

## PRESS RELEASE

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### AAPA POISED TO CONFRONT MAJOR INDUSTRY CHALLENGES

***Governments need to rethink unwarranted and ineffective policies on environment, taxation and passenger services***

**Brunei** – The AAPA is poised to confront a host of major challenges faced by Asian carriers during the year ahead, even as the industry enjoys strong growth in the midst of global economic recovery. Government interference and inefficiency continue to be of critical concern to AAPA leaders, with often unwarranted and ineffective policies on environment, taxation and aspects of passenger service all demanding urgent attention to avoid long-term damage to the industry. The Association also continues to remain sharply focused on all aspects of safety and security, which remain as the industry's highest priorities.

The need to face up to these major industry challenges is reflected in a series of strong resolutions that have been adopted by the members of the Association upon the conclusion of the 54th AAPA Assembly of Presidents in Brunei today.

Mr Andrew Herdman, AAPA Director General said, "AAPA carriers have been enjoying a solid recovery across the region this year, yet the post-recessionary airline world still presents a minefield full of regulatory threats to the industry's long-term interests. Governments in Europe and the US, as well as others here in the Asia Pacific region, continue to bombard airlines with well-intentioned, but often ill-conceived, policies that are actually counterproductive to every effort that airlines make to improve efficiency, value for money and the overall passenger service experience. AAPA is poised to confront these major industry challenges with renewed vigour."

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Mr Herdman added, "Looking to the longer term, the prevailing shift of influence and commercial dynamism towards Asia should result in carriers from the region playing an increasingly important role in shaping the future of the global air transport industry. Beyond achieving further commercial success, the region's airlines are committed to concerted action and taking leadership on global regulatory issues."

## **RESOLUTIONS**

### ***Safety***

The Asia Pacific air transport industry has already achieved safety performance levels comparable to those in Europe and the United States, but governments in the region still need to strengthen regulatory oversight and ensure full compliance with agreed ICAO standards. Governments which fail to implement regulations in accordance with accepted ICAO standards risk the imposition of sanctions by other governments if identified safety deficiencies are not properly addressed.

*AAPA renews the call on governments to properly resource and support their regulatory authorities with the aim of achieving full ICAO compliance; and at the same time positively considering the creation of a cooperative Asia Pacific regional body to provide enhanced safety oversight and guidance to national airworthiness authorities.*

### ***Security***

Whilst always remaining vigilant to terrorist threats, regulatory agencies often react too quickly to incidents by issuing nationally focused aviation security requirements that are costly, yet ineffective in achieving improvements to overall global security. The travelling public continues to be frustrated by a degraded travel experience as a result of increasingly complex, onerous and inconsistent aviation security procedures.

*AAPA calls on governments to recognise the need to strike a reasonable balance between aviation security and passenger facilitation that minimizes inconvenience and delays; and to engage in regional coordination, cooperation and capacity building to strengthen passenger confidence in the effectiveness of security procedures.*

### ***Environment***

The air transport industry takes its environmental responsibilities seriously and is ready to move forward on developing a global framework to mitigate aviation's impact on climate change. Air transport in the Asia Pacific region is projected to grow significantly in the coming decades, and is investing in new aircraft, engines and other technologies that offer improvements in environmental performance. Governments must take a leadership role in the development and implementation of infrastructure improvements in order to contribute towards the goal of achieving fuel efficiency savings of 2% per annum. Furthermore, even though governments reached a global consensus at the ICAO 37th Assembly last month, this may not prevent the introduction of a patchwork of nationally or regionally imposed market based measures, including passenger taxes or other levies.

*AAPA calls on governments to actively support efforts through ICAO to develop a global framework and agreed principles to be applied to the implementation of market based measures, and to refrain from introducing duplicative measures, including the imposition of arbitrary taxes under the guise of green initiatives. AAPA reiterates its earlier call for governments to support investment in modernising air traffic management, technological research and the commercialisation of sustainable aviation biofuels.*

### ***Taxation***

Airlines today already bear the burden of numerous taxes and excessive charges imposed by governments, which typically account for 15% of the price of an air ticket. Nevertheless, governments continue to increase the tax burden on the airline industry and the travelling public with funds raised going directly to general treasuries. Some taxes and levies imposed on international travellers are explicitly designed to discriminate against foreign citizens in general or even varying according to their degree of remoteness. A number of governments have announced plans to introduce new taxes or increase existing taxes, such as the UK Air Passenger Duty (APD) and the German and Austrian governments' proposed new ecological aviation taxes.

Unjustified taxes do untold damage to the economy of the state imposing such measures, harm the travelling public by making air travel less affordable, and undermine aviation's vital role in fostering global tourism and acting as a positive driver of social and economic development.

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*AAPA renews its call on governments to carefully consider the overall economic effects of putting further financial strain on the travelling public and the air transport industry and adds that governments should refrain from introducing unjustified, discriminatory and arbitrary tax increases that are counterproductive to the shared goals of increased societal mobility and global trade growth.*

### ***Passenger Services***

Several governments have implemented, or are proposing to introduce, rules governing the treatment of passengers in the event of service failures, even if these are caused by factors outside the control of airlines. As seen during the recent volcanic ash-related chaos in Europe, EU regulations have effectively turned the airline community into an insurer of last resort for massive and widespread disruptions. More generally, introducing overly prescriptive legislation to regulate individual details of customer care constrains the airlines' ability to innovate and use superior customer service standards for competitive advantage. Governments should also take into account the overall systemic impact of imposing specific operational constraints.

*AAPA calls on governments to refrain from introducing legislation that would act as a disincentive to airlines to compete freely on customer service standards and also ensure that mandated regulations related to passenger processing and treatment are designed from the outset to be practical, cost-effective, efficient and sustainable.*

**ENDS**

### **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 520 million passengers and 10 million tonnes of cargo, representing one-quarter 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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