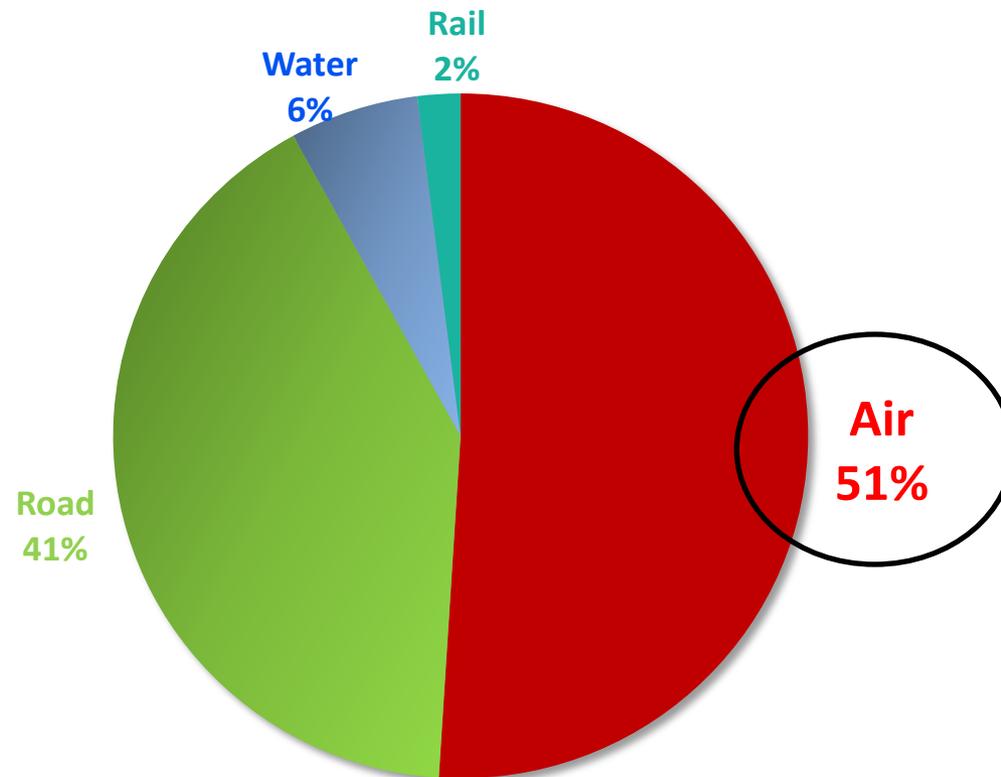
** Expressed in Revenue Passenger Kilometer

