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# ICAN 2018

GLOBAL AVIATION'S PREMIER AIR  
SERVICES NEGOTIATION EVENT

NAIROBI, KENYA, 10-14 DECEMBER 2018

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**Vladimir D. Zubkov**  
**Secretary General of The**  
**International Air Cargo Association**  
**(TIACA)**





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# ICAN 2018

GLOBAL AVIATION'S PREMIER AIR  
SERVICES NEGOTIATION EVENT

NAIROBI, KENYA, 10-14 DECEMBER 2018

**Benefits of liberalization of  
International Air Transport:  
Special focus on air  
cargo services**



# ICAN 2018



## Questions to be answered:

1. Why “Special focus” on air cargo services?
2. Are benefits widely known?
3. Do we have attention of the decision-makers?
4. Why are we not progressing well enough in air cargo liberalization ?
5. How to make better progress?

ICAN 2018

1. Why "Special focus" ?





# ICAN 2018



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## Air cargo benefits and drivers

### Benefits

- Ability to bring businesses and customers together to expand markets.
- Especially for perishable products, a product segment which impacts the livelihoods of many millions of people today.

### Essential drivers

- Liberalized air services agreements between States
- Development of infrastructure such as runways
- Increased connectivity in the form of easier access to point-to-point routes
  - **greatly aids the ability of air cargo companies to deliver these economic benefits to businesses and regions.**

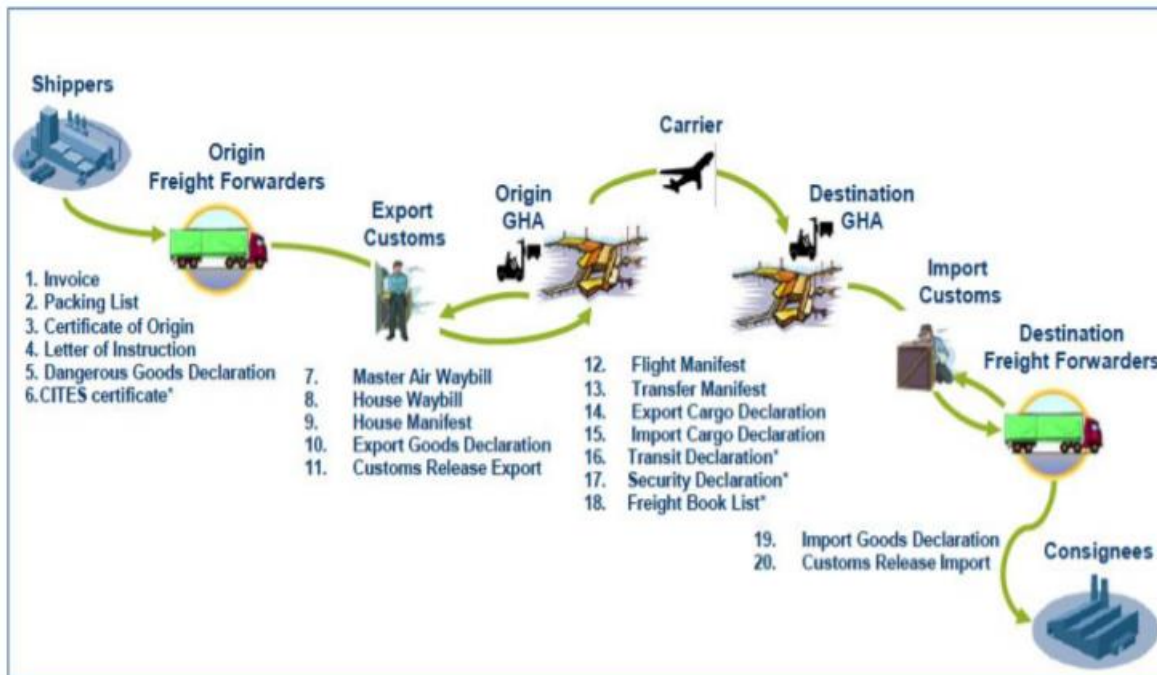
# ICAN 2018



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## Economic Benefits of Air Cargo

### A Cargo supply chain



# ICAN 2018

Information Paper

May 2018



## IMPACT OF AIR CARGO SERVICES ON ECONOMIC DEVELOPMENT

**ICAO has ample proof of air cargo importance**

Sustainable  
Economic  
Development

Transport  
Connectivity

Increased  
Global Market  
Access &  
Traffic Growth

...small  
..., Landlocked  
(LDCs) and Least  
...countries (LDCs), allowing them to  
...infrequent boat services or poor  
infrastructure for ground-transportation. Air  
cargo service routes are regarded as regional  
lifelines for these areas.

