



**Summary Report of the 2018 HLPF Side Event “Reaching Global Markets:  
Connecting LLDCs’ Cities through Sustainable Aviation”**

**Organized by UN-OHRLLS and ICAO**

**Wednesday, 11 July 2018**

**Room S-2727 UNHQ**

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## **I. Introduction**

The 2018 HLPF Side Event “Reaching Global Markets: Connecting LLDCs’ Cities through Sustainable Aviation” was held on 11 June 2018. It was organized by the Aviation Partnerships for Sustainable Development, an initiative of ICAO in collaboration with UN-OHRLS, UN DESA, the World Bank and the Air Transport Action Group. The Side Event was aimed at facilitating a discussion on raising sustainable air transport as a priority for sustainable development and investment, and sensitizing decision-makers from LLDCs, transit countries and development partners on the contribution of air transport in connecting the landlocked developing countries to global networks and supporting socio-economic development. The event featured presentations by Ms. Fekitamoeloa ‘Utoikamanu, Under-Secretary General and High Representative of UN-OHRLS, Mr. David Martinez, Second Committee Expert from Permanent Mission of Paraguay to the UN and the Chair of the LLDC Group; Mr. Henry Gourdji, Head of Strategic Planning, Coordination and Partnerships at ICAO; and Dr. Xiaowen Fu, Associate Professor at the Institute of Transport and Logistics Studies, University of Sydney, followed by national experience sharing. The side event was moderated by Ms. Fekitamoeloa ‘Utoikamanu, High Representative of UN-OHRLS, and concluded with an interactive discussion.

## **II. Proceedings**

### **Opening Remarks: Ms. Fekitamoeloa ‘Utoikamanu, Under- Secretary General and High Representative for LDCs, LLDCs and SIDS, UN-OHRLS**

Ms. Fekitamoeloa ‘Utoikamanu first welcomed all attendees to the Side Event, and explained that the meeting would be significant in contributing to the outcome of the high-level midterm review of the Vienna Programme of Action. She introduced the meeting’s panel of presenters and proceeded to describe the significance of sustainable aviation to landlocked developing countries.

Ms. ‘Utoikamanu remarked that sustainable means of transport is crucial for the achievement of most of the Sustainable Development Goals, as they play a crucial role in eradicating poverty, providing access to health and education, facilitating trade and economic transformation, and building resilience. Aviation in LLDCs, she highlighted, is essential, as it provides direct access to international markets without having to pass through transit countries, and increases connectivity with the rest of the world. She cited a number of country specific examples, highlighting the potential of air transport to diversify LLDCs’ economies and foster tourism. Ethiopia, she said, has expanded its horticulture industry through efficient freighter flights operated by Ethiopian Airlines, and expedited the handling of special cargo. Similarly, Rwanda’s rise in aviation allowed tourism to overtake coffee production as the country’s largest export in 2016. Noting the significant role of aviation in multi-modal national, regional and global transport networks, she proceeded to outline the significant challenges LLDCs face in providing adequate air transportation.

Ms. ‘Utoikamanu noted that passenger and freight volumes of the LLDCs that are transported by air still represent negligible 0.9 and 1.3 per cent of world total, respectively. She explained that some of the barriers faced by LLDCs to increased air traffic include high prices for air travel, high scales of investment needed for infrastructure development, limited domestic competition and capacities,

and high taxes and fees for infrastructure. Nonetheless, she said, some LLDCs are making great strides in developing their airlines and air transport facilities, as seen recently in Rwanda, Ethiopia, Zambia, and Turkmenistan. Thus, Ms. 'Utoikamanu remarked, building up and upgrading aviation infrastructure, as well as improving air connectivity, is a necessary step to modernize and strengthen the economies of LLDCs. These efforts, in conjunction with the establishment of efficient multimodal transport systems, supportive national policies and effective implementation of supporting global and regional legal agreements in air transport will help LLDCs to remove sectoral and economic impediments to air transport and tourism growth.

In her concluding remarks, the Under-Secretary-General stressed that special attention should be given to the transversal nature of the Sustainable Development Goals as well as the needs of LLDCs. She thanked the audience and invited the panelists to share their views.

**Statement by Mr. David Martinez, Second Committee Expert, Permanent Mission of Paraguay to the UN and the Chair of the LLDC Group**

Mr. David Martinez began by thanking ICAO and UN-OHRLS for organizing the Side Event and for inviting him to address the meeting. He thanked Ms. 'Utoikamanu for providing an overview of the significance of air transport to LLDCs, and underscored the importance of aviation to facilitating economic growth and harnessing the potential benefits of globalization.

