

# **Asia Pacific Aviation Safety Seminar**

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# Overview

- **Asia Pacific aviation**
- **Future growth drivers**
- **Infrastructure needs**
- **Regulatory challenges**
- **Industry priorities**

# Aviation: moving the world

- Air travel delivers global mobility
- 3 billion passengers
  - 9 million people flying per day
- Carries 35% by value of global trade
  - Goods worth US\$ 6 trillion
- Wider social and economic benefits
- Committed to sustainable growth
- Outstanding safety record

Source: ATAG [www.aviationbenefits.org](http://www.aviationbenefits.org)



# Aviation: benefits beyond borders



## Global

- Overall \$2.4 trillion economic impact
- 58 million jobs supported by aviation
- If aviation were a country, it would rank 21<sup>st</sup> in size by GDP

## Asia Pacific

- \$516 billion economic impact
- 24 million jobs

Source: ATAG [www.aviationbenefits.org](http://www.aviationbenefits.org)

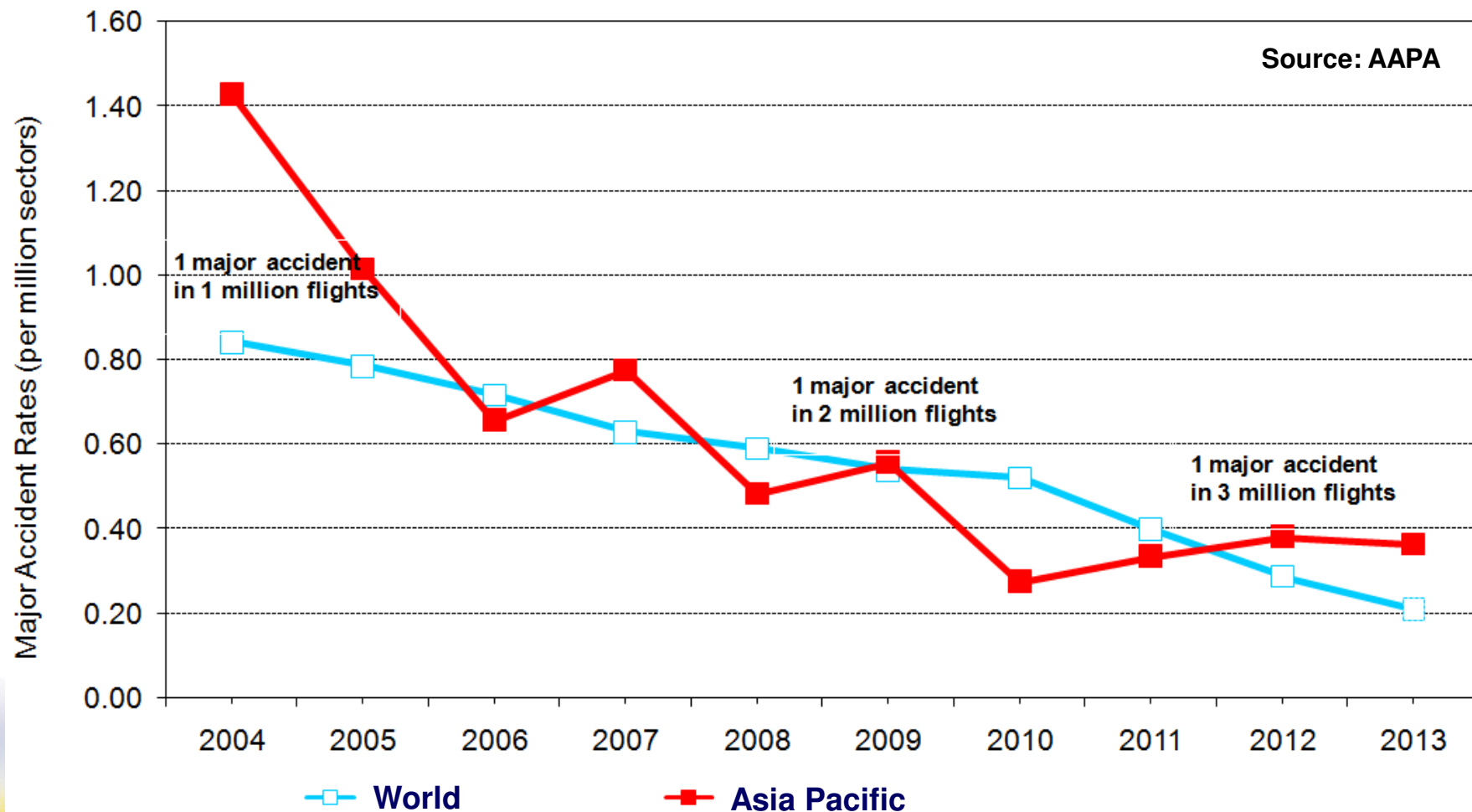
# Safety Performance Trends



## Western-built Jet Aircraft Major Accident Rates

by Operator Region 2004 - 2013

3-year moving averages



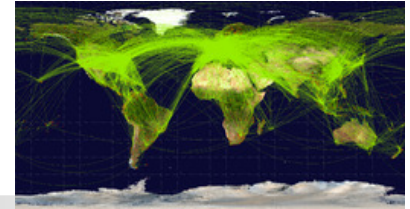


# Asia Pacific

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- **Diverse geographic region**
- **Home to more than 4 billion people**
  - 60% of the world's population
- **Dynamic economies generate 37% of global GDP**
- **Wide range of income levels, rapidly growing middle class**
- **Aviation widely recognised as a key contributor to economic and social development**
- **Political diversity remains challenging: need for multilateral cooperation**

