

State of the Industry
Presented by Abdul Wahab Teffaha
Secretary General of the Arab Air Carriers' Organization

**Your Excellency Chairman of the AGM,
Your Excellencies, Members and Guests,
Ladies and Gentlemen,**

We finally meet in person after nearly two years of interruption. I would like here to express my happiness for meeting you all in the State of Qatar at the level of the General Assembly for the third time in the history of the Arab Air Carriers' Organization. On this occasion, I would like also to express my heartfelt gratitude to the AGM Chairman, His Excellency Mr. Akbar Al Baker, his aides, and the Qatar Airways' team for their hospitality and efforts in bringing this General Assembly together.

Who would have guessed that a virus would bring the entire world to a halt? Even if there was amongst us, or elsewhere in the world, some who predicted that a global pandemic would inevitably happen, but crippling the entire world economy, stopping travel and tourism; that was a nightmare scenario that no one dared to think of. This is why everyone was at a loss when it happened, with the obvious outcome of being utterly confused about how to deal with the first global pandemic in more than a century.

Regrettably, the confusion was evident also in how governments around the world dealt with trying to contain the spread of the virus, while hoping that science will deliver the solution. Many governments dealt with the emerging situation by reactions and policies aimed primarily at avoiding blame. That resulted in measures, albeit some of which were necessary, yet many were not. They were arbitrary and spontaneous, lacking scientific evidence and transparency. And because the pandemic that afflicted the world was of a global nature, the right response should have been a global one rather than one which read from the same playbook that governments have devised early in the 20th century, when air transport did not even exist!

The rules of that 20th century's playbook were applied on air transport! So, quarantines were imposed, notwithstanding all the scientific advancements in the last hundred years which have enabled us to know if a person is infected in a short period of time if not in minutes, rather than to keep travelers on a ship for 40 days, or even 14, to know that the ones who survive are immune and will not cause

contagion. Air transport was grounded, notwithstanding that a century of science and innovation has provided us with the ability to fly people without the risk of contagion on board, and that with the proper biosafety measures and testing will ensure that air transport would be safe. And, most frustratingly, many governments just ignored the time and resources the world has invested in creating international bodies that are meant to deal with international crises such as pandemics and resorted to national measures and a modus operandi that existed before those organizations were even established. What is really frustrating here is that governments attended WHO and ICAO meetings and agreed on a harmonious checklist and global guidelines that recommended opening up borders, avoiding quarantines, applying scientific risk management and criteria for identifying the epidemiological situation of the countries and the corresponding measures that are needed to ensure biosafety of travel; all to end up with many of those governments shelving those guidelines and implementing individual measures that differ from the global ones, which they themselves have agreed upon while in those organizations' meetings!

**Mr. Chairman,
Ladies & Gentlemen,**

This unprecedented crisis is still with us today despite the gradual and slow restoration of the normal life which air transport has lost since last year. The pandemic led to a global economic recession very similar to the one that occurred in 1929. The global economy in 2020 declined by 3.2%, while the Arab economy suffered a double hit from the collapse of oil prices, due to the global economic regression, and due to the very high contribution of travel and tourism in the Arab economy. For, when the travel and tourism sector's contribution in the global GDP dropped from 10.4% to 5.5% in 2020, this contribution to the economy of the Arab world dropped from 14.4% in 2019 to 5.4% in 2020. The percentage of job losses in this sector worldwide was around 32% of the total jobs lost, while the percentage of job losses in the Arab world in the travel and tourism accounted for 55% of the total jobs lost.

In terms of passenger traffic measured in Revenue Passenger Kilometers (RPKs), we are globally still 66.7% lower in the first half of 2021 compared to 2019 and less by 80.0% at the level of the Arab world. This difference between the two averages is due to the recovery of the US and Chinese domestic markets, while the overwhelming percentage of Arab Airlines' traffic is international. With such a deep and lingering impact of the crisis, we expect that returning to 2019 levels will take three to five years, a period that depends heavily on how the world will adapt to a new normal of having an endemic COVID-19.

**Mr. Chairman,
Ladies & Gentlemen,**

We are now in the autumn season in the northern hemisphere, which provides an environment for viruses to spread. If some governments continue adopting the same restrictions, they employed last fall and wait to achieve global herd immunity of 75% inoculation of the world's population before going back to reopening borders and easing restrictions, then waiting for this herd immunity will take a long time, which means that there will be new mutations in the virus thus going into a vicious circle that will undermine the return to normalcy.

