



**Address by the Secretary General of the
International Civil Aviation Organization (ICAO),
Dr. Fang Liu,
to the 2016 IATA World Cargo Symposium
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Good morning everyone. It is a pleasure to be here today.

I would like to begin by thanking Tony Tyler and our many colleagues at the International Air Transport Association, for kindly inviting ICAO to this meeting and for providing such a pleasant venue and facilities.

Collaboration, as you know, is essential in everything we undertake at ICAO. It is therefore very encouraging to see aviation regulators and industry experts coming together at this unique event to confront the challenges of air cargo development.

But before addressing those challenges in more detail, let us first recognize some key facts.

The average value of goods shipped by air tends to be higher than those transported by other means.

Last year, planes transported only half of one per cent of the total volume of goods traded internationally, however this small volume also translates into 35 per cent of the total value of all goods shipped via all transport solutions.

Another important consideration is that modern air transport is essential for enabling global connectivity. Worldwide, it supports some 58 million jobs and produces more than 2.4 trillion dollars in economic activity.

ICAO is working with great determination and collaboration today to help ensure that our global network maintains its outstanding safety and efficiency metrics, despite the tremendous growth projected for air services between now and 2030.

This is the best way we can assure that modern air services continue to be invaluable to global trade flows, not to mention the many industries and sectors which rely on aircraft to get their products from A to B.

The forecast today is for strong growth of air freight volumes, at an annual rate of 5.3 per cent through 2030.

This will require effective global management of the flow of goods, funds, and information, especially along the East-West trade lanes.

Equally important, however, is ensuring the development of North-South trade lanes.

The value of air cargo trade offers a fantastic opportunity to facilitate economic and social development, key goals for those of us in ICAO and the United Nations today.

We are working with great determination across all platforms to help assure broader social economic prosperity for all, in line with the new Agenda 2030 and its Sustainable Development Goals.

For instance you may likely have heard of ICAO's 'No Country Left Behind' initiative.

It strives to ensure every State has the assistance and capacity-building required to effectively implement ICAO standards and policies.

In so doing, these same States and Regions can begin to realize aviation's global connectivity benefits and the extensive socio-economic impacts they provide.

These points bring to mind that global aviation is first and foremost a network, and that every aspect of it must function properly so that all States may benefit from its full potential.

In terms of air cargo transport, there are two key advantages which relate to this fact:

The first of these is speed, as embodied by the "just-in-time" delivery concept. Air transport helps producers minimize in-transit inventory expenses and helps them avoid unplanned shortages of components;

The second advantage is quality, since goods transported by air are less susceptible to en-route damage.

Today, the air cargo business is defined by an increase in both professionalism and specialization, a development brought about by an expansion of choices for shippers.

Services today range from cheap belly capacity to the tightly-managed services of integrators. Specialists and integrated carriers are capturing the most lucrative segments.

The express and small package business, meanwhile, provides specialized transportation, logistics, capital and e-commerce services.

Offering customers advantages over their competition by delivering their products to market faster also delivers further value across every link in the supply chain.

Globally, business-to-consumer e-commerce sales are expected to reach 2.0 trillion US dollars this year, reflecting 15.9 per cent growth compared to 2015.

As vendors seek to meet customer demands for fast and cost effective shipping, we will find further potential to expand the share of air cargo in e-commerce activities.

However, fragmented supply chains and infrastructure constraints are preventing some regions from taking full advantage of the benefits of air cargo.

One solution to this challenge from the regulatory side is to remove obstacles to economic growth by liberalizing air transport.

Take for example the European States which have achieved intra-regional integration.

The single European aviation market removed all commercial restrictions for air operators flying within the European Union, including on routes, the number of flights and the setting of fares and rates.

Considerable growth resulted, offering living proof of the benefits of liberalization.

In May 2009, the Association of Southeast Asian Nations (ASEAN) embarked on a similar process, by entering the association's Multilateral Agreement on the Full Liberalisation of Air Freight Services.

Its Single Aviation Market is now increasing regional and domestic connectivity, integrating production networks, and enhancing regional trade.