# 49.3

**million tonnes of freight handled by air in 2013**

*(Source: Annual Report of ICAO Council: 2013)*

## ECONOMIC BENEFITS OF AIR CARGO

Aviation's speed and reliability are also a key factor in the delivery of urgently needed assistance during emergencies caused by



# ATAG

The economic & social benefits of air transport

This brochure has been financed by ATAG's funding members:



Air transport drives economic and social progress

## The importance of the industry – facts & figures

### Air transport provides vital economic benefits

- Aviation provides the only worldwide transportation network, which makes it essential for global business and tourism. It plays a vital role in facilitating economic growth, particularly in developing countries.
- Aviation transports close to 2 billion<sup>1</sup> passengers annually and 40% of interregional exports of goods (by value).
- 40% of international tourists now travel by air.
- The air transport industry generates a total of 29 million jobs globally (through direct, indirect, induced and catalytic impacts).
- Aviation's global economic impact (direct, indirect, induced and catalytic) is estimated at US\$ 2.960 billion, equivalent to 8% of world Gross Domestic Product (GDP).
- The world's 900 airlines have a total fleet of nearly 22,000 aircraft<sup>2</sup>. They serve some 1,670 airports<sup>3</sup> through a route network of several million kilometres managed by around 160 air navigation service providers<sup>4</sup>.
- 25% of all companies' sales are dependent on air transport. 70% of businesses report that serving a bigger market is a key benefit of using air services.

### Air transport is a major employer

The air transport industry generates a total of **29 million jobs globally**.

#### 5.0 million direct jobs

- The airline and airport industry directly employ 4.3 million people globally.
- The civil aerospace sector (manufacture of aircraft systems, frames and engines, etc.) employs 730,000 people.

**5.8 million indirect jobs** through purchases of goods and services from companies in its supply chain.

**2.7 million induced jobs** through spending by industry employees.

**15.5 million direct and indirect jobs** through air transport's catalytic impact on tourism. Some 6.7 million direct tourism jobs are supported by the spending of international visitors arriving by air.

As a capital-intensive business, productivity per worker in the air transport industry is very high, at three and a half times the average for other sectors.

### Air transport is a highly efficient user of resources and infrastructure

- Aviation boasts high occupancy rates of 65 to 70% – which is more than double those of road and rail transportation.
- Air transport entirely covers its infrastructure costs. Unlike road and rail, it is a net contributor to national treasuries<sup>5</sup> through taxation.
- Modern aircraft achieve fuel efficiencies of 3.5 litres per 100 passenger-km or 67 passenger-miles per US gallon. The next generation aircraft (A380 & B787) are targeting an efficiency of less than 3 litres per 100 passenger-km or 78 passenger-miles per US gallon<sup>6</sup>, which exceeds the efficiency of any modern compact car on the market.



## The importance of the industry

facts & figures

## The economic benefits of air transport

### Air transport generates wider catalytic (spin-off) benefits

The air transport industry's most important economic contribution is through its impact on the performance of other industries and as a facilitator of their growth. It affects the performance of the world economy, improving the efficiency of other industries across the whole spectrum of economic activity – referred to as catalytic or “spin-off” benefits.

- **Air transport facilitates world trade:** air transport helps countries participate in the global market by increasing access to main markets and allowing globalisation of production. Air transport also encourages countries to specialise in activities in which they have a comparative advantage, and to trade with countries producing other goods and services. See page 14.
- **Air transport is indispensable for tourism,** particularly for remote and island destinations. Tourism directly
- **Air transport boosts productivity across the global economy:** improved transport links expand the market in which companies operate. As a result, companies are better able to exploit economies of scale thereby reducing costs, and to specialise in areas of comparative advantage. By opening up markets, air services expose companies to stiffer competition, encouraging them to become more efficient.
- **Air transport improves the efficiency of the supply chain,** for example, many industries use air transport to shorten delivery times as part of their just-in-time delivery systems, enabling them to deliver products to clients quickly and reliably and to reduce costs.
- **Air transport is an enabler of investment both into and out of**
- **Air transport can act as a spur to innovation** by encouraging effective networking and collaboration between companies located in different parts of the globe. A good transport infrastructure can also encourage greater spending on research and development by companies – for example, increasing the size of potential markets allows the fixed costs of innovation to be spread over larger sales.
- **Air transport provides consumer welfare benefits to individuals** in terms of the increased availability of travel connections, and for local airport communities. These must be taken into account when considering environmental impacts on, for example, air quality, noise and congestion in the vicinity of airports.

# Regional level

## Impact of Liberalisation

Trade performance  
economic growth  
the last 40 years,  
grown the fastest  
the fastest growth