If the world wants to prevent a vicious cycle, knowing that achieving herd immunity will not happen very soon, and since the world needs to adapt to a new normal where COVID-19 is endemic, and in order to speed up the recovery period of air transport and its vital contribution to economic growth and job creation; governments and stakeholders need to follow the guidelines which they themselves have developed through the International Civil Aviation Organization and the World Health Organization, which are based on the application of a set of principles, namely:

First, governments' adoption of standard risk-based criteria to determine the way to deal with other countries on the basis of their epidemiological situation.

Second, governments to follow the biosafety travel measures recommended jointly by the World Health Organization and the International Civil Aviation Organization.

Third, governments' recognition of health certificates issued by other countries, such as vaccine certificates, Covid-19 test results, and recovery certificates from the virus.

Fourth, governments to be transparent when adopting measures so that airlines and those concerned in air transport are aware of the criteria that they used when determining travel-related procedures, which should be based on specific indicators of the epidemiological situation in other countries.

Fifth, to involve aviation stakeholders in the discussions leading to measures that will be implemented on air transport.

Sixth, Governments to embrace technological solutions that facilitate touchless travel, thus resulting in smoother travel and avoiding the creation of new bottlenecks, which we already suffer from, as well as speeding up traffic flow rather than complicating it and extending the time required before take-off.

Seventh, existing air services agreements to be the basis for opening travel with any other country and not to resort to the Public Health Corridors or Travel Bubbles to bypass what is in the bilateral air services agreements.

Eighth, to continue supporting airlines in financial aids and other ways to ensure that jobs are not lost and that airlines can return to normal operations as soon as feasible.

Ninth and finally, to learn from the experiences of countries, including many Arab countries, that dealt with air transport in a scientific and systematic manner, immunizing it from contributing to the pandemic's spread, eliciting the ideal method of containing the virus and confining its spread while easing restrictions on sectors that contribute to the economy, including air transport.

**Mr. Chairman,
Ladies & Gentlemen,**

Communication with other stakeholders about how to deal with the COVID-19 crisis has been a top priority for AACO's work. The joint efforts we made with the Arab Civil Aviation Organization, the Arab Tourism Organization, and the International Air Transport Association resulted in the Arab League's Economic and Social Affairs Council adopting a resolution that contains the principles we mentioned above. And we will continue to work with the concerned organizations and within the framework of the Arab League to bring these principles to application at the national level.

**Mr. Chairman,
Ladies & Gentlemen,**

While the world was preoccupied in dealing with the COVID-19 pandemic, the changes in the climate that we are witnessing pushed the entire world to deal with this existential threat in order to achieve a world free of carbon emissions caused by human activities. In this regard, your General Assembly will consider a draft resolution today, God willing, that adopts a long-term goal for the members of the Arab Air Carriers' Organization to achieve net zero carbon emissions by 2050, whereby IATA AGM recently endorsed adopting this goal as well. Achieving this goal should be the joint responsibility of all stakeholders concerned with civil aviation.

To be clear about how to reach a world where the net carbon emissions from air transport are fully mitigated, we need the following stakeholders to work together to find a balance between the growth and sustainability of air transport, which constitutes a lever for the economic growth, and to prevent that this sustainability and growth do not come at the expense of the environment. We therefore expect, and indeed require, the following stakeholders to do their part in achieving the 2050 goal by the following actions:

First, Governments: Governments' contributions are fundamental to reducing the environmental impact of air travel. And because the role of governments in land and sea transport, for example, is not limited to legislation only, but also extends to providing the necessary infrastructure to assist stakeholders in these two sectors to adapt to the legislation without imposing high economic burdens; we call upon Governments to do the following in the air transport sector:

- 1- Reform the infrastructure in airports and air space management in a way that eliminates congestion, which, if not addressed and alleviated, increases emissions and undermine airlines' efforts to achieve net zero emissions.
- 2- To ensure that stakeholders are incentivized to achieve the 2050 target, rather than using the environment as a justification to levy taxes or charges that have no positive impact on improving the industry's environmental record.
- 3- Incentivize airlines to use sustainable fuels by ensuring its availability in a commercial and competitive manner and providing the appropriate infrastructure in a way that mimics what is happening in the land transportation sector of incentives to buy and use electric cars and providing the appropriate infrastructure.
- 4- Lastly, and certainly not least, is for governments to agree on a global road map to reach net zero emissions, as well as not to resort to unilateral legislation that would put us in difficult-to-exit mazes when trying to achieve this goal. Air transport, by nature, is an international and global mode of transport, and it cannot be dealt with in the same way that land transport is dealt with within each country. If governments truly want to help all concerned to reach the 2050 goal, there is only one place to go to: The International Civil Aviation Organization, and only one way to get there: a global agreement.