# Asia Pacific Aviation



**US\$171 billion revenue**

**US\$3 billion net profit**

**1,053 million passengers**

**756 million domestic**

**297 million international**

**17 million tonnes of cargo**

**5,688 aircraft**

***Asia Pacific carriers overall market share:***

***31% of global passenger traffic***

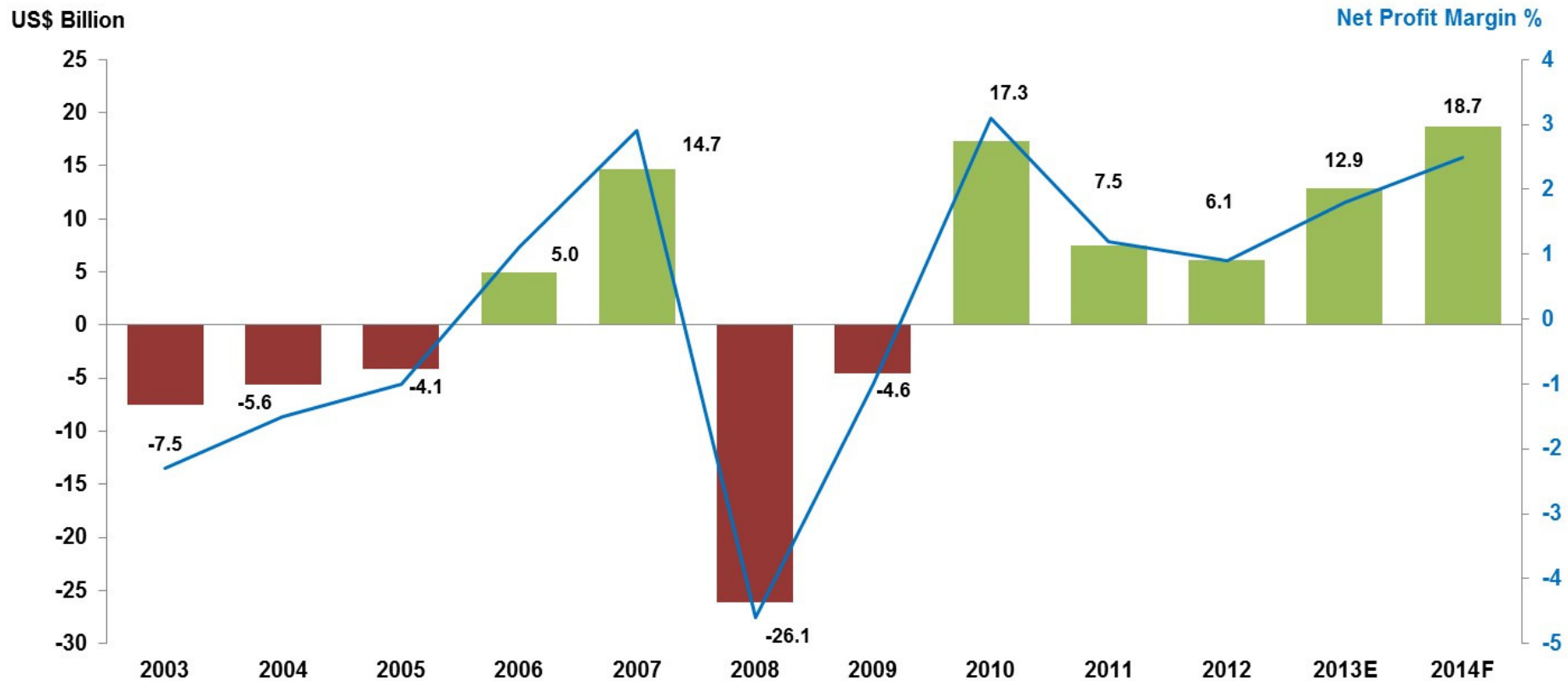
***39% of global cargo traffic***

Data: Financials, Traffic & Fleet: 2013 Estimates

Source: Combined AAPA + non-AAPA airlines GMT+5 to GMT+12

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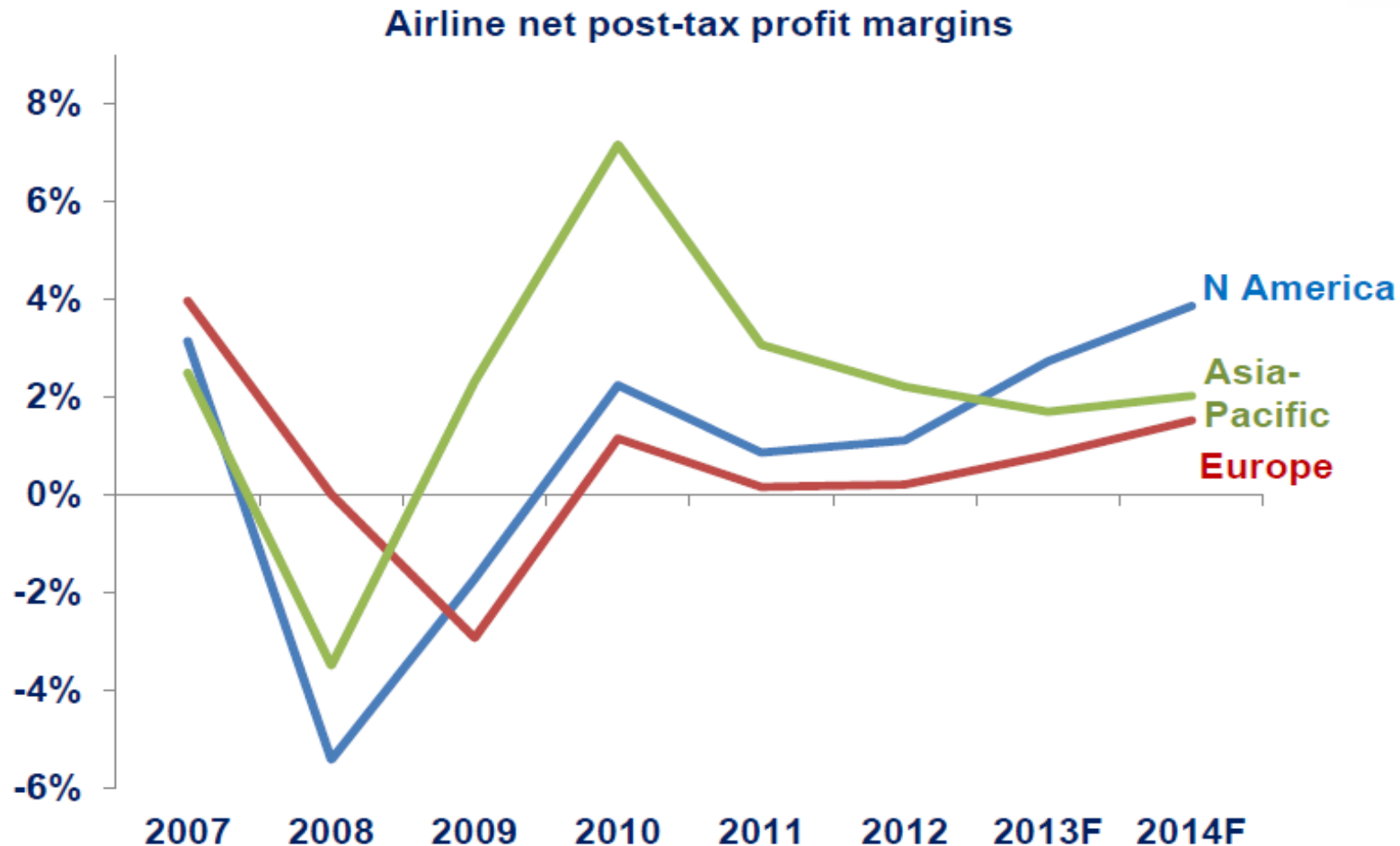
# Global airline industry profitability