## Macro level

World trade and

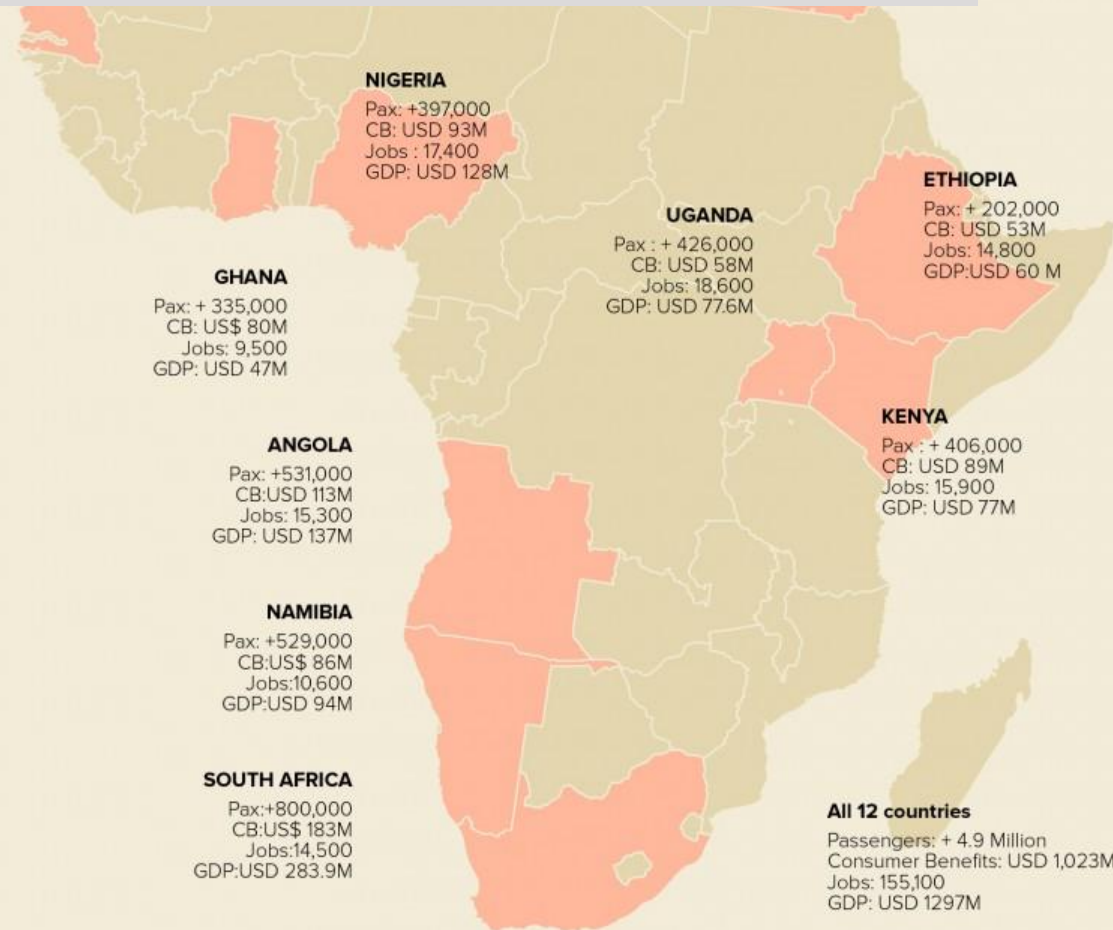
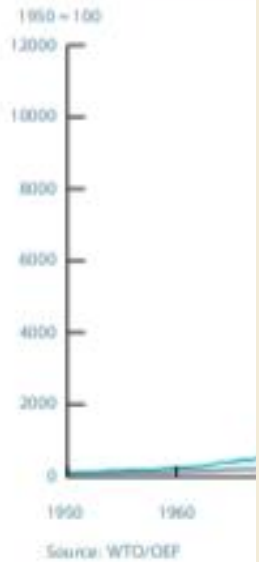


