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Asia Pacific Airlines Experience Strong Growth in Fiercely Competitive Markets

Bali, Indonesia – Asia Pacific airlines continued to experience strong passenger growth in the world's largest aviation market over the past 12 months, but competition has proved to be fiercer than ever amongst carriers from within and outside the region operating with diverse business models. Although there has been modest growth in air cargo this year, Asia Pacific carriers, particularly those operating dedicated freighter fleets, are seeing a slowdown in traffic, reflecting recent world trade conditions.

Delegates gathering at this year's Association of Asia Pacific Airlines (AAPA) Assembly of Presidents meeting in Bali, Indonesia have good reason to remain positive about growth prospects for the long term, but more immediately need to concentrate on a host of diverse challenges.

Asia Pacific airline leaders are endeavouring to reverse recent declines in profitability, where fierce competition has resulted in reduced yields for all carriers, regardless of business model. The Asia Pacific region includes many of the busiest air routes in the world, with up to a dozen airlines competing on a single route. In order to improve profitability and ensure long term sustainability, Asia Pacific airlines are continuously reviewing their fleet and network development plans in line with evolving market trends.

Maintaining the highest safety standards remains a priority for the Asia Pacific region. Flying remains extraordinarily safe, but high profile accidents in recent years have demonstrated the ever present need for vigilance at all operational levels to help avoid any recurrence of these tragic events. AAPA has taken a notable lead over the past 12 months in actively engaging with regulators and other industry stakeholders to share lessons learned and prioritise enhanced safety measures. Amongst recent initiatives, AAPA has organised two safety management workshops focusing specifically on turboprop aircraft, which often operate into remote airports with limited navigation aids.

AAPA is once again concerned about safety oversight in the region, where Asian carriers can find themselves restricted or banned from operating to EU and / or US destinations, due to a lack of effective regulatory oversight providing assurance that local carriers are operating in line with accepted international standards. Aviation safety is a collective effort by all stakeholders, built on the foundation of common global standards agreed at the United Nations International Civil Aviation Organisation (ICAO). Whilst further efforts are needed by governments to ensure effective implementation and strengthen the system of regulatory oversight by individual national authorities, AAPA remains opposed to the unilateral imposition of extra-territorial measures and operating restrictions. Airlines should not be held responsible for the shortcomings of their national regulatory authorities.

On the environment, Asia Pacific airlines remain fully committed to industry sustainability targets including fuel efficiency improvements through a four pillar strategy comprising technology, alternative fuels, operations and infrastructure improvements, as well as supplementary market based measures utilising carbon offsets.

AAPA is optimistic that an agreement for a global market based measure enabling carbon-neutral growth for the global air transport industry beyond 2020 can be reached at the next ICAO Assembly in 2016. AAPA is actively lobbying governments for a fair and equitable agreement to be reached, working in unison with other industry stakeholders.

“Although the Asia Pacific region is now well established as the global air transport industry’s largest market, with the highest share of traffic and passengers, the innovative approaches adopted by the region’s airlines in offering a diversity of product and service offerings to the travelling public has resulted in an intensely competitive market”, said Mr. Andrew Herdman, Director General of the Association of Asia Pacific Airlines. “Whilst the outlook for continued passenger growth looks positive, the cargo situation is more uncertain. Overall, there is continued pressure on airline leaders from the region who are endeavouring to boost profitability to support future growth.”

AAPA performs a critical role in serving as the voice of the industry, addressing 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, efficient and profitable Asia Pacific air transport industry for the long term, which duly delivers broader economic and social benefits.

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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 1,106 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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