Source: ICAO 2011 data

Air travellers represent 51% of international tourist



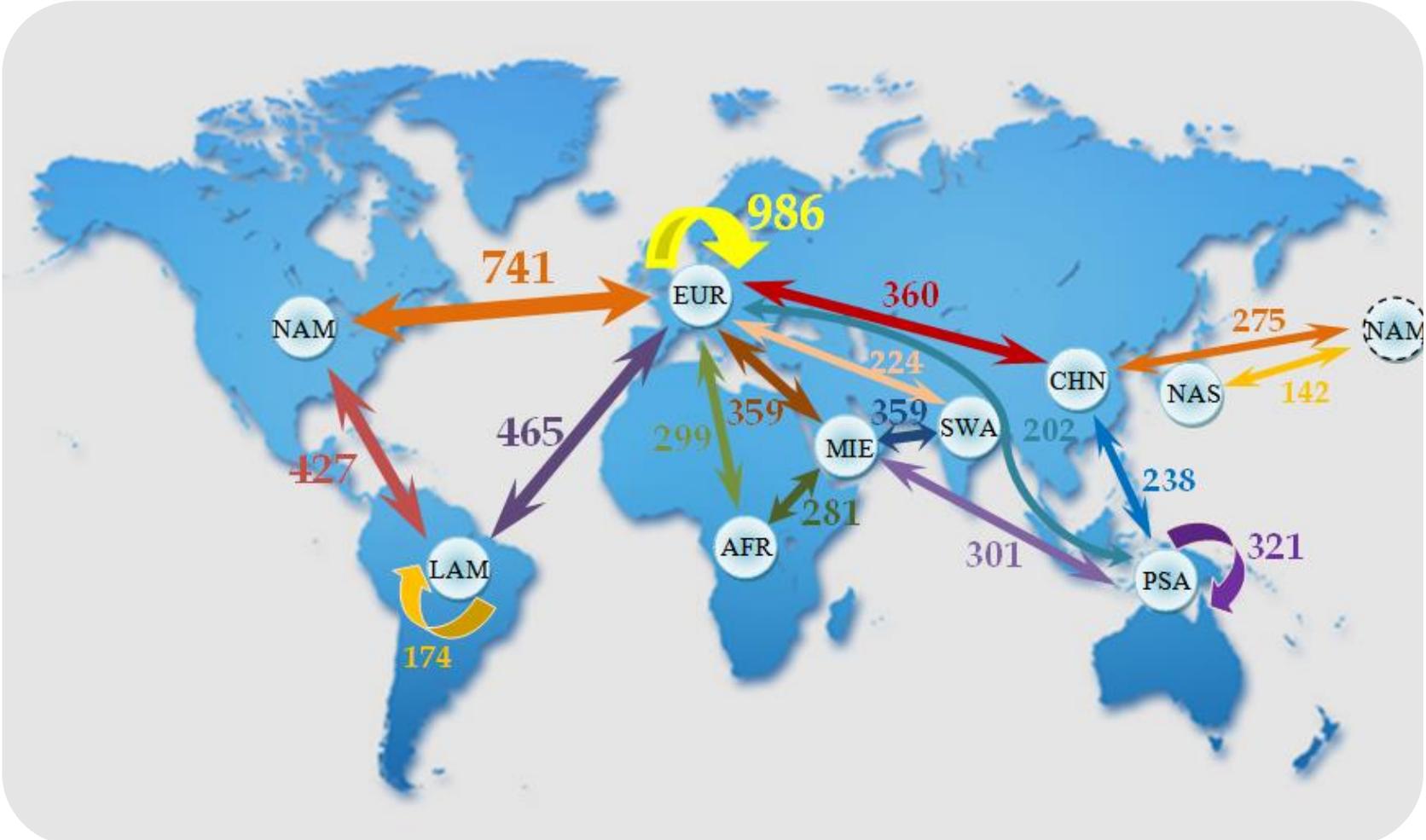
Inbound travellers by mode of transport



Source: UNWTO

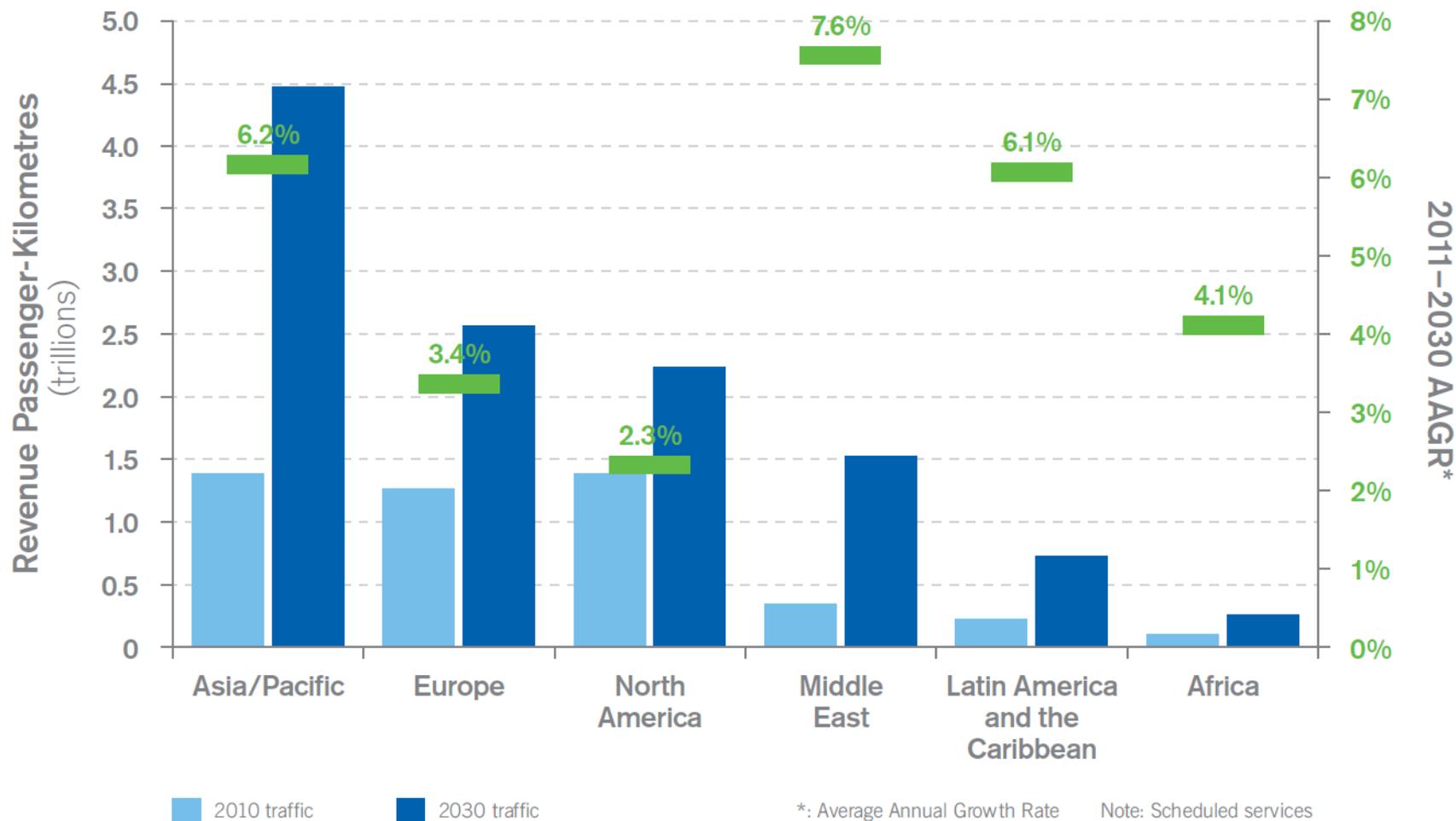
Note: 2010 figures for international tourists

Major International markets in 2030



Source: ICAO

Regional passenger traffic forecasts: 2030 vs. 2010



Source: ICAO's *Global Air Transport Outlook to 2030* – Cir 333

Conclusions



- Liberalization-widespread and will continue
- Industry undergoing transformation
- Marketplace dynamic, competition intensified
- Traffic will continue to grow, but vulnerable to impacts
- Growth needs policy support, favourable environment
- Policy makers/regulators, Industry facing many challenges
- **Need to cooperate and work as a community**

ICAO's role: Uniting Aviation to create a better environment for sustainable development of air transport



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More information available at:

www.icao.int

- Overview paper at: LCC symposium website:
www.icao.int/meetings
- Global Air Transport Outlook to 2030 (Cir 333)

THANK YOU, 谢谢!