Figure-1: The Air Transport Industry and its Impact

## Direct

## Indirect

## Catalytic

# Air Transport Impact

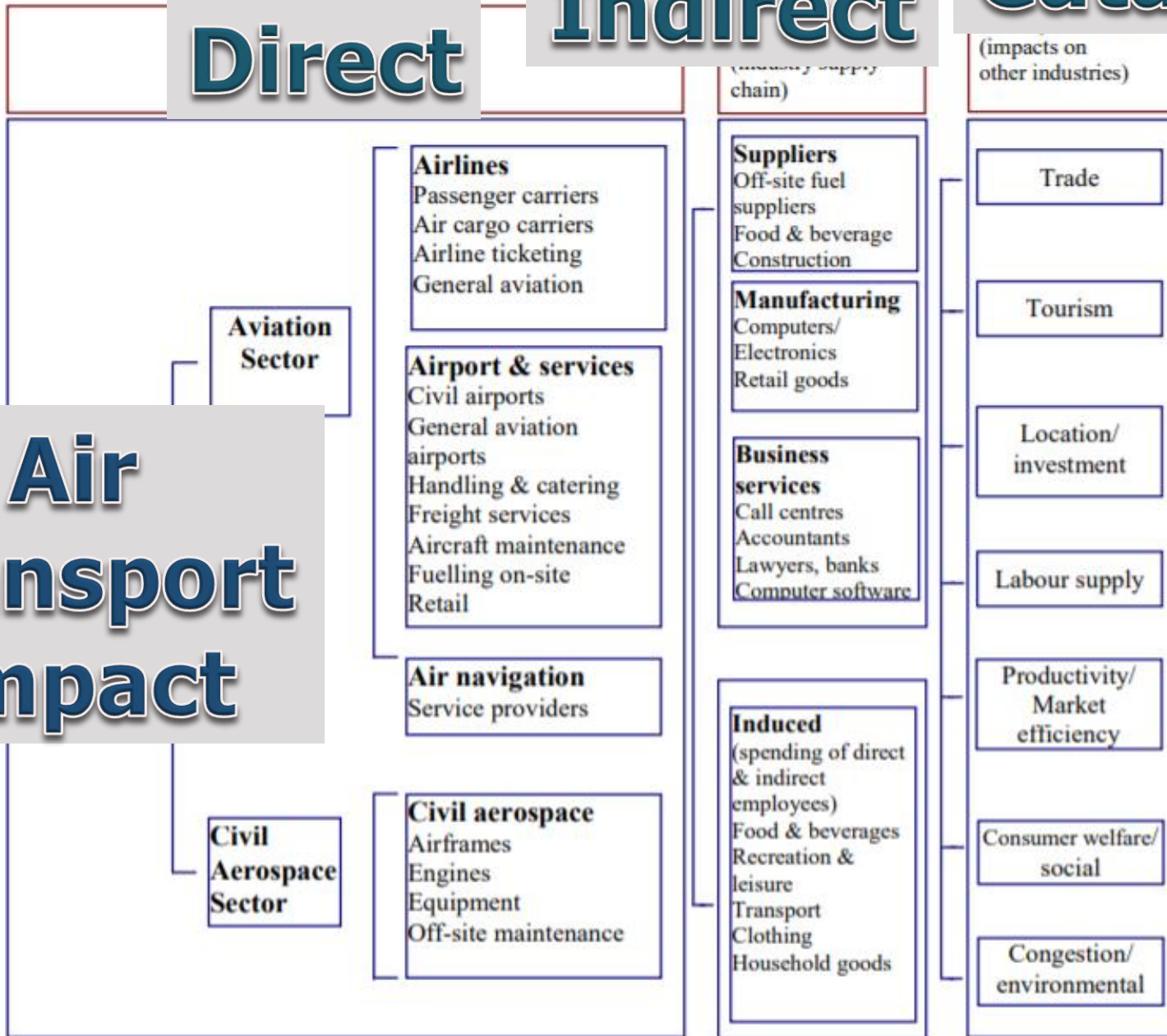
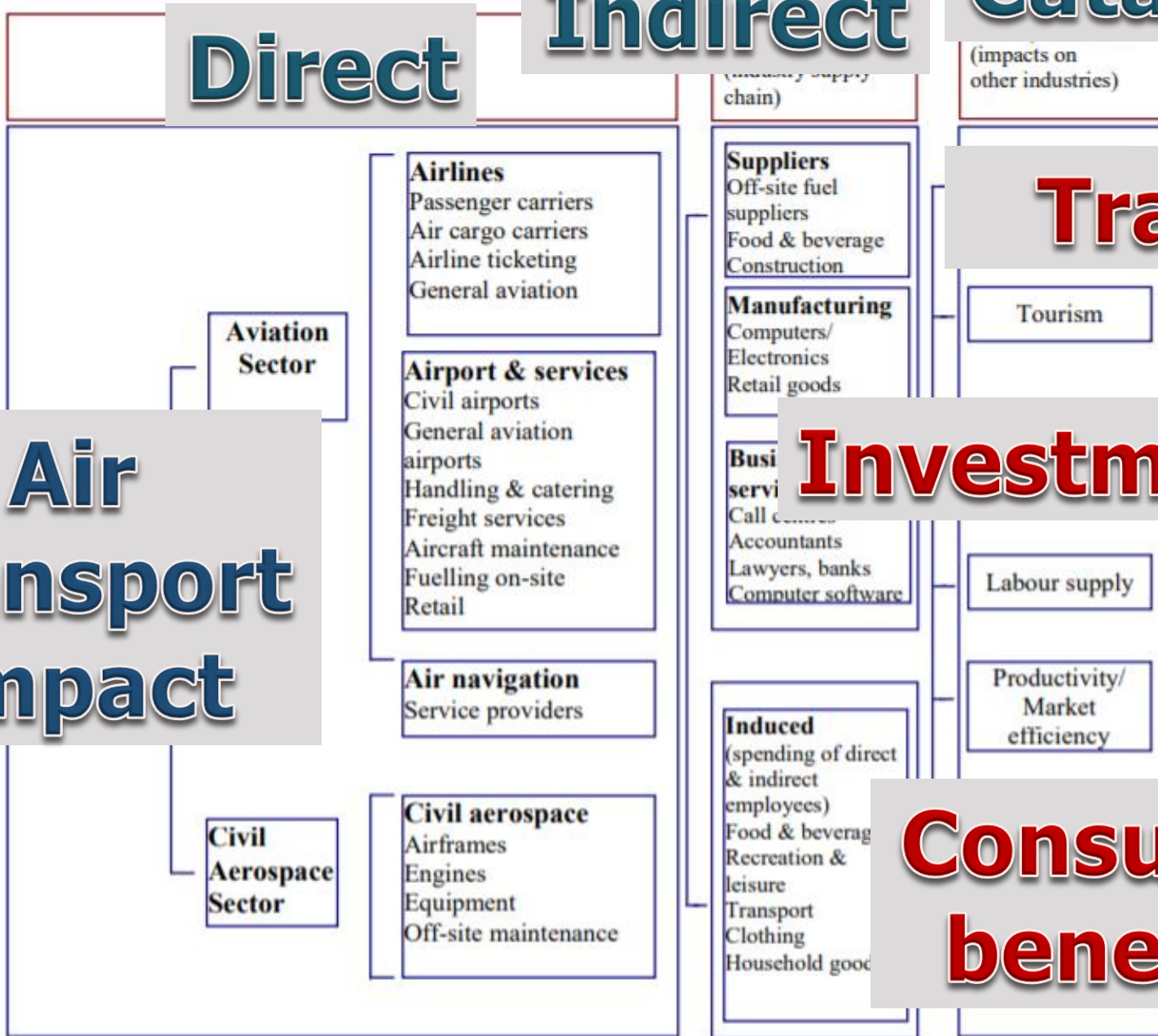




