

Dear Members of Parliament, distinguished colleagues, ladies and gentlemen, good morning.

It's a real pleasure to be here to address this audience today. A special thank you to our host, FSF-MED, for welcoming us to this beautiful island of Cyprus.

Aviation is the Business of Freedom.

It liberates us from the constraints of geography and distance. It connects people and businesses globally. And, in doing so, it generates prosperity, and empowers us to lead better lives.

The benefits of aviation are clear. Globally, aviation supports over 65 million jobs with an economic impact of 2.7 trillion USD, equivalent to 3.6% of global GDP. A third of global trade by value moves by air.

Air transport has been at the heart of European integration. Europe is now connected by 23,400 daily flights, carrying 1 billion people a year.

Aviation is critical to Cyprus and its development. It supports the connection's needs of Cypriot citizens and their businesses. It brings tourists to explore this country's fabulous beaches, amazing cultural heritage and vibrant cities. The Cyprus tourism sector is of vital importance to Cyprus economy, contributing some 27% to the National GDP. In 2018 some 4.m tourists visited the island.

To be successful, aviation must be safe. It must be sustainable. It needs a cost-competitive environment. And it requires the right infrastructure.

Safety is always the top priority. And the numbers tell us categorically that flying is safe. In 2018 there was one major accident for every 5.4 million flights and over the last decade the fatal accident rate has improved by 59%.

These facts, however, give no comfort to those who have lost family or friends in aviation tragedies. That's why we must always strive for a zero-accident future.

The recent Boeing 737 MAX accidents have put our reputation in the spotlight. This is about more than restoring confidence in how aircraft are certified. When issues arise, coordination among regulators and with industry must improve.

Investigations will ultimately reveal the cause. And a remedy will be found. The consequences of these tragedies, however, go far beyond the technical. Trust in the certification system has been damaged—among regulators, between regulators and the industry and with the flying public.

Everyone must be confident that processes are sufficiently thorough not to warrant duplicative and redundant examinations jurisdiction by jurisdiction. Close collaboration between manufacturers and civil aviation authorities around the world is essential.

Another important lesson learned for these terrible events is the need to continue to focus and invest on pilots and other aviation personnel' training, a constant challenge, especially in times of specialized personnel shortage. The development of an efficient training infrastructure in Cyprus should be a priority and can certainly deliver major benefits. The geographical location of the island and the availability of professional expertise in the Country would ensure that any initiative in this area is successful.

Environment is the other great challenge of our time. The demand to fly is a response to our most positive desires. It creates wealth, and prosperity, and social good. But, like every human activity, there is an environmental impact. It is no secret that calls to curb flying for environmental reasons have risen. We've all heard a new word, "flygskam", aimed at shaming people about their flying.

I don't believe that there is shame in flying. I do believe that we must reduce emissions to make flying sustainable. And I am confident that we are on the right track.

Aviation's commitment to control and reduce its emissions goes back more than a decade. As the developing world catches up with the developed, people in those markets will expect the same opportunities to fly. So, we can expect passenger demand to continue to increase. And we must reduce absolute emissions levels despite the growth in demand

Aviation can already demonstrate tremendous progress on environmental performance. Advances in airframe and engine design continue to improve the efficiency of each new generation of aircraft by around 20%. And the prospect of electric and hybrid aircraft for short-haul journeys no longer looks like an impossible dream.

Solid financials are needed for aviation to deliver its best.

As an industry, airlines have been in the black since 2010. And since 2015, returns to shareholders have exceeded their aggregate cost of capital. However, performance is not uniform. Some regions continue to struggle.

Today, debt for European carriers is the lowest of any region, but carriers also have the highest break-even load factors of cargo and passengers. We can attribute this in part to low profits per passenger. (This year they were less than 7USD per passenger - half of the profits per passenger in North America).

Only a few members in Europe are showing noticeable profits and the region remains a highly competitive environment. So far this year eight European airlines have gone bankrupt or otherwise stopped operating. Cyprus has not been immune from these Airlines failures, with some notable carriers ceasing operations in recent times.

Governments have a duty to ensure that the right competitive environment is created through appropriate legislations and that the necessary infrastructure is developed and maintained.

Infrastructure is the physical platform to spread aviation's benefits. Our requirements for airport and air traffic management are not complicated:

- Sufficient capacity
- Quality and efficiency aligned with airline expectations, and
- Affordable costs
- We are far from that today.

European air traffic management shortcomings illustrate the problem. In 2018 aircraft flying in Europe experienced 19.1 million minutes of en-route delays. That's 36 years of wasted time that unnecessarily added 5.6% to our European carbon footprint. The prime causes are inadequate capacity and staff rostering. These are fixable. And that makes poor performance all the more disappointing. Thanks to the Network Manager efforts, 2019 has been slightly better in terms of delays, but at great costs with regards to efficiency losses and unnecessary additional CO2 emissions. Furthermore, the aggregated performance plans for Reference Period 3, submitted to the European Commission, are not meeting the environmental and efficiency targets, while considerably increasing costs, for the next 5 years.

Developing infrastructure—airports or air traffic management—lays an economic cornerstone. Careful planning, broad consultation with users, examination of funding options and a keen focus on affordability are the keys to making it successful. The right decisions today will determine the economic and social benefits that will be realized in the future.

Governments can help. Clear strategies are needed at a National and European level to ensure aviation can continue to serve the needs of the European Citizens. We are urging Cyprus and the EU to adopt a regulatory framework that ensures the right competitive environment and the right infrastructure is in place. Increase production of sustainable aviation fuels should be encouraged. And we shall all continue to push for the long-overdue modernization of European air traffic management. The Single European Sky has been on the drawing board for 25 years – half of my life! It offers the chance to cut emissions in Europe by 5-10%. Why is this not the number one priority for Europe's governments? Instead, they waste energy debating how more and more taxes and charges should be loaded onto passengers. It is completely the wrong approach.

All the above could more easily be achieved if each European Countries, including Cyprus would develop clear National Aviation Strategies, aligned with the EU goals, and with the contribution and buy in of all stakeholders. Only by working together in a partnership approach, we can make aviation succeed. These National Strategies should also include a clear roadmap for the development and modernization of Airport and ATM infrastructure.

The last thought that I want to leave you with is a reminder of aviation's importance and why we are here. We are the business of freedom. And for Cyprus that is the freedom to be well connected to the rest of the world.

Aviation keeps families and friends together over great distances. It facilitates international education, tourism visits and business trips to develop new markets.

With the right tax and regulatory framework, the opportunities aviation creates to improve people's lives are tremendous. And as leaders of the business of freedom we have virtually unlimited potential to enrich the future of this beautiful island, of our European Union and of the entire world.

Thank you.