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Singapore Government

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**SPEECH BY MR YEO CHEOW TONG
MINISTER FOR COMMUNICATIONS & INFORMATION
TECHNOLOGY,
AT THE ICAO 36TH (SPECIAL) CONFERENCE OF DIRECTORS-
GENERAL OF CIVIL AVIATION, ASIA AND PACIFIC REGIONS,
HELD AT THE SHANGRI-LA HOTEL ON 23 FEBRUARY 2000, 0900
HRS**

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I am very happy to be here this morning to open the 36th Special Conference of Directors General, Asia and Pacific Regions. Let me first extend a very warm welcome to the Directors General of Civil Aviation, and the visiting participants from over 40 countries.

Challenges in Civil Aviation

2 The aviation industry has seen dramatic growth in the last three decades. In 1970, there were only 380 million passenger movements globally. Air travel

at the time was largely the domain of the rich. Since then, air-travel has grown dramatically, with passenger movements exceeding one and a half billion for the first time in 1999. There are an estimated 70,000 flights per day all over the world. Cheaper air fares have made air travel accessible to the general public. People can now travel to countries which previously, they would only have read about — the world has indeed become smaller.

3 Air travel has also spurred world trade. Global airfreight volume grew from only 6 million tons in 1970, to 58 million tons in 1998. Competitive airfreight rates have made it possible for manufacturers to introduce “just-in-time” production techniques on a world-wide basis. Today, manufacturers in Singapore can airfreight high-value computer parts to a customer in Europe or the USA, with the parts arriving just when the customer needs it. This helps to minimise the customer’s inventory costs and risk of product obsolescence.

4 The trends favouring increased air shipment are clear. Technology will continue to make products ever smaller and lighter, and therefore more amenable to air-shipment. At the same time, with globalisation enhancing competition, time to market will become increasingly important. Companies will want to get their new products onto the global market as quickly as possible, before the price premium is eroded by competitors.

5 Airfreight has also freed food producers from the tyranny of distance. This is best demonstrated on the dining tables in Singapore. We hardly produce any foodstuff. But this is not a problem, as we can get tender beef from New York, succulent lamb from New Zealand, delicious musk melon from Japan and sweet fresh strawberries from Australia, all airflown here.

6 The rapid growth in the air transport industry also brings with it many challenges. Let me briefly mention three. First, the challenge of infrastructural constraints. The rapid growth of air travel is already taxing existing infrastructure in many countries. As a result, flight delays have become more common in the US and Europe. In Europe, one in every three flights was delayed last year. As the Asian economies recover, we may soon find a similar situation here. Fortunately, some Asia-Pacific economies have already taken firm steps to address this, by building new airports that will see them through the next few decades.

7 Another increasingly important infrastructural bottleneck is airport

access. Traffic congestion on access roads and highways is becoming a problem for more airports. Increasingly, the solution lies in a multi-modal transport approach, involving not just better roads and expressways, but also, an efficient public transport and rail system. Governments will have to anticipate and actively address these infrastructural issues if their aviation industry is to grow unimpeded.

8 The second challenge is coping with the social costs arising from the rapid growth of the aviation industry. At many airports today, residential and industrial developments have crept right up to airport boundaries. This constrains the airports' ability to grow. Airport-related expansion projects have to compete, often unsuccessfully, against strong local interests.

9 As the areas surrounding an airport become more populated, social and environmental issues like noise, traffic congestion and air quality take on greater prominence. Aircraft manufacturers have successfully used technology to reduce the noise problem. As a result, aircraft noise has come down by about 75% since the 1960s. This, however, has been counter-balanced by the more rapid increase in the number of take-offs and landings. Consequently, in many communities, concern about noise pollution has resulted in shortened airport operating hours. We can expect such pressures to increase over time. Aircraft manufacturers and airlines must therefore evolve more innovative and creative solutions in order to reduce the noise from ever-larger planes.

10 A third challenge relates to the changing dynamics of the airline industry, and the impact on civil aviation regulators. The winds of enhanced competition brought about by globalisation are also sweeping through the airline industry. Airline mergers are happening with increasing frequency, while global collaboration and alliances are now the norm. Countries have long recognised that air links are the equivalence of highways in the skies. The more air links one has, the more connected one is with the rest of the world. In the past, countries were generally more concerned with protecting their national airlines, than with promoting overall economic growth. Globalisation has brought about a shift in thinking. Now, the need to be better plugged-in to the global economy has led an increasing number of countries to open up their skies more.

11 In this rapidly-changing environment, as regulators, we need to ask ourselves, "how long can the existing regime of bilaterally-negotiated air services agreements hold?" Already, some countries are calling for a

multilateral approach to the liberalisation of air services. Others are advocating for like-minded countries to come together and chart the way forward. Which approach is likely to proceed faster? Some would say that the proliferation of free trade areas around the world would seem to argue that the latter approach is likely to make faster progress. In any case, this will remain a very dynamic and much-discussed issue, and I would urge civil aviation authorities to actively explore the way forward.

Conclusion

12 These are but some of the issues that the aviation industry and regulators will have to grapple with. They are complex and best tackled internationally. Participants can then benefit from the collective wisdom of all countries. On our part, Singapore recognises the importance of international co-operation. We are fully committed to the international civil aviation community, and will continue to contribute actively in areas where we have the necessary expertise.

13 On that note, let me end by wishing all delegates a fruitful conference and an enjoyable stay in Singapore. With that, it is my pleasure to declare the 36th Special Directors General of Civil Aviation Conference open.

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