Figure-1: The Air Transport Industry and its Impact

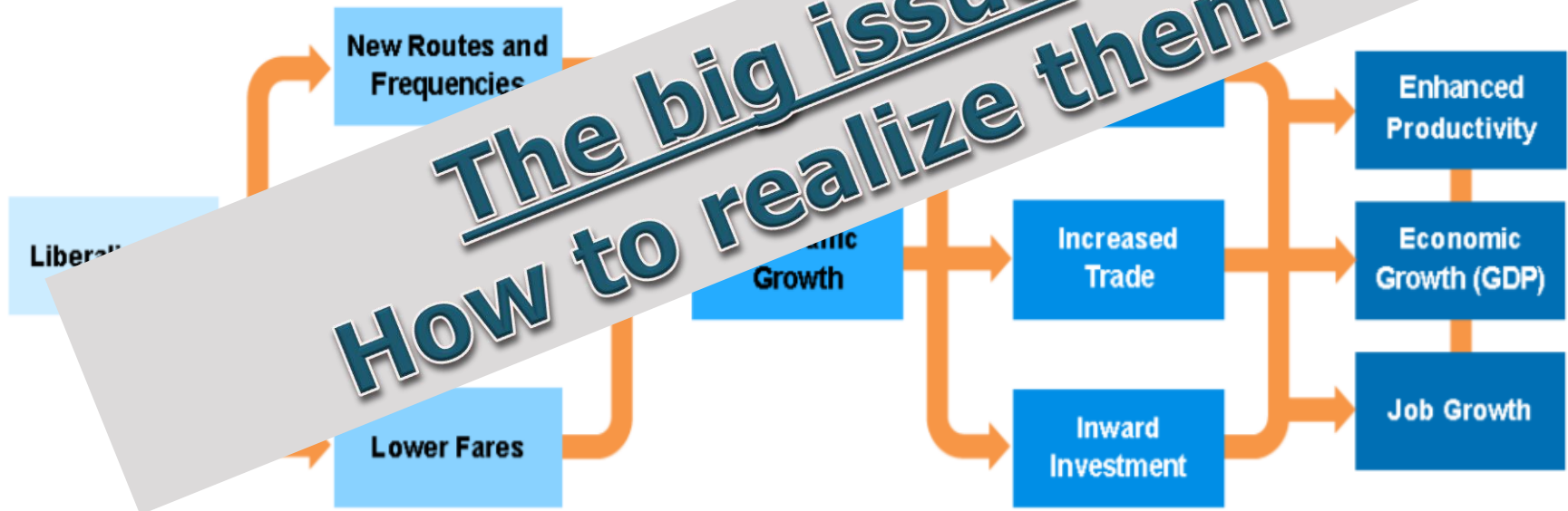


# Air Transport Impact



# Benefits of Liberalization can be presented in different formats

**The big issue:  
How to realize them**





**2. Are benefits widely known ?**

# They are in the studies, publications, working papers and presentations to the meetings

the number of jobs increases to 5.1 million and  
GDP to US\$ 55.5 billion.

...around 3.2 million jobs in the **Asia-Pacific** region  
and contributes more than US\$ 148 billion to Asia-  
Pacific GDP (direct, indirect and induced impacts).  
If catalytic impacts are included, the number of jobs  
increases to 9.8 million and GDP to US\$ 688.5  
billion.

...around 450,000 jobs in the **Middle East** and  
contributes some US\$ 16.1 billion to Middle  
Eastern GDP (direct, indirect and induced impacts).  
If catalytic impacts are included, the number of jobs



**Life examples are even more telling than working papers, tables and presentations**





Севар

# Pride of Uzbekistan



Агробазар  
UzRepo



# Pride of Norway

**Kr.349,- / Kg**  
(PLEASE DO NOT TOUCH)





# Market share in EU – 31%

## Overview

International market share in the international flower markets, Kenya is the largest supplier to the EU representing 31% of their imports. The major market for Kenyan flowers is Holland with 69% of all the Kenyan flower exports through the Dutch auctions. Kenya has become the European Union's biggest source of flower imports and overtaken Israel as market leader. It has a 25% market share,







# KENYA

Embassy of the Republic of Kenya in Japan

► JAPANESE

## Kenya Cut Flowers Industry

Business ▼

- ⇒ Background
- ⇒ Types of Kenya Flowers
- ⇒ Kenya Flower Council
- ⇒ **Market Data**
- ⇒ Kenyan Flower Success Rate In Japan

[HOME](#)>[Business](#)>[Key Sectors](#)>[Kenya Flower Industry](#)>Market Data

### Market Data

| [Overview](#) | [Japanese Market](#) |

# In contrast – Japan only 6%

### Japanese Market

Cut flower exports from Kenya to Japan started over a period of fifteen years(15) ago, however Japan has been importing most flowers from the Netherlands auction which buys the bulk of Kenyan flowers and then re-sells to other markets after adding value. The Kenyan flower market to Japan remained low for over a decade owing to lack of direct flights, information and marketing strategy.

