



**16th ACI World Annual General Assembly
Conference and Exhibition
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“AIRPORTS ARE RISING TO THE CHALLENGE – WE MEAN BUSINESS”

Robert J Aaronson, Director General ACI

Let me start by thanking our hosts at ACSA for inviting us to meet in Cape Town, an extraordinary location to come together for this annual assembly and the exciting conference programme that has been organised. I welcome each of you sincerely and believe you will find this to be a rewarding week.

Our conference theme – « Airports mean business » – is a statement of fact and a philosophy. It suggests that we the world's airports and ACI intend to succeed in facing new challenges.

In our limited time, I have chosen just a few urgent areas to emphasise.

Good business means defending airport interests

Outside events frequently impact our day-to-day operations in a profound way. The most recent example was the terrorist plot uncovered in August, which convinced many governments that aviation remains a prime terrorist target and that tougher security measures are needed. The result: new security restrictions are impacting both airport facilitation and non-aeronautical commercial activity. This is costly for airports and the lack of international harmonisation is often confusing for our passengers. It is a very hot issue that will seriously affect airport finances as well as our customers if we do not react effectively.

So who are we working with and why?

- We are working with retail associations, to provide impact assessments and convey that information to governments.
- We are working with industry partners and ICAO, to push States to harmonise new measures.
- We are working with World Business Partners, to share experience and knowledge in order to devise and propose optional solutions.
- We are working with airlines, to ensure a better coordinated flow of information to passengers worldwide.
- And we are working with regulators, to encourage adoption of standardised solutions for all nations.

ACI is actively voicing these concerns, drawing attention to the magnitude of the problem and making clear what the implications are. ACI–Europe and ACI–North America are working effectively with EU and US authorities. The first resolution for consideration by this General Assembly reflects that determination. We must take a strong stance.

Good business means the greatest commitment to safety

Because of our Safety Technical Committee's policy and guidance work and the new safety handbooks that we recently published, ACI has just received the Flight Safety Foundation's 2006 airport safety award. The new President of the FSF is here in Cape Town to speak to us. The FSF award is quite an honour and we are pleased to see this labour rewarded. Nonetheless the question remains: are we doing enough in several safety areas?

This year ACI launched the Global Safety Network. It provides an on-line website, commended by ICAO at this year's safety conference for directors general of civil aviation, that enables us to share incident reporting and learn from each other's experience. This is an innovative step forward for airports, but ACI members have been slow to use and populate this site. ACI can create the tool and set up new systems, but it takes you the Members to make it productive.

When it comes to safety, our industry's good reputation depends on each of us. That is why there has been a worldwide push for implementing safety management systems and completing ICAO USOAP audits. A deadline for completion was set for 2005. Some airports are behind on meeting this deadline. I urge you to check on the status of your submissions and get them done as fast as possible.

This year's General Assembly resolution on safety endorses the overall industry's Global Safety Roadmap, which aims to close the technology gap between nations. Our joint industry work is vital.

ACI and industry partners will continue to work with ICAO to ward off a multiplication of audits and blacklist measures outside the ICAO umbrella.

Good business means being prepared for public health emergencies

ACI continues to work closely with the World Health Organization, first prompted by concerns about Avian Influenza and then in a more generic manner for any health pandemic that could occur striking a serious blow to our industry. Are you prepared?

Action items for airports need to include:

- Making contingency plans
- Contacting and working with your local health authorities
- Understanding their emergency procedures, what will they do in case of an outbreak and how you will work with them

All airports must prepare adequately.

Good business means being good corporate citizens

Airports must lead in safeguarding the environment. ACI will represent airport views at the ICAO CAEP meeting in February. This will be the culmination of three years' work that will provide:

- new guidance material on air quality;
- new guidance material on local emissions charges;
- and a question mark on how to handle emissions trading – forced trading or mutual agreement – with airlines split on the question.

ACI's future work will push for greater noise and emissions stringency. We must be willing to set ambitious but realistic targets rather than simply following along behind technology advances.

The ACI policy on climate change was approved by the Environment Standing Committee and the Governing Board and it is before this General Assembly today for adoption. Next step: ACI needs to produce a proposal on alternative noise metrics rather than wait on ICAO and a debate with airlines, who will always oppose it.

Lastly, we need the participation of more airport staff at the ICAO Committee on Aviation Environmental Protection (CAEP) working groups. We realise that this represents a big commitment of time, effort and money, in order to regularly participate in meetings 3 or 4 times a year. But airport industry participation in CAEP is essential and we need more airports to step forward to make this commitment.

The public will not tolerate inaction on climate change. They perceive aviation as a prime culprit. It is up to us to change that perception.