***Profitability improving but margins remain very thin ... around \$6 per passenger !***



# Airline profitability trends by region

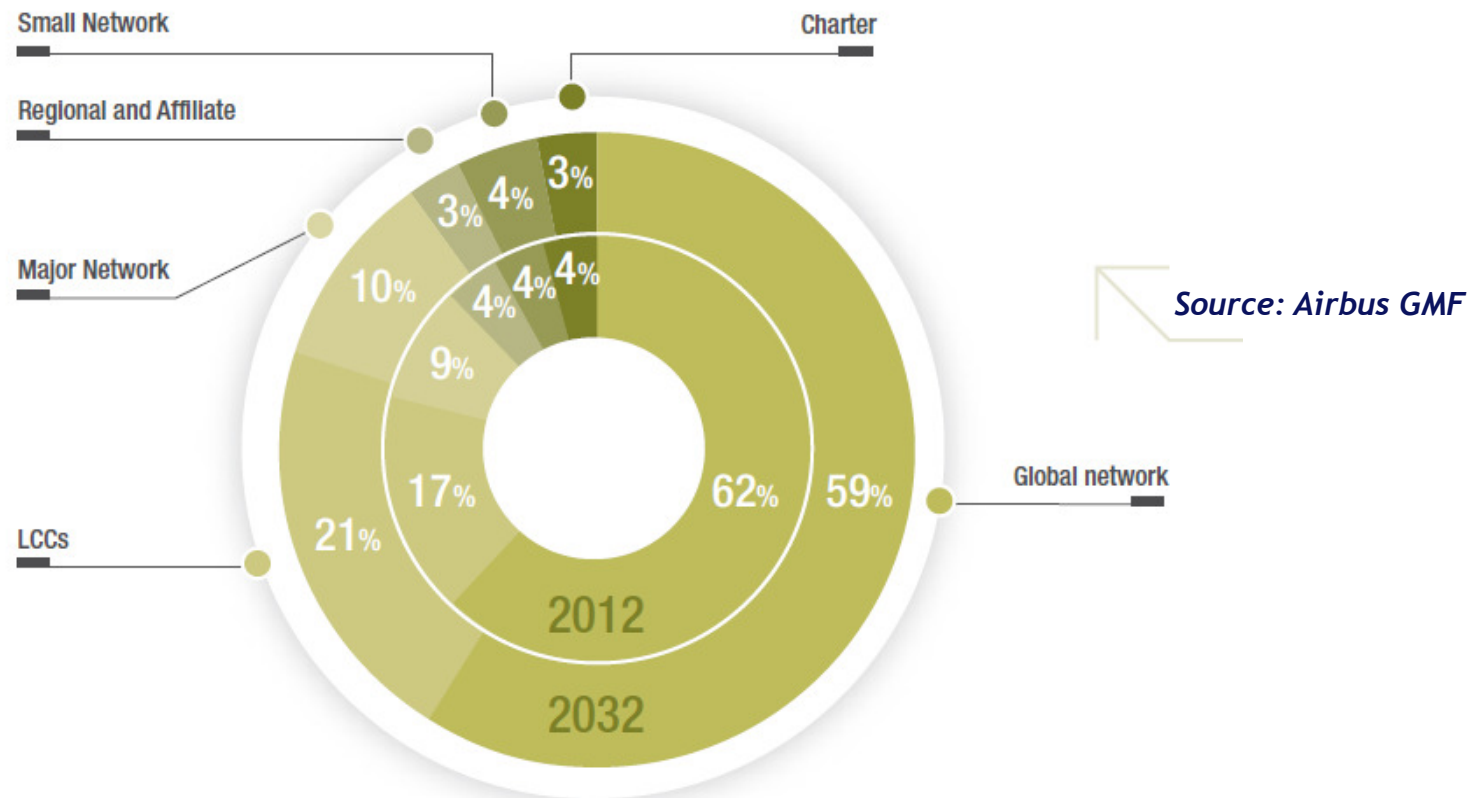


Source: ICAO, IATA

*Resurgence of restructured US carriers*

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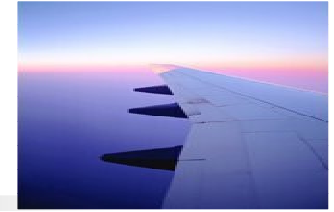
# Differentiated business models



***Global network carriers expected to thrive despite competition***

# Operational efficiency and growth

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- Competition demands constant focus on productivity improvements and reducing unit costs
- Innovation in both services and business models
- Ongoing capital investment in fleets, airports and other services infrastructure
- Recruitment and training of skilled workforce
- Crisis management preparedness: maintaining resilience in complex systems

***Optimizing overall system efficiency,  
working with multiple stakeholders***







A Lion Air aircraft on a runway. The tail features the word "Lion" in red script. The fuselage has "100th" and "Thank you INDONESIA" written on it.



