

PRESS RELEASE

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AAPA 60th Assembly of Presidents / Outlook

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Asia Pacific Carriers at the Forefront of Global Industry Development
World's most dynamic region set to provide major growth opportunities for the rest of the century

Manila, Philippines – Asia Pacific airlines are well established at the forefront of the global industry, with the fundamentals of an increasingly outward looking and economically dynamic region creating major growth opportunities for the future. Large populations with rising household incomes in China, India and many South East Asia countries are the driving force behind relentless passenger traffic growth and the delivery of increasing numbers of the latest generation Airbus and Boeing airliners. With the region already established as the world's largest air transport market and the rise of Asia destined to continue long term, there is good cause for optimism amongst delegates gathering today for the 60th Association of Asia Pacific Airlines (AAPA) Assembly of Presidents meeting in Manila, Philippines. At the same time, the region's airline leaders are acutely aware of shorter term geopolitical instabilities, the rise of more cautionary attitudes towards globalisation and free trade, and potential oil price increases. There is a determination to address numerous obstacles that represent a persistent threat to achieving short-term profitability and long-term potential.

Environmental sustainability represents one area of notable progress, with Asia Pacific airlines welcoming the recent agreement at the 39th ICAO Assembly for the implementation of a Carbon Offsetting & Reduction Scheme for International Aviation (CORSA) with effect from 2020. This landmark agreement by representatives of 191 governments is the first to be put in place for any global industry sector. Airlines from the region have a long-established reputation for investing in new generation aircraft technology that reduce CO₂ emissions, which is a key element of the industry's four pillar strategy that also includes development of alternative fuels, operations and infrastructure improvements, together with a comprehensive global market-based measure scheme. Asia Pacific airlines are fully committed to ensuring that air travel remains environmentally sustainable, whilst achieving

growth in global connectivity commensurate with the region's development. The industry reiterates the need for investments in related aviation infrastructure, including airport runways, terminals and air navigation services, with governments and private enterprise working closely together.

The Asia Pacific air transport industry will see record numbers of passengers travelling, and is expected to remain profitable overall in 2016, but many carriers still face fiercely competitive conditions that impinge on financial performance, regardless of business model. These pressures underscore the need for all airlines to carefully review their fleet and network development plans, whilst maintaining a tight rein on costs. Asian carriers carry around 40% of global air cargo volumes, but continue to find rates depressed, following a prolonged period of weakness in global trade. With increasing volumes of freight being carried in the bellies of passenger aircraft, operators of dedicated freighter aircraft are under particular pressure, given surplus capacity still in the market.

Asia Pacific airlines have maintained the very highest standards of safety over the past year and remain in a state of constant vigilance at all operational levels. This requires continued close cooperation between airlines, regulators and other stakeholders in setting standards, and delivering further safety improvements. However, AAPA remains concerned about variations in the level of safety oversight, where airlines find themselves subject to restrictions or operating bans imposed by other countries, simply due to a lack of effective national regulatory oversight in line with accepted international standards. AAPA strongly supports the ICAO 'No Country Left Behind' campaign which aims to address disparities in the quality of regulatory oversight amongst different states through improved implementation and compliance.

Other key industry issues under consideration at this year's Assembly of Presidents include security, passenger facilitation, taxes & charges and responding to health pandemics.

"With its vibrant airline sector, booming tourism levels and rapidly growing passenger traffic, the Philippines epitomises the energy and long term optimism that surrounds the entire Asia Pacific industry," said Mr. Andrew Herdman, Director General of the Association of Asia Pacific Airlines. "Many of the challenges that face the industry in achieving its full potential across the region are extremely pertinent in the local context and I sincerely hope that high level deliberations at this year's Assembly of Presidents meeting will contribute to the continued long term success of the air transport industry in the Philippines and the rest of the Asia Pacific region." He concluded, "Asia Pacific airlines will continue to play an important role in shaping the future of the global aviation industry."

AAPA performs a critical role in addressing the key policy issues that affect all carriers in the Asia Pacific region, including safety, security, infrastructure, environment, passenger facilitation, and unjustified taxation. AAPA is dedicated to ensuring a strong, sustainable, efficient and profitable Asia Pacific air transport industry for the long term, and contributing to the social and economic success of the region's economies.

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Association of Asia Pacific Airlines (AAPA)

The AAPA is the trade association for 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 region's airlines carry 1,214 million passengers and 20 million tonnes of cargo, representing one-third of global passenger traffic and two-fifths of global air cargo traffic respectively, and thus play a critically important role in the ongoing development of global aviation.

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