Good business means embracing new technologies

New technologies clearly help airports – like other businesses – to transition from labour intensive operations to more accurate, speedier methods.

They have also helped us to make significant strides in simplifying passenger travel – and the industry-backed SPT programme has produced more than just verbal commitment. From an initial ideal process flow in version one of SPT, we are moving rapidly to the second version, by the end of 2006, that will map the processes of the future, letting the passenger make choices that speed the entire process from pre-departure reservation through arrival.

Backed by airports, airlines, government authorities and technology providers, the SPT process has the ingredients for more efficient use of terminal space, reduced processing time and better use of our staff in providing customer service.

This year's IT trends survey, carried out jointly by Airline Business, ACI and SITA, tells us that IT and telecommunications investment continues to rise.

But are we harmonising the solutions? Our airports and WBPs must work together to make sure we don't implement short-sighted quick fixes. Being proactive about standard setting is one way to prevent that from happening.

The third General Assembly Resolution addresses this key strategic point. ACI member airports' staff and the staff at ACI have actively participated over the years in collaborative efforts to develop industry standards produced by non-airport entities. The Governing Board and I think the time has come to introduce a new process to endorse and adopt technical standards for the airport industry, rather than counting on other organisations to publish them for us. This is a natural extension of our Policy Handbook and an enhancement of the ACI role.

Good business means performance excellence

In parallel with introducing new technologies, ACI has pushed its commitment to training even further this year. We are expanding the Global Training Hub and have signed a new agreement with ICAO for training. Our end goal will be a full accreditation programme, which will prepare tomorrow's airport managers for increasingly complex and challenging careers.

In addition, the ACI Fund for Developing Nations' Airports continues to offer skills-building seminars for promising candidates who might otherwise not have that opportunity. Your commitment to this programme is vital. There is a brochure distributed today that tells you more about how your airport can help.

Good business means pulling down barriers to growth

We must not forget the threat of a capacity shortage at many airports and the need to overcome political and regulatory barriers to airport expansion. Our forecasts, as you know, predict that airports worldwide will handle over 7 billion passengers by 2020. The airports community must make its collective needs heard by the right authorities, repeating our message at the national, regional and international level – otherwise we will face a capacity shortfall for as many as 1 billion passengers globally. A bleak outlook to say the least.

What do we need? We need to streamline the approval process for building new infrastructure. We also need to actively pursue the benefits of liberalisation: modernising existing bilateral agreements, supporting open skies agreements that open new routes, promoting greater diversity of ownership models. On your behalf I have continued to champion greater flexibility in this domain, most recently at the ICAO symposium in Dubai.

Let me close with a quick tour around the world:

Twenty years ago, who would have imagined the spectacular rise of such a thriving air transport industry in the Middle East region – a competitive business model that was backed by airports, airlines, business partners and governments in the region. They had a vision and they made it come true!

India and China face a different kind of challenge. Strong demand exists today, but infrastructure is lagging behind. Airport development, whether greenfield airports or capacity expansion to existing infrastructure, will present exciting challenges to meet. The Chinese government took a bold step in announcing construction of 50 new airports, acknowledging the need to provide adequate infrastructure in order to support a burgeoning domestic market. Another ambitious vision.

LCCs now represent about 20% of European traffic and are a growing phenomenon in developing markets such as the Asia-Pacific region and in Latin America. Low cost terminals – at JFK, and in Singapore, Kuala Lumpur, Marseille – show that airports are working to adapt to new markets. Despite opposition by some airlines, it is a justified move to more flexible airport usage.

In Africa, ACI has forecast 4.8% growth for the next 15 years. The 7.3% increase in traffic results so far in 2006 shows that there is an underlying dynamism and growth potential here on this continent that that needs to be set in motion. Our business contributes to sustainable economic development and employment across the continent. Our host, ACSA, has been a success in South Africa and abroad, and has tackled new issues such as public transport access to the airport for employees and travellers – sound for the environment and for human comfort.

In the North American and European markets, airports must address the long term effects of their governments' new security measures. These two mature markets represent 67% of traffic worldwide, so congestion, air traffic management and capacity will also be top concerns. We must be vocal in drawing attention to these issues and innovative in our proposals.

The Latin America and Caribbean region is a sleeping giant. Despite the impact of certain air carriers' difficulties, in particular in Brazil, elsewhere growth has been steady. The great geographical distances, the lack of competing rail and road transport, and increasing political stability mean that air transport growth prospects are tremendous. I think we will be hearing good news in Buenos Aires next year.

This year's conference brings us together to review those hot topics that will impact our business. My challenge to each of you this week is to take away new ideas from your time here in Cape Town.

Exchange ideas with your airport colleagues and World Business Partners, and do enjoy yourselves!