The main cut flower imported to Japan from Kenya comprise of various species of the rose flower. Kenya's rose imports into the Japanese market account for a moderate 6% of Japan's overall import in the rose market.

[Back to the top](#)





**3. Do we have  
attention of the  
decision-makers?**

# **The sixth Worldwide Air Transport Conference (ATConf/6) + ICAO Assembly**

***In terms of air cargo liberalization  
ATConf/6 concluded:***

- a) air cargo plays an important role  
in the global economy and***
- b) contributes significantly to global  
trade and economic development***



# **The sixth Worldwide Air Transport Conference (ATConf/6) + ICAO Assembly**

***And further – on air cargo  
liberalization ATConf/6 concluded:***

***in the development of new regulatory  
arrangements on air cargo, ICAO  
should engage all parties concerned,  
...the industry and interested  
stakeholders.***

Let's take a note of this





**4. Why are we not  
progressing well in  
air cargo  
liberalization ?**



# ICAO/TIACA Meeting in Addis Ababa, June 2017







## ROADMAP FOR THE IMPLEMENTATION OF THE LOMÉ DECLARATION & ACTION PLAN

Addis Ababa, 29 June 2017

Participants to the Second ICAO Meeting on Air Cargo Development in Africa held in Addis Ababa, Ethiopia, from 27 to 29 June 2017, reviewed progress in the implementation of the **Lomé Declaration and Action Plan on the Development of Air Cargo in Africa**, adopted in Lomé, Togo on 7 August 2014 (available at: <http://www.icao.int/Meetings/aircargoafrica2017/Pages/Reference-Documents.aspx>). Reference was also made to the Statement on the Implementation of the Antananarivo Declaration, adopted in Accra, Ghana, on 30 March 2017 (the “**Accra Statement**”), available at: <https://www.icao.int/meetings/SUSDEV-AT/Pages/default.aspx>. The areas listed in the right column of the table below have been identified as requiring action during the next cycle of the *Air Cargo Development in Africa* Initiative (2017-2019):

**Lomé Action Plan (2014)**

**Security and Facilitation**

**The Way Forward Identified in Addis Ababa (2017-2019)**

**Security and Facilitation**





## Market access liberalization

Implement the Yamoussoukro Decision of 1990 (YD), particularly its provisions on air

services to: (i) liberalize market access; (ii) facilitate further liberalization of air services.

The 5th meeting of the High Level Panel of Experts (HLPE) on Market Access Liberalization

Urge States to implement market access rights, including the right of call, for air cargo services.

## Market access liberalization

Implement the Yamoussoukro Decision of 1990 (YD), particularly its provisions on air

services to: (i) liberalize market access; (ii) facilitate further liberalization of air services. The 5th meeting of the High Level Panel of Experts (HLPE) on Market Access Liberalization for the 2000s, which the ICAO Council adopted in 2000, and the CFTA and the CFTA for goods and services in the context of the ICAO Air Services Agreement (ASA) to negotiate and streamline market access. In addition to the ASA, an interface should be created with the WAEMU, an interface should be created with the regional economic communities (RECs) and regional blocks such as the COMESA-EAC-SADC Tripartite Free Trade Area and a framework for consumer protection should be developed, in line with ICAO's core principles on consumer protection.

States and industry stakeholders should take measures to

**WE HAVE EVERYTHING IN THE PLAN: 1999 and SAATM**

OF THIS ACTION PLAN.

Urge States to grant market access rights, including 7<sup>th</sup> freedom rights, for air cargo services.

Area and a framework for consumer protection should be developed, in line with ICAO's core principles of consumer protection.

States and industry support consumer protection, including:

## Air carrier ownership and control

Contribute to the development of a long-term vision for agreement to liberalize air carrier ownership and control.

States and industry support a long-term vision for liberalization in implementing the policy (AFCAP) and in particular the actions identified in the *Accra Statement* with respect to air carrier ownership and control.

Training  
Use

# Air carrier ownership and control African Civil Aviation Policy (AFCAP).....

training, including

## Training

States, supported by relevant stakeholders, should implement the actions identified in the *Accra Statement* with respect to training of professionals (para. 12).

ICAO should organize symposia, seminars or workshops in Africa, to sensitize States, as well as relevant international and regional organizations, on the economic benefits of enhanced connectivity for air cargo.

Participate at the ICAO Next Generation of Aviation Professionals (NGAP) Symposium from 3-5 December 2014 in Montréal

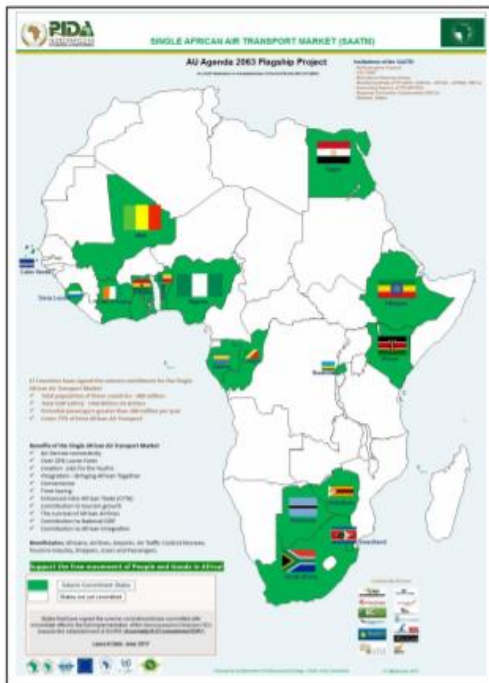
# So - why are we not progressing with liberalization ?

