Opening Speech RD Queenstown 5th May 2016

Challenges for sustaining the growth of aviation in Asia Pacific Region

It is an honour to be here in Queenstown for the CANSO Asia Pacific Conference. Thanks to CANSO for the invitation and to our host Airways New Zealand for organizing this event in this beautiful city of Queenstown. Over the last decade I have seen a gradual strengthening of relationship between CANSO & ICAO and now we have reached a stage where both these organizations work in tandem and complement each other’s activities which is a very positive development for the sector.

The huge growth in Asia is a common topic of discussion and I would like to highlight the major challenges of the aviation sector in Asia in the face of this growth.

While all of you are aware of this Asian growth story I would like to spend some time on this before I move to the challenges.

Since the 1980s, the opening of formerly closed countries in Asia to global trade has massively stimulated the movement of both goods and people in the region. Commercial aviation in recent times has been fuelled by the first-time flyers coming from an expanding middle class from emerging economies, which is predicted to grow from 2.2 billion people today to more than 5 billion in the next two decades. Asia is already home to 40% of the world’s middle class. This percentage is predicted to go up to above 65% of the world’s middle class in 2033. Free trade agreements (FTAs), ASEAN air services liberalisation, ASEAN Economic Community blueprint and the signing of the Trans-Pacific Partnership Agreement (TPPA) are some of the developments which have resulted in significant increases in flights between capital cities, and should enable the opening up of many secondary airports to intra-ASEAN flights in the near future.

Development of aviation in Asia mirrors the diversity of the region in terms of the diversity of projects and its financing mechanisms. With Changi, Hong Kong, Incheon, Beijing, Tokyo – Asia has many of the world’s great aviation hubs, while at the same time, many of the Asian countries are struggling with sub-optimal passenger experience and operational inefficiencies.
In the backdrop of these exciting times for Asian Aviation I would like to highlight some of the main challenges which have the major potential of impeding this growth.

1. Firstly and most obviously the Asian States are presently facing the challenge of constant increase in air traffic, which in turn has made the job of maintaining maximum operational efficiency more and more complex. There will be an urgent need for airport operators and air navigation service providers and Regulators to manage the demand against the capacity of airport and ATM systems.

2. Secondly Safety of operations: Aviation brings together a volatile mixture of activities with high risk accident potential. While we are proud of the high safety records of the aviation industry the efforts to maintain this high level of safety is increasingly becoming more and more complex given the huge growth in traffic with absence of matching investment in resources by ANSPs to deal with this traffic. So in effect we are performing more and more with a stagnant level of resources both in terms of infrastructure and manpower. This is a serious Safety concern and sustainable development of the industry is only possible if we collectively deal with this issue.

3. Human Resources is another critical area: We all acknowledge the inability of current training organizations in APAC region to provide qualified aviation professionals to meet the demands of the huge expected regional traffic growth in the next two decades. Further the technical needs for ANS is evolving rapidly and the academic or Training organizations are finding it very difficult to produce the technical experts required to manage this technology explosion. Lack of steady supply of qualified aviation professionals is bound to put a speed block in the ambitious growth and expansion plan of the various aviation companies. While some of the aviation companies have taken on this challenge by evolving their own scheme for developing, nurturing and retaining their Human resources, most of the others rely on the open market for recruitment. This reliance on open market puts these companies at considerable risk in view of the skewed demand supply position for skilled qualified and experienced
manpower. This also leads to a situation where everyone is competing to access the same small pool of experts leading to escalation of wages and increase in operational costs in addition to the unhealthy instances of large scale poaching. Governments together with Industry partners, academic institutions and organizations like ICAO & CANSO urgently need to join a concerted effort to promote the next generation of aviation professionals to sustain this growth.

4. Air Traffic Congestion is another major critical challenge to growth in Asia. ICAO is leading efforts on three main solutions: firstly to increase number of new air routes to ease congestion on the existing routes, secondly adoption of Air Traffic Flow Management System to ensure a sustainable air traffic growth for the future. Closely related is the Airport Collaborative Decision Making (A-CDM) which aims at improving Air Traffic Flow and Capacity Management at airports by reducing delays, improving the predictability of events and optimizing the utilization of resources through close collaboration between the various stakeholders. Civil Military Cooperation is the third area pursued by ICAO to free up military air space for civil use or flexible use of air space. In this aspect Asia is lagging behind. It is estimated that about 60-70% of Air Space in Asia is not available for civil use.

5. Asia Pacific region is not a homogenous Geo-Political block like Europe or North America. Further, the diversity of the region in terms of capacity and resources of the member States is unique. Hence regional initiatives and actions are bound to be slow as they are based on building of consensus through a rigorous process of repeated discussions and consultations. Unlike other regions we do not have any Regional Commission like ECAC, AFCAC, LACAC etc. Despite the slow progress of ATM modernization, I must assure everyone that the product which emerges out of these protracted consultations with the various stakeholders is very robust and sustainable.

6. Environment: Environmental challenges for aviation in areas of noise, air quality and greenhouse gas emissions are becoming critical for sustainable growth. For the record we should be proud that for
aviation sector significant improvements have been made both in the area of technology and process engineering. We are the only sector in the world where the industry and the States have got together and agreed upon carbon neutral growth from 2020. However this is a challenge which is hard especially for the high growth Asian States and needs a lot of effort from all stakeholders. We are all looking forward to the ICAO Assembly in September this year where the member States would discuss and decide the future of ICAO’s environment policy in the backdrop of the COP21 agreement in Paris last year.

Lastly there are some other emerging challenges which we are still struggling to understand and regulate like the increasing use of UAVs or Drones which poses a real safety and security risk. ICAO is following two approaches with two Streams of Work- Firstly RPAS as a full aviation system user, using full regulatory approach. This would affect all aspects of civil aviation and all ICAO Annexes and requires comparable certifications and licenses as in manned aviation. ICAO has established the RPAS Panel which is developing the regulatory framework for RPAS to conduct IFR operations in controlled non-segregated airspace/aerodromes. The other stream is the Other UAS which are accommodated in the airspace, which do not have the same capability, or need, to operate like manned aircraft. These UAS are used as tools for public and private benefit, or for recreational purposes and poses a potential hazard to manned aviation and people or property on the ground if not regulated properly.

Another area of concern is Cyber Security. With the rapidly increasing adoption of digital technology in all aspects of aviation, the issue of Cyber Security is becoming very critical. The problem is that most of us do not give due importance to this threat and are not putting resources in this critical area which has the potential of becoming a serious safety risk in future with increasingly networked and complex systems. The problem with Cyber Security is that its importance is realized only when something happens but then it too late.

To sum up Aviation today has become more complex and challenging and there is a greater need to work together to ensure the long term sustainability of aviation. We need to come together as never before, regulators and industry, and align our respective responsibilities and
obligations to ensure a more efficient operating environment for the common good of the global society. ICAO serves as a global forum for member States and major aviation stakeholders to cooperate in finding solutions to the pressing problem of the day and reaching agreement on SARPs that are implemented on a worldwide basis to produce a harmonized global aviation system. This global collaborative process has made for an extremely safe and reliable air transport system. We must be relentless in our pursuit of a safe, secure and environmentally sustainable aviation system.

With this I would like to thank all of you for your attention and I wish this Regional Conference a great success.