

PRESS RELEASE

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State of the industry

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AAPA sees Tough Year Ahead for Airline Industry

Weakening travel demand follows dramatic falloff in freight business

Kuala Lumpur, Malaysia - AAPA sees 2009 as being another tough year for the airline industry, with continuing uncertainties about the depth and duration of the recession despite major economic stimulus packages being implemented by governments around the world. This follows a challenging year of volatility in the industry in 2008, with mid-year concerns over the burden of record high oil prices rapidly giving way to declining passenger and freight traffic as the global economic slowdown began to bite hard during the final quarter of the year.

“Asian airlines are responding to recessionary pressures with progressive adjustments to both capacity and route networks, but with revenues falling faster than costs, many carriers are suffering losses, exacerbated by losses on fuel hedging,” said Andrew Herdman, Director General of AAPA. “Despite these enormous commercial challenges, AAPA carriers remain focused on surviving the current downturn whilst maintaining the very highest standards of safety, striving to achieve environmental goals and supporting calls for further industry liberalisation.”

Safety

AAPA carriers maintained very high safety standards in 2008 and will remain vigilant in 2009 to ensure that safety performance remains comparable to major airlines in the United States and Europe.

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AAPA works closely with air transport regulators and other stakeholders in constantly striving to improve safety performance through the implementation of operational quality control measures in all areas. AAPA is also collaborating with the international Flight Safety Foundation on specific safety initiatives, including measures to reduce runway overruns and incursions.

Environment

AAPA supports the goal of “carbon-neutral growth” in the medium term and ultimately aspires to a longer term vision of “zero-emissions flying” using non-carbon based fuels.

AAPA member airlines are leading the industry as launch customers and operators of new generation, environmentally friendly aircraft, including the Airbus A380 and Boeing 787 Dreamliner.

AAPA is calling upon governments to work towards globally harmonised policies on aviation and the environment, including backing for air transport industry focused environmental research & development programmes; infrastructure improvements to reduce unnecessary carbon emissions; and properly designed market-based measures including emissions trading. AAPA fully supports the efforts of ICAO in working towards global solutions for aviation to complement wider efforts to address climate change. However, AAPA is firmly against the unilateral imposition of punitive “green taxes” that in reality do nothing for the environment.

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Liberalisation

Airlines are constantly striving to minimise costs and boost overall productivity and AAPA seeks the support of airports and air navigation service providers to achieve further efficiency improvements. Governments have an important role to play in ensuring that further industry liberalisation allows airlines the freedom to compete like other international businesses, including reviewing the way in which national ownership and control rules inhibit airlines from competing more effectively in a global marketplace.

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Association of Asia Pacific Airlines (AAPA)

The AAPA is the trade association of major scheduled international airlines based in the Asia-Pacific region. The AAPA permanent secretariat is headquartered in Kuala Lumpur, Malaysia with international representation in Brussels and Washington, D.C. Collectively, the 17 AAPA member airlines carry 290 million passengers and 10 million tonnes of cargo representing approximately one-fifth of global passenger traffic and one-third of global air cargo traffic respectively, and thus play a critically important role in the ongoing development of global aviation.

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