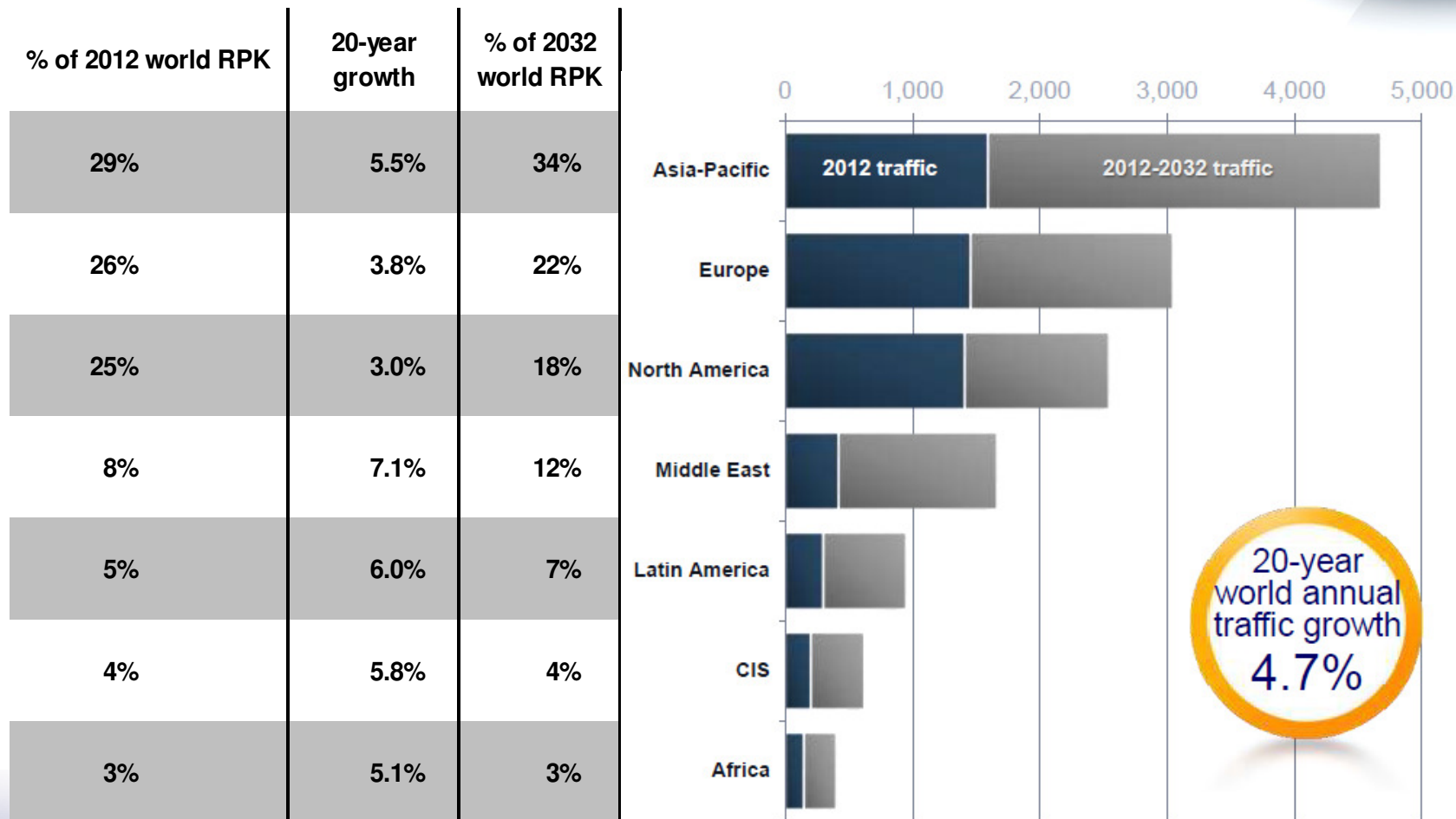
# **Future Growth**



# Asia Pacific to lead world traffic



## World traffic by airline domicile (RPK billions)



20-year  
world annual  
traffic growth  