Mr. Martinez noted that for LLDCs, air transport provides an important link to overcoming numerous disadvantages linked to landlockedness, and is crucial for day to day activities such as trade and tourism but also in cases of emergencies and crises. Air transport, he remarked, is capable of being an important contributor to new opportunities in the LLDCs and can stimulate the diversification and value addition of their exports. Mr. Martinez noted that both the Vienna Programme of Action and the 2030 Agenda recognize the important role of air transport for sustainable development in LLDCs.

Stressing the importance of airports for economic sectors and transport within LLDCs, he stated that four years ago, the Paraguayan Government passed a bill on PPPs, and one of the projects identified as a priority was the enhancement and modernization of the Silvio Pettirossi international airport in Asunción to increase the airport capacity ten-fold. Mr. Martinez noted that works for the 150 million-dollar project are set begin in 2020. He additionally noted that National Civil Aviation Authority recently approved new sets of tariffs and fees to facilitate the influx of low-cost airlines. Efforts such as these, he remarked, not only improve competitiveness and spur trade, but also increase LLDCs' attractiveness to investors. Mr. Martinez stated that LLDCs require support and mechanisms at global and regional levels so that they can develop better capacities and facilities. In this connection, he highlighted the benefits of North-South and South-South cooperation as well as support from the private sector to airport projects in LLDCs.

In his concluding remarks, Mr. Martinez thanked the audience and expressed his confidence in the Side Event to help identify successful practices which can improve aviation sectors in LLDCs.

## **Presentation by Mr. Henry Gourджи, Head of Strategic Planning, Coordination and Partnerships, ICAO**

Mr. Henry Gourджи first expressed his gratitude to be at the Side Event as a representative of ICAO, which is the founding partner of the Aviation Partnership for Sustainable Development (APSD) Initiative. He remarked that the HLPF theme for 2018, “Transformation Towards Sustainable Development and Resilient Societies” matches the APSD’s objective, which is grounded in advocating for aviation as an enabler of sustainable socioeconomic development.

Mr. Gourджи first described ICAO’s work as a specialized agency of the UN focused on international civil aviation Standards and Recommended Practices and policies in support of a safe, efficient, secure, economically sustainable and environmentally responsible civil aviation sector. He noted that ICAO is actively engaged in supporting the implementation of the 2030 Agenda by assisting its Member States in enhancing their air transport systems, linked to 15 SDGs. He also described how ICAO is the custodian agency to collect and share data on air transport-related indicators under SDG Target 9.1 – passenger and freight volumes by mode of transport. He then proceeded to describe the benefits of aviation to global markets. Aviation and air connectivity, Mr. Gourджи remarked, is a driving force of international tourism and trade, and essential for global business. Mr. Gourджи stated that air transport supports 38 million jobs and \$561 billion in GDP in developing countries and is only expected to rise, with a forecasted 5% annual increase in international traffic over the next 20 years, highlighting the importance of investing in aviation infrastructure.

The next section of Mr. Gourджи’s presentation focused on the specific benefits of air connectivity in LLDCs. He noted that while LLDCs highly rely on air transport, there is a deficiency of air connectivity in LLDCs. He cited that 11 LLDCs do not have their own airlines and although the volume of passenger traffic in LLDCs rose by 58 per cent between 2010 and 2016, compared to world average of 44 per cent, the passenger traffic in LLDCs represents only 0.83 per cent share of the world’s passenger volume, with freight volume share of 1.23 per cent. In light of this, he stated, improvements in airport infrastructure, installation of advanced air traffic control and air navigation systems, better safety and security services, and liberalization of air transport are all important measures to be considered by LLDCs to increase their connectivity. Citing a study conducted by ICAO and UNHABITAT of three African countries (in which Ethiopia represented the LLDC group), Mr. Gourджи described how research proves that environmentally sustainable airport infrastructure as well as integrated city and airport planning have the potential to drive urban development in LLDCs and unlock the benefits of air connectivity.

In closing his presentation, Mr. Gourджи described the ongoing work of ICAO in research, such as its recently launched Aviation Benefits report, that aim to garner the political will necessary to support aviation improvements. He stated that improved air connectivity is at the heart of social and economic development and that LLDCs should understand the vital role of air connectivity for their economies and include aviation projects as a priority in their development strategies, while focusing on smart investments into aviation.