## The Single African Air Transport Market

- An Agenda 2063 Flagship Project -

## Single African Air Transport Market (SAATM),

It took three decades since conception for the launch to take off ...



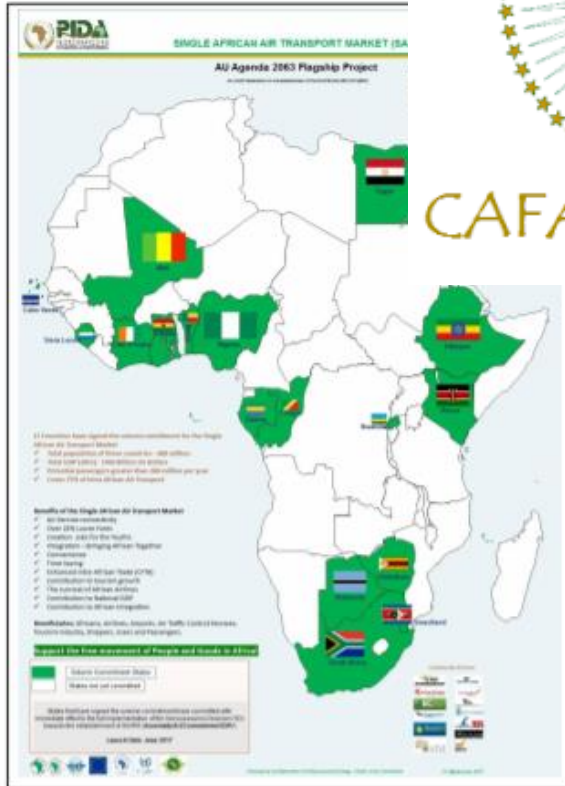




**5. How to make  
better progress ?**

# Need for unity, political will and partnership

## The Single African Air Transport Market - An Agenda 2063 Flagship



CAFAC-AFCAC



ECAC covers the wide aviation. Currently it is



Liberalising intra-African air transport through the full implementation of the Yamoussoukro Decision, to improve air connectivity and lower fares, ensuring the sustainable development of air transport in Africa and its contribution to economic growth, job creation and integration of the Continent





FOCAC BEIJING SUMMIT

See news updates on chinanews.com.cn  
Special report

# CHINA DAILY

TUESDAY, September 4, 2018

chinanews.com.cn RMB ¥2

4 September 2018

Bring it to the agenda of top leaders

Forum on China-Africa Cooperation — FOCAC



President Xi Jinping (left) and African leaders pose for a group photo in the Great Hall of the People in Beijing on Monday. (Xinhua)

Xi

to bring China, Africa closer

Nation aims to boost investment, spur industrialization and continue free-trade talks