ICAO has been developing templates for international agreements to further facilitate the liberalization of air transport market access, inclusive of air cargo services and air carrier ownership and control.

This is one of the reasons we organize our ICAN events, where air services negotiators can gather in a single location to discuss and exchange traffic rights with multiple States.

The liberalization of air transport is just one piece of the puzzle, however. Also important is that we ensure a framework of safety and security, which remain ICAO's most important priorities

Global standards have been much strengthened, especially since the incidents in October 2010 when viable explosive devices were concealed in printer cartridges being shipped as air freight.

ICAO's Council very recently adopted a new aviation safety measure, which prohibits, on an interim basis, all shipments of Lithium-ion batteries as cargo on passenger aircraft.

This interim prohibition will continue to be in force until the adoption of a new lithium battery packaging performance standard. In this standard-development process, inputs and advices from the air cargo industry are most welcome.

ICAO is striving with key partners to streamline security processes and improve cargo facilitation for the unobstructed flow and rapid clearance of goods, mainly through the effective implementation of information technology solutions and risk management techniques.

For instance, ICAO and the World Customs Organization (WCO) jointly initiated the project on possible use of pre-loading advance cargo information and developed a free publication entitled Moving Air Cargo Globally, which is available on ICAO's website.

The second edition of this document describes the security, facilitation and economic aspects of the cargo supply chain and explains the critical roles of 'Regulated Agents' and 'Known Consignors'.

Due regard must also be given to the emerging technologies, which are bringing new challenges to the future shipments of cargo, and the need for infrastructure development and well-trained, highly-skilled personnel to accommodate the expected growth of air cargo traffic. .

Both are needed to accommodate the expected growth of air cargo traffic. I hope some time will be spent here in Berlin to discuss how these aspects can be taken into account.

As you all know, international civil aviation, including cargo operation, is highly reliant on the availability of information and communication technology systems.

The protection and resilience of those systems against cyber-attacks is paramount, and ICAO is committed to addressing cybersecurity issues through a collaborative, harmonized and global approach.

As a matter of fact, ICAO has partnered with key industry stakeholders to ensure a shared vision, strategy and set of commitments to tackle the issue of cybersecurity.

Together, we are promoting consistent and coherent approaches in managing cyber threats and risks, as well as encouraging the development of a robust cyber security culture in all organizations involved in international civil aviation.

In addition, the safe integration of unmanned aircraft into non-segregated airspace is a long-term activity. The goal of ICAO in addressing this topic is to provide an international regulatory framework through Standards and Recommended Practices (SARPs), with supporting Procedures for Air Navigation Services (PANS) and guidance materials.

I would like to encourage all the cargo carriers who have the experience of drones operations to add your expertise on this issue through ICAO's platform.

With respect to infrastructure requirements, the full benefits of air cargo transport cannot be achieved without intermodal integration and seamless airport facilities.

Governments have remained the primary sources for related funding, but privatization and Public-Private Partnerships can also be useful options to consider - provided that ICAO's policies on charges for airports and air navigation services are respected in the process.

Another issue 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.

I spoke earlier about the great economic benefits that an efficient air transport environment can bring to States and regions. But aviation still lags behind the maritime and ground transport sectors in the area of e-commerce or – more specifically – e-freight.

Only slightly more than half of ICAO Member States have completed the important step of adhering to MC-99, and many of our partnering organizations are ready to assist with the introduction of electronic cargo documentation.

In line with ICAO's "No Country Left Behind" priorities, ICAO will be convening another event on air cargo development this November in Addis Ababa.

Following closely after the Declaration and action plan for developing air cargo in Africa which was adopted under ICAO in August 2014, the objective this year will be primarily to assess its implementation status and address any measures for improvement which are required.

And to further tackle the impediments to air cargo growth, ICAO is planning to organize our second Air Cargo Development Forum in China this coming June.

Ladies and gentlemen, I would encourage you all to take full advantage of the opportunities this IATA World Cargo Symposium offers.

I hope your interactions here will highlight further opportunities where we can cooperate toward the betterment of air cargo development, and I wish you all very productive discussions ahead.

Thank you.
