ASIA PACIFIC CARRIERS UNDER PRESSURE IN DYNAMIC PASSENGER AND CARGO MARKETS

Taipei - Asia Pacific carriers remain under pressure in a market characterized by intense competition and robust growth of both passenger and cargo traffic. Despite underlying political, economic and security risks, the region’s carriers are well-placed to capture the market opportunities in an expanding global economy.

On the back of competitive pricing and service innovations across a wide range of airline business models, international passenger traffic for Asian airlines has grown by 7.9% in revenue passenger kilometre (RPK) terms so far this year. Improvements in global trade sentiment have delivered a robust 10% growth in air cargo volumes, a welcome development for Asian carriers which account for nearly 40% of global air cargo traffic. Although there has been considerable pressure on yields in a fiercely competitive environment, Asia Pacific carriers in aggregate are expected to deliver profitability levels similar to last year.

Against this broadly positive backdrop, Asia Pacific airline leaders are gathering at this year’s Association of Asia Pacific Airlines (AAPA) Assembly of Presidents meeting in Taipei, where there will a sharp focus on industry issues and global risks.

Despite recent yield pressures as a result of intense competition, the region's carriers are continuing to invest in fleet renewals and innovative service offerings including the latest cabin seating and amenities across all passenger segments. Asia Pacific carriers are also at the forefront of launching new ultra-long haul flights.

Safety continues to be the industry's number one priority, with carriers maintaining the highest safety standards in 2017. Nonetheless, Asia-Pacific carriers recognise the need
for vigilance at all operational levels. The Association plays an important role in actively engaging with regulators and other industry stakeholders to share lessons learned and prioritise enhanced safety measures. On a positive note, AAPA welcomed the recent removal of ICAO’s “red flag” on safety concerns in Thailand, as a result of concrete actions taken by the government of Thailand to improve safety oversight.

However, AAPA recognizes more efforts are needed in resolving regulatory oversight issues elsewhere in the region. 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.

Aviation security issues will be discussed, with particular attention to new requirements for enhanced screening of international passengers on specific routes. AAPA recently called for closer cooperation amongst governments, airports and airlines on more workable security measures to avoid unnecessary disruption to the travelling public.

Environmental sustainability continues to be a major focus for AAPA and its members, who welcomed the global agreement for the implementation of the Carbon Offsetting & Reduction Scheme for International Aviation (CORSIA) at the 39th ICAO Assembly in 2016. The air transport industry fully acknowledges its climate change responsibilities, and Asia Pacific carriers are fully committed to helping the industry achieve the goal of carbon neutral growth from 2020.

In addition to a comprehensive global market-based measure scheme, airlines from the region have already taken action towards meeting fuel efficiency goals, including investing in new generation aircraft technology that offer CO2 emissions reductions, the use of sustainable alternative fuels, as well as operations and infrastructure improvements.

Other key industry topics under consideration at this year's Assembly include taxes and charges, infrastructure development and passenger facilitation issues.

"Air transport is widely recognised as a key contributor to economic development and nowhere is this more evident than in the Asia Pacific region," said Mr. Andrew Herdman, Director General of the Association of Asia Pacific Airlines. "With the outlook for the world economy remaining positive, AAPA is determined to tackle the numerous challenges that face the region’s air transport industry."

continued /-
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 taxation. The Association is dedicated to ensuring a strong, efficient and sustainable Asia Pacific air transport industry for the longer term, contributing to the social and economic development of the region.

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 1,341 million passengers and 21 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.

For further information, please contact:
Office of the Director General
Tel +603 2162 1888    Fax +603 2162 6888
Email: odg@aapa.org.my
Website: www.aapairlines.org
Twitter: @aapairlines