## **Presentation by Dr. Xiaowen Fu, Institute of Transport and Logistics Studies, University of Sydney**

Dr. Fu began his presentation on the results of his research on the potential for aviation liberalization in Central Asia in collaboration with the International Think Tank for LLDCs by highlighting the importance of air connectivity to economic growth and cultural exchange. He described how the growth of large hubs in the Middle and Far East and North America has threatened the UK's position as an international aviation hub and how lack of airport capacity can limit UK's trade with emerging economies as well as domestic connectivity. Stating that airports and air travel have rapidly evolved and flight times reduced significantly since the early twentieth century, Dr. Fu described how emerging airports like Dubai International Airport has become third largest airport in the world, generating over 250,000 jobs (19% of total employment in Dubai) and contributing 28% of Dubai's GDP. With this in mind, Dr. Fu stated that it is thus important for LLDCs in Central Asia and elsewhere to improve their air connectivity.

Dr. Fu proceeded to describe his recent study on the aviation market and liberalization potential between China and five Central Asian countries, in the context of the Belt and Road Initiative. His research concluded that while air traffic volumes in the region more than doubled between 2006 and 2015, the Central Asian aviation industry has yet to realize its full potential, as there is currently insufficient air connectivity to China. Additionally, he noted, the cost of travel to China from Central Asian countries is higher than it is to most other regions. Dr. Fu remarked that in summary, his study suggests that Central Asia – China markets have been underdeveloped, mostly due to tight regulation and that connectivity between these two regions should be substantially increased. An increase in connectivity in these markets, he stated, could lead to increased competition, lower prices, improved service quality and frequency, and thus an expanded market. The study estimated that if routes to China were liberalized as those to previous Soviet Union countries, the chances of route service will be 48-78% higher, and 27% higher if circumstances were as those to other international markets.

Dr. Fu proceeded to address countries' potential concerns about the effects of liberalization on domestic airlines and companies. He described successful examples in Canada and Korea, where market liberalization and compromise eventually led to positive market outcomes in those two countries, urging the need for timetable for the liberalization efforts. He concluded his presentation by stating that policy makers must think beyond airlines, as air connectivity can lead to positive benefits in output production and land prices. He cited an example of this in Jeju Island, South Korea, which was 2<sup>nd</sup> least developed province in Korea, but where aviation services in 2014 brought in over two million foreign visitors and \$3.5 billion to the province, following unilateral liberalization. Dr. Fu ended his presentation by concluding that air connectivity is significant to both countries and airlines, and that it is time for countries to think strategically about connectivity and economic growth.

## **Statement by H.E. Mr. Sukhbold Sukhee, Permanent Representative of Mongolia to the UN**

Mr. Sukhbold Sukhee began his statement on Mongolia's national experience by thanking the organizers for convening the meeting on what is an especially important subject to landlocked developing countries. Highlighting that LLDCs depend heavily on aviation for logistic services, tourism, and trade, Mr. Sukhee stated that Mongolia has pursued a policy to gradually liberalize its international air routes on open market competition basis. He also noted that Mongolia has concluded bilateral agreements on international air services with 41 countries, has ratified main international air law instruments, and has domestic air carriers flying to 15 international destinations.

The Ambassador proceeded to describe the ongoing construction of the New Ulaanbaatar International Airport, which will have a capacity of up to three million passengers per year, and has sufficient space for future expansion. With modern facilities and safety systems, the new airport is expected to be operational in 2019. He remarked that the airport project is being funded through a \$645 million loan agreement with the Japan Bank for International Cooperation, and that construction of Mongolia's first highway, which connects Ulaanbaatar with this airport, was convened last spring through a \$140 soft loan from Export-Import Bank of China. The highway is expected to be complete by October 2018. He noted that aviation experts in Mongolia have found that pursuing liberalization policy will provide a big stimulus to sectoral development and reform in the country, and could possibly decrease aviation fuel and ticket prices by twenty percent.

The Ambassador then described recent projects and programs that Mongolia has implemented on air navigation, including the Automatic Dependent Surveillance – Broadcast System which is planned to be used for ATS surveillance control separation within air traffic control sectors. He also noted that flights into Mongolia have consistently increased in recent years, and that a new traffic control centre is being built to further increase the safety and efficiency of flights into the country. He informed participants of the International Think Tank for LLDCs' recent study on Central Asian LLDCs' aviation markets.