**4.7%**

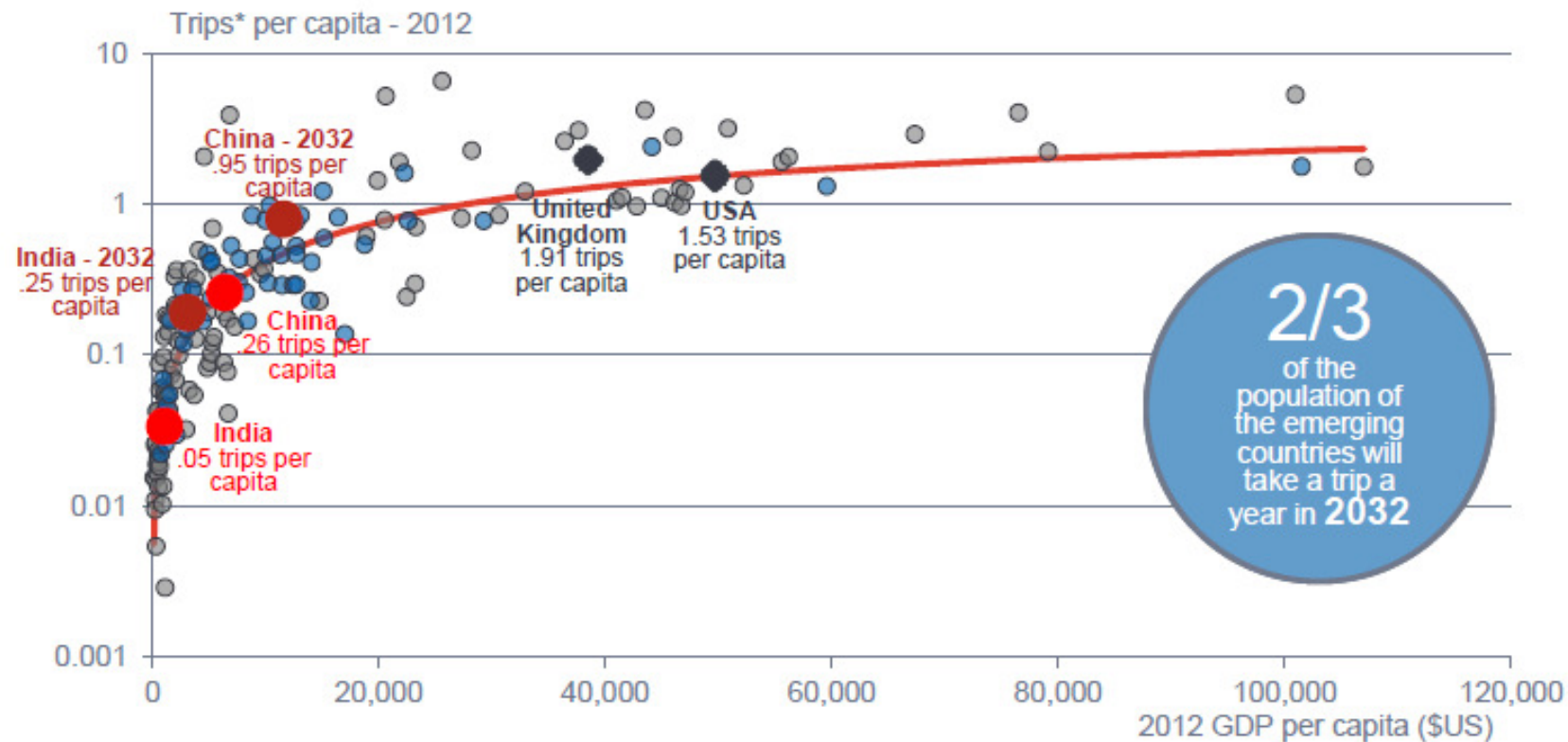
Source: Airbus  
GMF2013-2032

**Overall market grows x 2.5 by 2032**

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# Aspirational Demand for Air Travel

