

**ASSOCIATION OF ASIA PACIFIC AIRLINES
RESOLUTION NO. 4
Series of 2008**

**A RESOLUTION RENEWING THE CALL TO REFRAIN FROM MEASURES PUTTING
FURTHER FINANCIAL STRAIN ON THE AIRLINE INDUSTRY**

The AAPA ASSEMBLY OF PRESIDENTS, in its 52nd meeting duly assembled,

RECOGNISING THAT:

- I. Aviation plays a vital role in facilitating economic growth and is thus a major contributor to global economic prosperity;
- II. Air transport pays for its own infrastructure costs;
- III. The global air transport industry is currently confronted by declining traffic demand as a result of the global financial crisis and weakening consumer confidence, whilst oil prices remain extremely volatile and still represent the industry's largest cost item;
- IV. A rising number of airlines have already declared bankruptcy or ceased operations this year;
- V. The International Civil Aviation Organisation (ICAO), which provides guidance on taxation on international air transport as set out in Doc 8632, "ICAO's Policies on Taxation in the Field of International Air Transport", discourages levies on international air services as these would inhibit further economic development;
- VI. AAPA has in the past adopted resolutions calling on governments to refrain from increasing the burden of aviation levies in any form, including Resolution No.6, Series of 2005, "A RESOLUTION CALLING ON GOVERNMENTS TO CAREFULLY CONSIDER THE ECONOMIC EFFECTS OF PUTTING FURTHER FINANCIAL STRAIN ON THE AIRLINE INDUSTRY AND TO EXERCISE RESTRAINT IN INCREASING THE BURDEN OF LEVIES ON AIRLINES AND PASSENGERS;

NOTING THAT:

- VII. The global airline industry is expected to suffer multi-billion dollar losses in 2008, with the financial outlook likely to deteriorate further in 2009;
- VIII. Airlines today already bear the burden of many other excessive charges imposed by uncompetitive and monopolistic service providers and other agencies;
- IX. User charges paid by airlines and their passengers today account for 11% of airline revenues;
- X. A number of airports and air navigation service providers (ANSPs) around the world have implemented or announced plans to increase user charges without proper consultation with stakeholders, further increasing the cost burden on airlines;
- XI. Taxes account for up to 15% of ticket prices, but a number of governments around the world have, nevertheless, announced plans to introduce yet more taxes on air travel in various forms, including taxes ostensibly for “green” or environmental purposes;

BELIEVING THAT:

- XII. Airport and air navigation charges are often not subject to effective market competition;
- XIII. Punitive taxes, even if disguised as environmental or social levies, not only contravene ICAO's policies on taxation but also penalise aviation's vital role in fostering global tourism, social and economic development;
- XIV. Further, the introduction of individual environmental taxes by national governments clearly disregards the role of ICAO in the development of globally agreed measures to address international aviation's environmental impact;

RESOLVES :

- XV. TO RENEW THE CALL on governments and aviation service providers to carefully consider the overall economic effects of putting further financial strain on the aviation industry, and to refrain from increasing the burden of aviation levies in any form;
- XVI. TO RENEW THE CALL on airport authorities to adopt transparent, fair and reasonable charges in accordance with ICAO principles; and
- XVII. TO CALL on airport authorities and other service providers to consult in an open and transparent manner on charges matters.

APPROVED this 14th day of November 2008.

Certified correct:



ANDREW HERDMAN
Director General

Attested by:



JAMES JENG
AAPA Chairman – 2008