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(Reg. No.587)

9/F Kompleks Antarabangsa

Jalan Sultan Ismail

50250 Kuala Lumpur

Malaysia

Tel +603 2145 5600

Fax +603 2145 2500

www.aapairlines.org

AAPA DEMANDS MORE FREEDOM AS INDUSTRY RECOVERS FROM GLOBAL RECESSION

Governments must review restrictive policies and taxation that constrain long term development

Singapore – AAPA carriers have been battered by the full force of the global recession over the past 18 months, with airline revenues taking a double hit from both declining traffic and lower yields. Although there are some tentative signs of a fragile recovery led by a number of dynamic Asia Pacific economies, airline revenues remain under severe pressure. Despite strenuous efforts to cut costs, many airlines are still suffering heavy losses.

In addition, carriers still face a host of challenges to their long term viability. Government interference and inefficiencies in the areas of taxation, environment, air traffic management infrastructure, and passenger facilitation, place a tremendous burden on the industry, which need to be addressed urgently.

AAPA has agreed on a number of important resolutions at this year's Assembly of Presidents, each of which calls for a fresh approach from governments and regulatory agencies in providing more freedom and efficiency for carriers to help build a stronger and more sustainable industry in the long term.

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Page 1

Environment

Even in the midst of the economic downturn, AAPA carriers have remained firmly focused on the environmental challenges facing the industry. AAPA members strongly support the shared industry goals of continuous improvements in fuel efficiency and “carbon-neutral growth” from 2020. AAPA members are leading the way as launch customers for new generation aircraft that offer significant improvements in environmental performance, including the Airbus A380, Boeing 787 and Airbus A350.

AAPA calls upon governments to adopt a global sectoral approach to aviation and the environment, instead of a patchwork of uncoordinated schemes and arbitrary levies that will fail to achieve the desired environment objectives in a cost effective manner. The aviation industry is united in its commitment to ambitious environmental targets, but is being held back by the failure of governments to resolve major differences between the views of developed and developing nations. AAPA will continue to press ahead with its programme of environmental initiatives, at the same time encouraging governments to overcome the political obstacles and accelerate their decision making processes within ICAO.

Taxation

Even without the exceptional pressures placed on airlines over the past 18 months of the global recession, the industry rarely achieves strong returns on invested capital. This consideration is all too often ignored by many governments, who still target the air transport industry as a cash cow and convenient revenue collection mechanism. Government taxes and charges account for around 15% of the average ticket price, even though the industry pays separately and in full for its own infrastructure. New waves of taxation on airlines are in the pipeline, often deceptively packaged as “green” initiatives.

AAPA calls on governments to refrain from unfair taxation on the industry.

Air Traffic Management Infrastructure

Airspace congestion and delays are costly, both in terms of economics and their environmental impact. As traffic growth resumes and Asia Pacific becomes the largest air

transport market in the world, significant new investments in air traffic management infrastructure across the region will become critical.

AAPA calls upon governments in Asia Pacific to support the development of a regional framework that will address the air traffic management infrastructure needed to support future regional industry growth in an efficient and cost effective manner, including the adoption of inter-operable globally harmonised technologies.

Passenger Facilitation

The airline industry and other stakeholders have made significant progress in recent years introducing new technologies, including the use of biometrics and self-service check-in facilities to streamline a passenger's journey. This commitment to an improved passenger experience has not necessarily led to speedier passage of travellers through airport controls, since governments continue to impose onerous security procedures, which often appear to be based on fear rather than a balanced evaluation of threats and risk assessments.

AAPA calls on governments to recognise the true costs, both direct and indirect of implementing various rulemakings, and the corresponding impact on the traveling public. AAPA also calls on governments to positively consider the benefits of broadening the use of technologies, including self-service facilities to improve the efficiency of passenger facilitation.

Andrew Herdman, AAPA Director General said, "From our discussions with Asian airline leaders at this year's Assembly, AAPA carriers are still enduring the severe impact of the global recession, yet the straightjacket of restrictive government policies and inefficiency remains a clear obstacle to recovery. Whilst airlines grapple with this multiplicity of commercial challenges, governments appear oblivious to the calls of the industry for less interference. In order for the industry to achieve long term sustainability and growth, it is now time for governments to wake up to the idea of removing policies that have inhibited development for decades."

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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.

For further information, please contact:

Office of the Director General

Tel +603 2145 5600 Fax +603 2145 2500

email: odg@aapa.org.my