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AAPA SEES TOUGH TIMES AHEAD FOR AIRLINES AS GLOBAL RECESSION BITES

Assembly of Presidents takes key actions to address industry issues

Kuala Lumpur, Malaysia – AAPA members are bracing themselves for tough times in 2009, as the full effects of a global recession bite hard across the Asia-Pacific region. Airline leaders and industry partners gathered for the annual Assembly of Presidents in Taipei on 13th-14th November amidst severe turbulence in the industry.

Passenger and cargo demand has already fallen dramatically in recent months, with expectations of a further deterioration during the first half of 2009. Oil prices are likely to remain subdued given continuing weak economic conditions. This should enable carriers to keep fares competitive and help maintain travel demand at a time of diminished consumer confidence. Despite the current commercial challenges, AAPA carriers remain vigilant in maintaining the highest standards of safety and security.

In the face of a multitude of challenges, AAPA adopted a series of strong resolutions for 2008, calling for action on a number of important industry issues. The most critical of these resolutions is the call upon governments, airports and aviation service providers to refrain from putting further financial strain on the aviation industry through excessive taxes and charges. Other new resolutions targeted the need to boost air traffic management efficiency, improve passenger facilitation, and more precisely balance

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efficiency & security considerations for air cargo. The continuing high priority that AAPA attaches to safety and environment issues additionally resulted in the re-iteration of key resolutions originally passed at the Assembly of Presidents in November 2007 relating to safety oversight, safety investigations and sustainable aviation.

“AAPA carriers remain confident about medium to long term growth opportunities in the world’s most dynamic economic region. However, in the short term, airlines are bracing themselves for tough times as the global recession bites hard in 2009. Carriers are taking steps to closely match capacity to expected demand, whilst seeking every opportunity to reduce unnecessary costs,” said Andrew Herdman, Director General, AAPA.

AAPA RESOLUTIONS - 2008

Financial Strain on Industry

With aviation playing a vital role in facilitating economic growth, whilst paying for its own infrastructure costs. AAPA calls on governments and service providers to refrain from putting further financial strain on the aviation industry through excessive taxes and charges. The Association additionally called for airports to adopt transparent, fair and reasonable charges in accordance with ICAO principles.

Air Traffic Management

Airspace congestion, delays and environmental pressures remain a major challenge for air carriers and resulted in AAPA previously calling upon governments to improve co-ordination and co-operation with airspace users and air navigation service providers.

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Given that fuel represents the single largest cost element in air travel, AAPA now goes further by calling upon governments to collaborate and co-operate with stakeholders on the development of their future ATM and infrastructure improvements with the objective of ensuring proper harmonisation, system integration and inter-operability.

Passenger Facilitation

Recognising that the global airline industry transports 2.2 billion passengers every year and that governments have the sovereign right to secure their borders, AAPA calls on governments to positively consider the benefits of international standardisation and harmonisation in the use of new technologies to both enhance border security and at the same time streamline passengers' journeys.

Air Cargo Security

Global airlines transport goods representing 35% by value of international trade and have consistently placed the highest priority on ensuring the safety and security of passengers, cargo, aircraft and employees. AAPA calls on governments to establish aviation security measures in a manner that strikes a balance between the requirements of national security and the need for efficient cargo facilitation.

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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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