## Trips\* per capita over GDP per capita



*Rising incomes, urbanisation, social development*

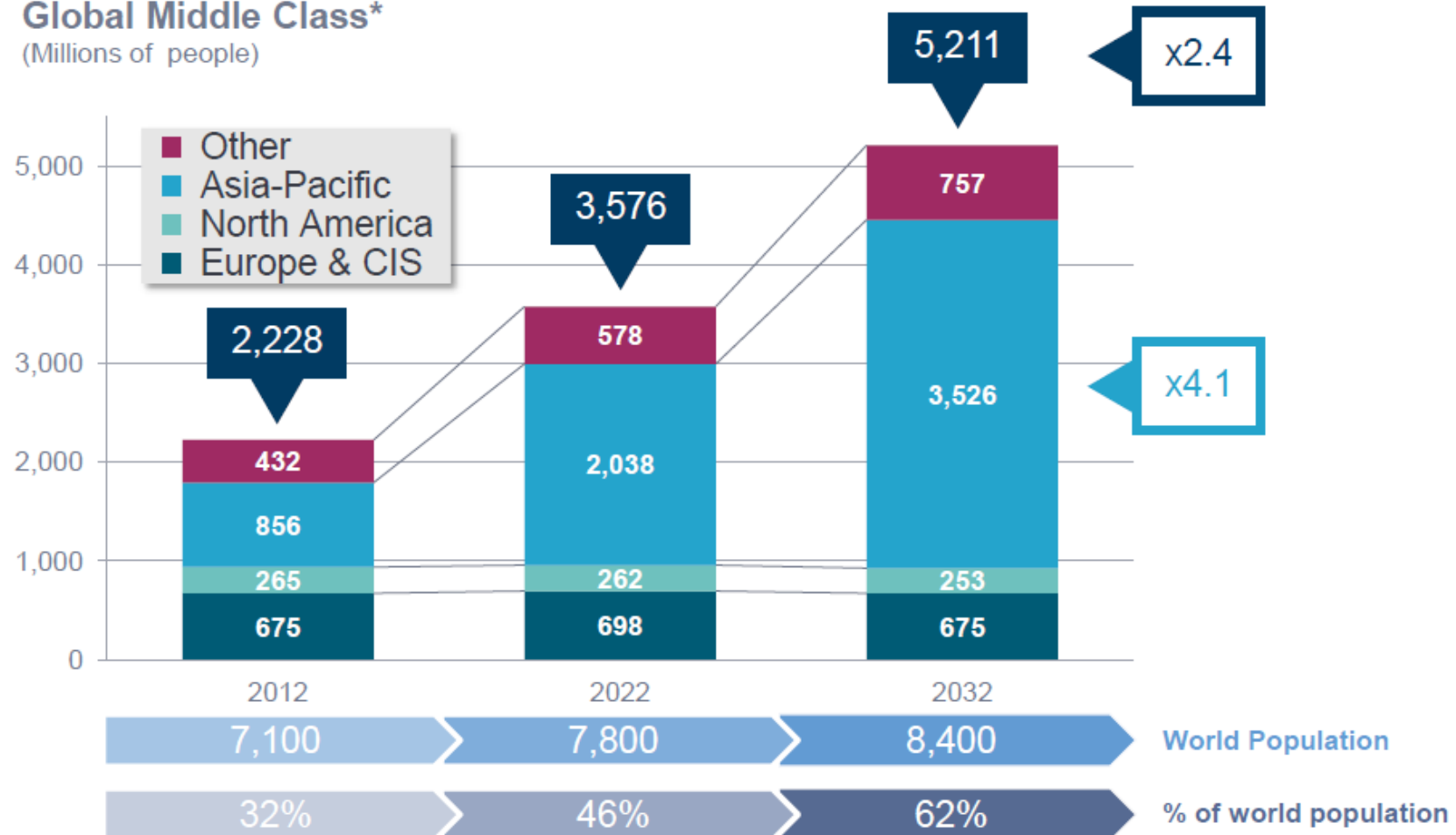
Source: Airbus GMF 2013-2032

\*passengers originating from respective country

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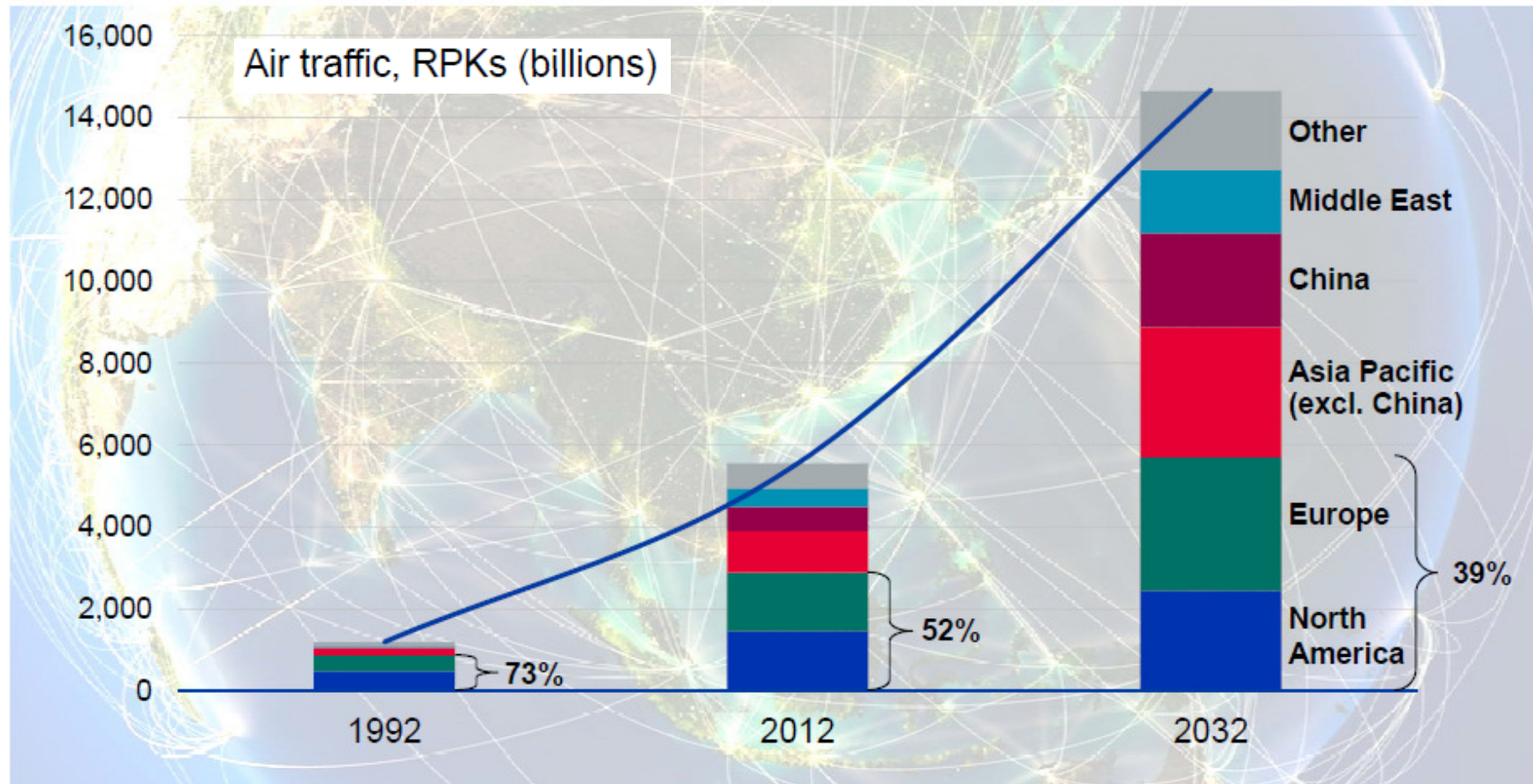
# The growing middle class

**Global Middle Class\***  
(Millions of people)



*\*Households with daily expenditures between US\$10 and US\$100 per person (at PPP)*

# Airline industry global trend



Source: Boeing CMO 2013-2032

***Asia Pacific moving to leadership position***



# Infrastructure



- Aviation infrastructure must keep pace with rapid traffic growth
- Chronic congestion and delays already evident in some areas
- Potential safety implications
- Greater focus on operating efficiency, productivity and cost-effectiveness
- Government responsibility to coordinate planning and long term investment required
- Industry ready to play its part



