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### **OPENING SPEECH OF RICHARD STIRLAND, DIRECTOR GENERAL OF THE ASSOCIATION OF ASIA PACIFIC AIRLINES**

Your Excellency the Assistant Minister of Construction and Transport, Your Excellency the Governor of Jeju Province, Mr. Chairman, Chief Delegates, Honoured Guests, Ladies and Gentlemen,

It gives me great pleasure to welcome you to this, the 47<sup>th</sup> Assembly of Presidents of the Association of Asia Pacific Airlines, in the beautiful and remarkable island of Jeju. We are indeed fortunate to have Korea Air as the gracious host for this event and appreciative that they have chosen such a spectacular location.

Regrettably, it is unfortunate that as we meet each year in an idyllic venue, a parallel tradition of meeting in the shadow of adversity has established itself, from the traumatic events of 11<sup>th</sup> September, the bombing in Bali, to the war in the Gulf and most recently the outbreak of Severe Acute Respiratory Syndrome, or SARS. We also meet this year in a location where very serious geopolitical concerns affecting not only this country and this industry, but the whole region cannot be far from the minds of those who take an intelligent interest in events.

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And yet, unlike many spokesmen and leaders of the aviation industry, I do not intend to deliver a message of despair and despondency. On the contrary, I wish to draw attention to the real lessons of these events, which I will not dignify with the name of "crisis", and to highlight the broader and longer term trends which are of great significance. These are often drowned out in age of instant communication, overnight sensation and global media reach; but in this region these trends are undeniable and encouraging.

No one wishes to minimize the impact on the aviation industry of the individual events I mentioned earlier. There are, however, three fundamental points to be made. First, the consequences for airlines worldwide varied enormously both in severity and duration, and recovery time also varied. The recovery time in Asia has been in each case more rapid than elsewhere in the world, even when some of these outrages have been on our doorstep.

Secondly, the economic consequences of these events for the airlines have not been cumulative. There has been no discernible impact on the fundamental desire to travel, on the long term growth of air freight, nor a progressive weakening of airline balance sheets. These may be features of the industry elsewhere in the world, but they emphatically do not apply in Asia.

Thirdly, and most important, we live and operate in a region of enormously powerful long term economic forces, akin in their irresistible momentum to the forces of nature such as ocean currents and the movement of the earth's tectonic plates.

The airline industry in Asia has been driven onwards and upwards over the past thirty years by these forces, overcoming all economic and political obstacles in its path,

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rising on the incoming tide of GDP growth, trade expansion, increase of disposable income and liberalization of travel and tourism.

These forces are strengthening, not weakening, not least because of the transformation of China. Regarded perhaps elsewhere as a threat, the upsurge of the Chinese economy and its liberalization are a boon to the rest of Asia – a market for Asian goods, a fertile field for investment, a huge reservoir of tourism with opening floodgates, even a source of technology and aid. Asian aviation, therefore, in purely economic terms, can be proud of its past, at ease with the present and confident of its future. Korea, with two dynamic carriers, an airport capable of ensuring Seoul's future as a world and regional hub for traffic, a huge air freight market and unprecedented growth in China traffic, is a microcosm of Asia's future prospects: where Korea leads, others will follow tomorrow. There is something, however, which is sadly missing from this bright future for Asia and its airline industry, and it is this. For many years, Asia has conducted its affairs according to the precepts of major powers elsewhere in the world. This has continued well into the time frame during which Asia has emerged as an economic power in its own right. Nobody would deny that the political, economic and monetary framework established after World War II, including the arrangements for the regulation of air transport, have served the world and our industry well, and in spite of all the criticism in aviation, have permitted healthy growth and satisfaction of demand at viable rates of return for the providers, more so in Asia than elsewhere. But, in all these arrangements Asia had no say at the time of establishment, for obvious reasons.

The world has been transformed, but there appears to be an unspoken assumption that it is in the order of things that countries and economic groupings far from Asia

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should continue to dominate the debate, and the decision making, on issues of vital concern to Asian economies, not to mention national security and political stability. This assumption holds true for aviation just as much as any other sphere of activity.

To speak bluntly, this assumption must not remain unchallenged, and Asia must stand up and make itself heard, not least because others do not necessarily share our priorities, our perceptions, our confidence in the future and our concerns about the unintended consequences of their actions.

Again, I would stress that these strictures apply across the whole field of human endeavour, but not least in aviation; if the regulatory framework is to be changed, if some of the basic elements of bilateral traffic right negotiation are to be discarded, if onerous conditions are to be placed on the freedom to travel, if intrusive demands for personal information are to be made, if exports by air are to be hamstrung by security paranoia, if environmental concerns are to become a smokescreen for sociological experiments in behaviour modification, then Asia must be consulted, Asia must speak and Asia's views must not be politely ignored, but given the weight which the undoubted strength of its airlines and economies lend to those views.

The onus to make this happen rests squarely with all those in commerce and government concerned with the future well being of air transport and airlines based in the Asia Pacific region. The AAPA counts itself firmly among that number and will do everything in its power now and in the future to enhance the stature, authority and strength of Asian aviation.

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