Second, Manufacturers and our Technology Partners: Following governments, comes the role of the manufacturers. These are our partners in the pursuit of the 2050 goal. We expect that engine and aircraft manufacturers will provide engines capable of dealing with 100 percent sustainable fuels and/or adopting alternative fuels that do not emit carbon, such as hydrogen or electric-powered engines, as well as developing airframes to accommodate the fundamental development that will be required by the air transport industry with net zero emissions.

Third, fuel and sustainable fuels Suppliers: Achieving the 2050 goal requires fuel and sustainable fuels suppliers to focus on developing these fuels in a commercial and competitive manner that helps in reaching net zero emissions without resorting to offsetting carbon emissions.

Our goal is to make a significant, visible, and tangible contribution to the decarbonization of the aviation industry. This goal is inevitable in the year 2050, and it is within reach if all stakeholders concerned with civil aviation commit to what they must do to reach this goal.

**Mr. Chairman,
Ladies & Gentlemen,**

One of the most important lessons we have learnt from this crisis is the traveling public's willingness to embrace digital transformation at all levels and in all aspects of air transport activities. And if there is a silver lining in the midst of this darkness that pervaded the world, it is the qualitative leaps taken by many airlines, airports, and even governments in adopting information technology solutions that allow travelers to conduct all of their transactions electronically, without the need for any intervention or human communication.

Although the road to a comprehensive digital transformation appears long; however, we have begun walking it, and what is now required is the speedy adoption and implementation of that transformation. Enabling travelers to use information technology and, if possible, a single application, such as the IATA Travel Pass, will significantly contribute to alleviating the burdens imposed by the viral situation on travelers first, and all stakeholders in air transport. Moreover, extending the spectrum of platforms and utilizing biometric technologies have the potential to radically transform the travel experience, making it streamlined and simple. In this area, we urge governments to adopt an electronic platform like the IATA Travel Pass and to broaden its use to include the maximum number of travel processes.

**Mr. Chairman,
Ladies & Gentlemen,**

Your organization has worked at various levels to ensure that its priorities reflect those of its members. We have also been major contributors to the international guidelines developed in cooperation with the Arab Civil Aviation Organization, the Arab Tourism Organization, the International Civil Aviation Organization, and the International Air Transport Association. This collaboration between regional and international organizations and associations has led to a unified vision on how to cope effectively with this pandemic.

We will continue to work with our partners in these organizations, airlines, and our industry partners to keep track of what's going on, contribute to finding solutions, and finally, contribute to creating productive collaboration to put these solutions into action. We shall emerge from this crisis, God willing, stronger than

we were before, having learned from its lessons in order to provide a better service to travelers with a positive environmental footprint and the technologies that they expect from us.

Over the past period, AACO has continued its collaboration with the regional and international organizations, member airlines and industry partners to raise awareness about the impact of this pandemic on various domains that the industry is dealing with. In this area, we are focusing on our website, social media, and the electronic weekly, monthly, and quarterly bulletins which are communicated to the concerned, and which are crowned every year with our Annual Report and the annual Arab Air Transport Statistics bulletin, which are available in electronic format on AACO Mobile Application on your phones or tablets. AACO also continues to hold its diverse forums which gather our members, partners, and all stakeholders to discuss the latest industry developments and the best ways to deal with them.

On this occasion, I would like to thank all of the members, particularly the Chairman and members of the Executive Committee, the members' representatives in AACO working groups, regional and international organizations and associations, as well as partner airlines, and our aviation and industry partners for their support and collaboration. My thanks also to the sponsors of this AGM. I also wish to reiterate my appreciation to H.E. Mr. Akbar Al Baker and his team for everything they have done and are doing to make this AGM a special one like its predecessors. Finally, I would like to thank my colleagues in the General Secretariat for their hard work and dedication in carrying out their responsibilities during one of the most difficult periods in AACO's history, both locally and globally.

I hope that we have succeeded in proudly serving you...

Abdul Wahab Teffaha
Secretary General
Arab Air Carriers' Organization