***Infrastructure is a shared responsibility  
& critically important***



# Regulatory Challenges

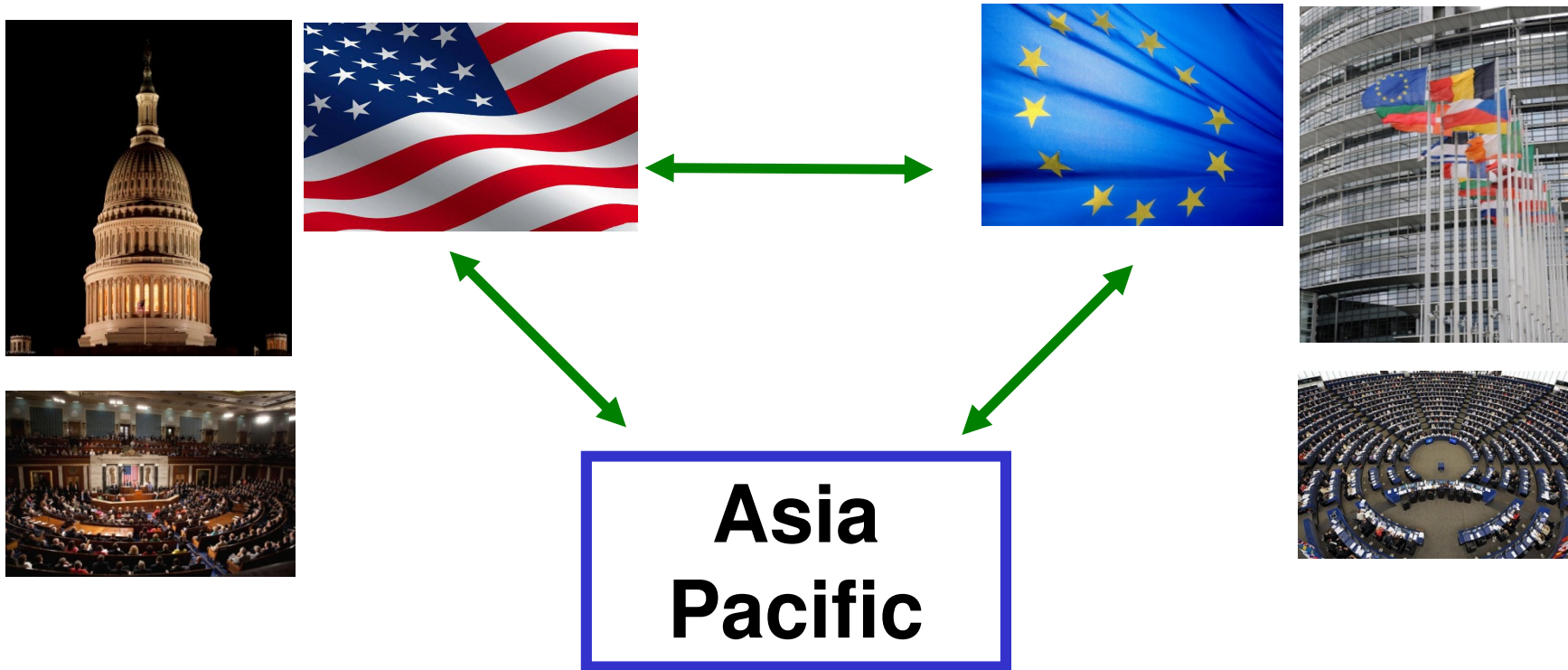
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*Aviation is subject to intensive regulation*

- *Safety*
- *Security*
- *Environment*
- *Infrastructure*
- *Customer Service*
- *Disruption management*



# Global Regulatory Influences



***Wider impact of US and EU regulations:  
Asia Pacific needs a unified voice***



# Regulatory leadership

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- US & EU regulatory leadership through demonstrated level of experience and skills
- Many regulators acknowledge and follow US & EU recommendations
- Concerns remain over imposition of unilateral sanctions by US and EU
  - EU Safety List – lack of transparency
  - US FAA International Aviation Safety Assessment (IASA)
- US & EU unilateral actions punish airlines for government failings and shortcomings
- Asia Pacific strongly supports ICAO global standards

# Regulatory oversight

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- **Implementation challenges**
  - **Diversity of national capabilities**
  - **Political commitment**
  - **Financial resources**
  - **Manpower skill levels and shortages**
- **Strengthening oversight**
  - **Establish independent oversight body**
  - **Clear legislative framework and policies**
  - **Statutory powers**
  - **Protection from political interference**



# Beyond compliance

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- **Purely reactive approach to compliance failures and safety issues can be both costly and ineffective**
- **Need for effective implementation of SMS by all players in the industry**
- **Monitoring key safety performance indicators**
- **Identifying and understanding the main hazards and risks**
- **SMS as a proactive approach to risk reduction**





# Data sharing

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- **Data sharing adds value but requires shared trust**
- **Marked differences in regulatory legal frameworks**
- **Industry favours legal indemnity and “Just Culture” approach**
- **Need common definitions, standardized data formats and performance indicators**
- **Data sharing must deliver mutual benefit and address concerns over database ownership and usage rights**



# Aviation Safety Overview

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- Industry delivering continuous improvements in aviation safety performance
- Asia Pacific safety performance in line with world standards
- Greater effort needed by some Asian governments to ensure full compliance with agreed ICAO standards of regulatory oversight
- Fully support ICAO-led efforts on regional safety initiatives
- Concerns remain over imposition of unilateral sanctions by US and EU
- Governments must be fully committed to maintain and enhance aviation safety



# Closing Thoughts

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- Airlines operate in a complex and challenging business environment
- Asian airlines play an increasingly influential role in the development of global aviation
- A global industry requires more harmonised regulations and policies
- Safety requires long term investment and commitment from all stakeholders
- Asia Pacific perspectives need to be recognised internationally

***Industry united and committed to  
continuous improvement***



**[www.aapairlines.org](http://www.aapairlines.org)**

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