

AAPA 58th Assembly of Presidents
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OPENING SPEECH OF MR. ANDREW HERDMAN, DIRECTOR GENERAL OF THE ASSOCIATION OF ASIA PACIFIC AIRLINES

- Mr Akihiro Nishimura, State Minister, Japan Ministry of Land, Infrastructure, Transport & Tourism
- Mr Shinichiro Ito, Chairman, All Nippon Airways
- Mr. Osamu Shinobe, President & CEO, All Nippon Airways
- Members of the AAPA Executive Committee and Member Airlines
- Distinguished Guests, Ladies and Gentlemen

It gives me great pleasure to welcome you to AAPA's 58th Assembly of Presidents here in Tokyo at the kind invitation of All Nippon Airways, our gracious hosts. Tokyo needs no introduction – it is sophisticated, exciting, buzzing, innovative, and...cool. Yet at the same time, the city firmly retains its traditions and cultural practices handed down over the centuries. This is the hallmark of a great world city- one that is quietly confident of its individual traditions and identity, yet not afraid to embrace new ways of doing things.

Tokyo is also the home of two successful airports. Haneda, the main domestic hub has now added significant international operations, complementing the established international hub at Narita.

For many years, Japan was primarily seen as a mature, outbound travel market. The images of Japanese tour groups overseas will have been a familiar sight to many of you. But this is only part of the bigger story about Japan and of Asia, today.

Ten years ago, just over 5 million foreign tourists visited Japan. By last year that number had doubled to more than 10 million tourist arrivals. The majority of these foreign tourists come from other parts of Asia: Korea, mainland China, Hong Kong and Taiwan. Clearly, Japan has now become a very successful and large inbound tourism market. This is another example of how intra-Asian traffic is driving fundamental changes in travel patterns.

As disposable incomes in Asia rise, the demand for air travel has increased dramatically. In 2013, Asia Pacific airlines carried more than one billion passengers. That was a solid 6% increase over the previous year. Yet, Asian airline profitability has been mixed, as margins have

been relentlessly squeezed by intense market competition, and some signs of overcapacity. Asian carriers earned just US\$2.5 billion in profits in 2013, less than half of what they earned the previous year.

Needless to say, aviation plays a critically important role in the Asia Pacific region, now the world's single largest aviation market. It links continental land masses with sprawling archipelagos, bringing people together and connecting products with markets worldwide.

Cross border travel and social interactions help to foster friendships, reinforce ties and facilitate greater understanding amongst different cultures. Within Asia - home to two-thirds of the world's population - such exchanges are indispensable to bridging political differences, building mutual respect and fostering regional integration. For a new generation of global travellers, Asia's iconic pop cultures make the region a cool destination.

Yet, at the same time, air travel patterns are also very sensitive to external factors. Within the region, recent political developments involving China, Japan, Thailand and Vietnam amongst others have had a very palpable effect on regional traffic flows. The disappearance of MH370 and the downing of MH17 raised broader questions on the safety

of air travel, as well as on current practices related to aircraft tracking and the sharing of security intelligence. Even the threat of a health pandemic, as seen most recently in the outbreak of the Ebola virus in West Africa, has had an adverse impact on air travel as governments introduce new barriers to travel to and from perceived hotspots in Africa. Together with other important issues affecting the airline industry, such as infrastructure constraints, passenger facilitation, environment policy and other regulatory challenges, these will all be discussed by Asian airline heads at this Assembly.

As a region, we recognize that the diversity in Asia and the multiplicity of national regulatory authorities sometimes hold our region back from having a larger voice at the international policy making table. We also recognize that strength lies in collective unity, deeper mutual cooperation and that if Asia wishes to play a bigger part in global discussions, it must be prepared to set aside political differences and speak with a unified voice on issues of common concern.

At the same time, international and multilateral organizations must also recognize the shift in economic and geopolitical influence eastwards, and evolve more inclusive governance structures. Some good progress is being made. This month alone, the Asia Pacific region has been in

the global spotlight with the APEC Summit, the ASEAN Summit, and the G20 meeting all taking place within the region. On the horizon, the 2020 Olympic Games will again be coming to Asia, meeting right here in Tokyo. That is certainly something worth celebrating.

These events highlight the importance of the Asia Pacific region in international discussions, and reinforce the tightly woven fabric of social and economic ties that transcend national borders. I am confident that as these ties deepen, difficulties will be overcome, and the region will go from strength to strength. With this expectation, the long term outlook for Asia Pacific carriers is certainly a positive one.

As the trade association of the region's airlines, AAPA's mission is to articulate, to the world at large, the perspectives of Asia Pacific airlines. With your support, we can engage more effectively with governments and regulators around the world on issues that affect us all.

Before I end, I would like to thank the Ministry of Land, Infrastructure, Transport & Tourism for officiating at the opening of this event.

Finally, I'd like to extend my sincere gratitude to Mr. Osamu Shinobe, President & CEO of All Nippon Airways for his strong leadership as

Chairman of AAPA this year. I'd also like to thank the ANA organizing teams, for all their hard work and efforts in organising this year's superb event here in Tokyo. And not forgetting, of course, our sponsors for their generosity and their wider support of the Association's activities.

Asia Pacific airlines are committed to playing an important role in shaping the future of this always dynamic global industry. Working together, we can continue to serve the global community, and contribute to social and economic development.

Thank you.

Andrew Herdman
Director General
Association of Asia Pacific Airlines

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