In his concluding remarks, the Ambassador mentioned the Belt and Road initiative, which has been supported by Mongolia since 2013. He noted that Mongolia has agreed to establish the Mongolia-Russia-China economic corridor, as well as the Belt and Road—Travel Facilitation Initiative to help improve connectivity and cooperation between countries supporting the Belt and Road initiative. He concluded his statement by mentioning various measures that Mongolia has taken in support of the Belt and Road—Travel Facilitation Initiative, including special visa processes for special government delegates and business travellers, and a fast-track lane at Chinggis Khan International Airport.

### **Interactive discussion**

The floor was opened for questions and comments. First, a representative from Ethiopia thanked the panel for the useful presentations, and reflected on Ethiopia's national experience. Highlighting Dr. Fu's presentation, the representative mentioned that Ethiopia has been expanding and upgrading its airport facilities, and has increased its air connectivity over the years, noting that

partial liberalization of the aviation sector has been launched. He mentioned that new aviation-related projects are ongoing to meet the market demands, such as in horticulture sector and accommodating fast shipping of perishable goods to European markets, while taking into account industry considerations. He noted Ethiopia's 2025 target to bring passenger volumes to 22 million, from current 9 million and to bring the number of aircrafts to 120, from current 100. He mentioned that the Prime Minister of Ethiopia has pledged to work on collaborating with African countries on air connectivity in upcoming years. He asked the panelists about the benefits of liberalization and about what progressive liberalization entails.

The discussion then focused on how ICAO and other organizations are addressing artificial intelligence and expanding technological innovations such as vertical take-off and landing crafts and drones. Mr. Gourджи noted that ICAO works with the technology industry as well as with member states and international organizations to discuss future regulatory policy, with the aim of defining the requirements, standards and regulations. He noted that with regards to remotely piloted aircraft, ICAO believes that the technology must be as safe as commercial aircraft in order to protect all citizens. He additionally stated that ICAO is working closely with many UN agencies which deal with artificial intelligence, noting that artificial intelligence is being trialed at airports, but ICAO's position is that pilots need to make the final decisions. He also noted that ITU has been examining the link between artificial intelligence and the Sustainable Development Goals.

Dr. Fu noted that very promising new technologies exist in the aviation industry, including drones and artificial intelligence, and that technology can increase productivity and help developing countries to penetrate the aviation market, as well as help increase jobs. He noted that connectivity is inclusive of affordability, and that mobile technology can make services more affordable and reduce costs. He concluded by stating that policy can make a significant difference to the economies and air connectivity of LLDCs, urging countries to refrain from protectionism.

The event concluded with the Under-Secretary-General thanking panelists and attendees for a rich exchange. She noted that while there are many challenges faced by LLDCs with regards to air connectivity, there are many encouraging examples indicating great progress.

### **III. Recommendations**

- LLDCs should include aviation projects as a priority in their national development strategies.
- LLDCs should explore and take advantage of the potential of air transport to enhance their connectivity, diversify their economies and foster tourism. Efforts should include improvements in airport infrastructure, installation of advanced air traffic control and air navigation systems, better safety and security services, and liberalization of air transport.
- LLDCs should liberalize their aviation sector, following a clear timetable for gradual liberalization efforts, in order to increase their connectivity. Increased liberalization is also likely to lead to falls in prices and increases in frequency and quality of services, attracting more airlines, passengers and investment into the market.

- Development and upgrading of physical aviation infrastructure should be accompanied by effective implementation of global and regional legal agreements on air transport.
- LLDCs should strive to integrate air transport into efficient national and regional multimodal transport systems.
- LLDCs should strive to make smart investments which focus on well planned and environmentally sustainable aviation infrastructure.
- LLDCs should also aim to create strategic linkages between aviation infrastructure and urban development as part of integrated city and airport planning.
- New technologies, which can increase productivity, make services more affordable, reduce costs, as well as help increase job, should be utilized in the aviation sector in the LLDCs.
- LLDCs' efforts need to be complemented by financial and technical support and mechanisms at global and regional levels to help them develop better aviation infrastructure, facilities and capacities.
- The international community, in the context of North-South cooperation, South-South cooperation and public-private partnerships, should support aviation projects in LLDCs. The private sector in particular plays a key role in supporting airport projects in the LLDCs.



## Annex - List of participants

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