By AN BALIE

Vice president



What they say

We call on China private enterprises to



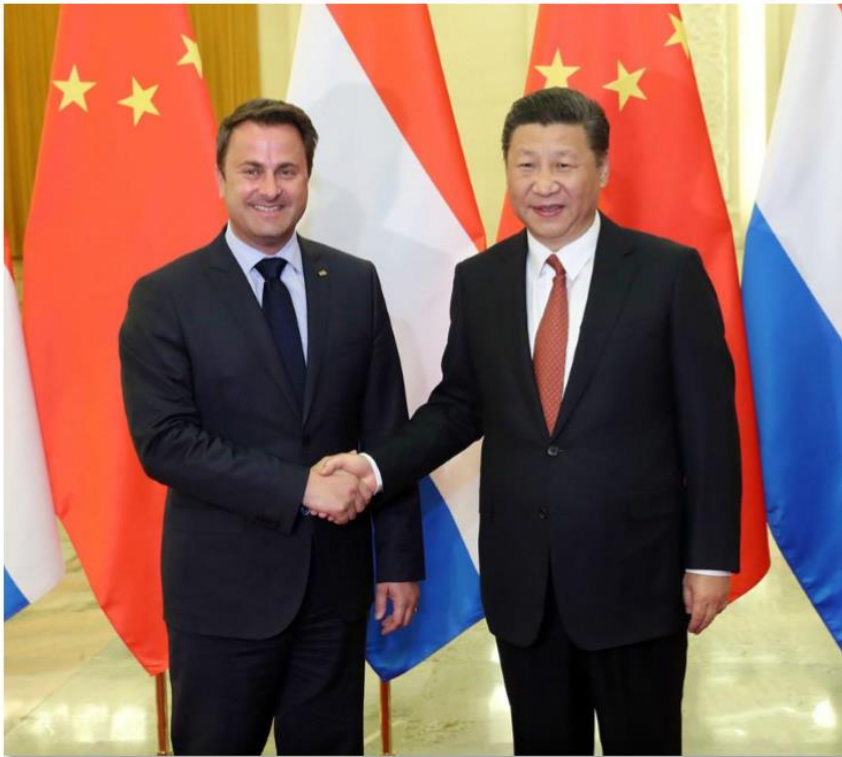
# Belt and Road Initiative



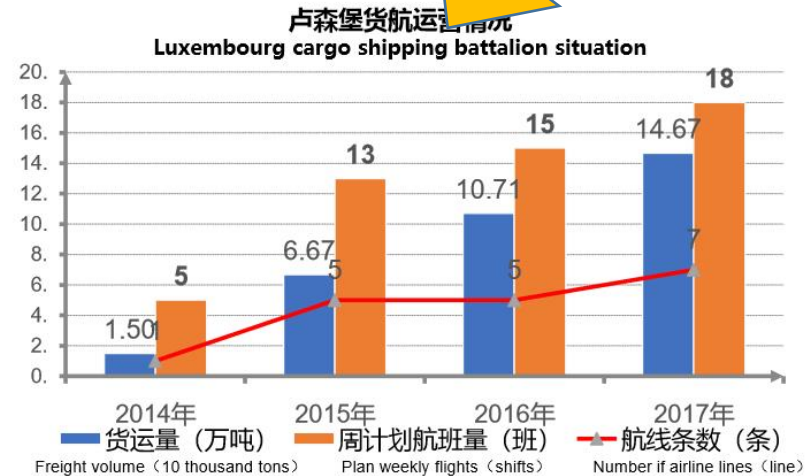


# Aviation can and should be a part of BRI

## China - Luxembourg: "Air Silk Road handshake"



- ◆ 2017年6月14日，习近平主席会见卢森堡总理贝泰尔时提出：中方支持建设郑州-卢森堡“空中丝绸之路”  
June 14th. 2017, President Xi Jinping, meeting with Luxembourg Prime Minister Bettino Craxi, stressed that China supports the construction of the "Air Silk Road"



Dynamic growth

the 2018 Beijing Summit of the Forum on China-Africa Cooperation after a group photo in the Great Hall of the People in Beijing on Monday. WU ZHUYI / CHINA DAILY

# to bring China, Africa closer

vestment,  
trade talks

have broad view,  
nger comprehensive

common mission, China  
helped each other  
embarked on a distinc-

one and taking less, giv-  
for returns. With open  
d the express train of  
k the Chinese people  
rejuvenation.

ive made to our Afri-

na and Africa to judge  
tion.

vements of China-Af-  
ons or imagination.  
ty in global growth,  
only for win-win coop-  
economy and the  
tectionism and unilat-  
ation on a single island



**Make plans consistent with  
big initiatives and leaders**

P... covers the keynote speech at the High-Level Dialogue Between Chinese and African Business Representatives in Beijing on Monday. The dialogue was attended by around 100 representatives, including 35 leaders of African countries. ZOU HONG / CHINA DAILY

## Countries welcomed to join mutual... of Belt, Roc

What th... y

... between China  
... and to go to Afri-  
... for investment and devel-  
... op the rich resources in  
Central Africa. We also look  
forward to China helping  
Africa to establish a sustain-  
able and inclusive economic  
development model and  
helping us overcome poverty  
and improve the living stan-  
dards of people of different  
countries.

**Idriss Deby,**  
president of Chad

We have  
greatly hono...







All other

Obtain support from the  
Trade Ministries and  
Trade organizations

# Promote – why the global air cargo deserves attention

## Benefits of air cargo



Delivering time  
on time

...air cargo makes it happen.

The Swiss watch industry continues to record strong growth. Reliable air cargo is keeping this industry ticking by connecting the Swiss made timepieces with the world.

[www.iata.org](http://www.iata.org)

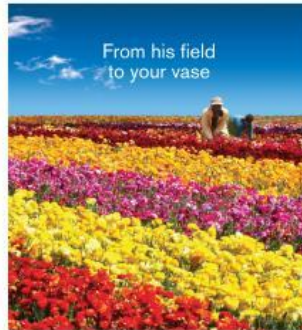


one of these  
with you?

...air cargo makes it happen.

Air cargo transports over US\$ 5 trillion in goods, including the latest phones, game and multimedia gadgets —bringing your world to life.

[www.iata.org](http://www.iata.org)



From his field  
to your vase

...air cargo

Air cargo flies over  
each year, and  
say it with  
come to

[www.iata.org](http://www.iata.org)



A life protected

...air cargo makes it happen.

Immunization prevents 2.5 million deaths every year. Air cargo is critical in flying vaccines to their destination in time to be effective.

[www.iata.org](http://www.iata.org)



Travelling first class  
in a stable market

...air cargo makes it happen.

The world's most valuable horses are now competing in parts of the world where they would have been 30 years ago.



12-14 April:  
Shanghai

19-21 April:  
Bahrain

...air cargo makes it happen.

...air cargo makes it happen. sent to 20 grand prix, viewing fans, track.



Help from the sky

...air cargo makes it happen.

Air cargo plays an essential role in assistance to regions facing natural disasters, famine and war by delivering aid and emergency supplies where they are needed as soon as they are needed.

[www.iata.org](http://www.iata.org)





# Conclusion:

**Cargo Liberalization –  
a slow moving  
process, requiring  
actions by all the  
stakeholders**

ICAN 2018

**Thank you**

**vzubkov@tiaca.org +1 (613) 620-6337**

