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## Remarks of Tony Tyler - 71ST Annual General Meeting Curtain Raiser Press Conference

Thank you for joining us in Miami today. And I should start by saying how good it is to be back in Miami. The International Air Transport Association (IATA) maintains a regional office here, so I am a regular visitor. I see Miami as a city of great diversity that is a world class destination for business and tourism. And in a few days, it will be the world's capital of aviation.

I understand that many of you don't cover IATA regularly. So let me begin my remarks with a few words about this very unique organization. IATA represents some 260 airlines from around the world. Together they carry about 83% of global air traffic. Our Association was formed in April 1945 by a group of 57 airlines that met in Havana, Cuba. Their vision was to strengthen the foundations of post-War commercial aviation.

The goals of the Association were clear. IATA was to benefit the peoples of the world and foster commerce by promoting safe, efficient and economical air transport. To this end, IATA would be a forum for collaboration, a vehicle for partnership, and a global standards-setter.

Today, IATA is involved in almost every facet of commercial aviation. The IATA Operational Safety Audit (IOSA) is the global standard by which all of our members, and many more carriers, operate. Our global settlement systems handled \$388 billion of the airlines' money in 2014 with enormous benefits to passengers who can buy one ticket in a single currency that can allow them to travel the world. And we have set many of the standards behind modern conveniences in travel such as e-tickets, bar-coded boarding passes, self-check-in machines and much more.

All of this remains true to our original vision and we will celebrate our 70th anniversary here in Miami—symbolically not that far from Havana where we began. From 7 to 9 June Miami will be the global capital of the aviation industry as leaders from around the world gather here for our 71st Annual General Meeting and World Air Transport Summit.

Miami is proving to be a very popular destination. With our hosts, American Airlines, FedEx, UPS and Airlines for America, we are expecting a record attendance of over 1,000 delegates. I think that reflects two things.

The first is the attractiveness of Miami as a great aviation city. It is a natural hub linking traffic between North and Latin America. And with a string of new carriers joining the 100 that already serve Miami International Airport, it is no understatement to say that it is indeed a global hub. I understand that the airport contributes to about one in four jobs in Miami-Dade County. It is a powerful economic force. And the connectivity that it provides was among the reasons that IATA's regional office for the Americas is located here, employing around 160 people.

The second is the program of activities. I am pleased to announce that the US Secretary for Transportation Anthony Foxx will be among the speakers. We are honored to have the Secretary join us and are eager to hear what he will have to say in his keynote presentation on Monday. Another keynote will be from Dr. Benard Aliu, the President of the Council of the International Civil Aviation Organization (ICAO).

And if you look through the program you will see many of the biggest global names in aviation. You will see some "home town" names as well. This includes Emilio Gonzalez, Director of the Miami Airport and one of best known names in US aviation, Doug Parker the CEO of American Airlines—which as you know operates a major hub here. Over the course of two days we will host panels probing:

- The relationship between airlines and manufacturers
- What's on the mind of the industry's CEOs
- What the next generation of travelers expects
- Cargo strategies
- Building the right infrastructure, and
- How investible are airlines

For those of you who do not follow aviation day to day, the fragility of the industry's profitability might come as a surprise. In December we forecast that airlines would make a \$25 billion profit this year on revenues well-exceeding \$700 billion. With returns at that level we are not covering our cost of capital. We will revise this on Monday morning (8 June) to reflect developments since then.

Air transport is very closely linked to world developments. If currencies fluctuate we are impacted. The strengthening of the US dollar is a good example. Security or public jitters can easily cause

changes in travel patterns. Weak economies can impact trade flows and passenger numbers—both business and leisure travelers. Even the weather has an impact.

We keep track of all these developments in order to give our stakeholders a clear picture of how the industry is doing. And particularly with governments, we try to show them the impact of their decisions on how the industry is performing. Protectionist measures can slow trade. Higher taxes can dampen demand. Decisions on infrastructure can either facilitate or limit growth. And well-intentioned but badly conceived regulation can have dramatically negative results—as is the case here in the US where flight cancellations have increased because of draconian rules for tarmac delays.

All of this is important because air transport has a huge impact on the economy—employing millions of people and generating hundreds of billions of dollars in economic activity. On a global scale the industry directly employs 2.3 million with a further 56 million in the value chain. And there are many more jobs created in the development and manufacture of the \$6 trillion of goods delivered by air cargo. Aviation is really a catalyst for economic growth.

This week we took the temperature of the industry in two key areas—cargo and passenger growth in April.

Cargo showed growth slowing to 3.3% in April over the previous year. Cargo has been in the doldrums for some time. We were optimistic that it might be at the start of a more robust growth trend. But in recent months there has been little growth. A key element behind that performance is slower growth in China. And the broad implication is that trade growth is slowing. That should be sending some warning bells to governments who are pursuing protectionist policies.

The performance of the passenger business was much more robust—expanding at 5.9% in April over the previous year. What is particularly interesting is that the performance is multi-tiered. One group of airlines—in Asia Pacific and the Middle East—is reporting growth well above the industry average. Asia Pacific is growing at nearly 11% and Middle East carriers at 7.7%. Then we have a group in the middle—airlines from North and Latin America and Europe with growth in the 3% to 5% range. And lastly are airlines in Africa which saw their demand fall by 2.5% compared to the previous April.

In the airline business, growth and profitability are not linked. And of course you would expect a differential between emerging and mature markets. But you can also read into these statistics the fact that this is a multi-faceted industry. And for such an industry to interact in order to create the global connectivity that we all take for granted, global standards are critical. And that is what IATA is all about.

On that note, I will bring my remarks to a close. I look forward to seeing you at the AGM. And I am happy to take your questions.