

## PRESS RELEASE

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### **AAPA Tackles Constraints to Industry Progress**

**Bali, Indonesia** – Innovative Asia Pacific carriers continue to move forward with passenger service, fleet and network development plans, with progress starting to be made in improving profitability despite fiercely competitive conditions. Whilst the region's airline leaders have been successful in tightly controlling costs and maximising revenue, they still face a bewildering range of government imposed constraints to progress.

In order to gain further momentum in achieving improvements to financial results, airlines from the region would greatly benefit from governments adopting a more light-handed approach to the industry, rather than taking actions that involve more regulatory hurdles, additional legislation and unfair taxation.

The importance of effective oversight of safety standards has once again become a key issue of concern to AAPA, since the possibility of operations to various destinations being restricted or even banned could have a major detrimental impact on certain carriers from the region. Airlines should not be held responsible for the shortcomings of their national regulatory authorities.

Another safety-related issue of importance to the region's carriers is airspace risk assessment associated with flights over conflict zones, with AAPA seeking further streamlining of the processes by which governments share intelligence and information related to flight safety.

With the serious prospect of an agreement on a global market based measure for the air transport industry being achieved at the International Civil Aviation Organisation (ICAO) Assembly in 2016, AAPA will be stepping up its efforts alongside other industry trade bodies and stakeholders in lobbying governments over the next 12 months.

Resolutions on these three critical issues were adopted at the conclusion of the 59th Assembly of Presidents in Bali today, together with renewed calls on governments to boost infrastructure investment, remove unfair taxation, simplify passenger facilitation and moderate consumer rights legislation.

“With Asia Pacific carriers working hard to improve profitability, this is absolutely the right time for governments to rethink a new approach for an industry that is so crucially linked with the sustainable growth and economic development of the region,” said Andrew Herdman, AAPA Director General. “Less taxation and better regulation – this is what is needed to invigorate an industry to allow it to realise its full potential as a catalyst for the Asia Pacific region.”

On the environment, Mr. Herdman added, “There is good cause to be optimistic that an agreement on a global market based measure for the global air transport industry is in sight, with AAPA joining other industry stakeholders to play a key role in lobbying governments to ensure that a workable agreement is reached at the ICAO Assembly next year.”

## **RESOLUTIONS**

### **SAFETY OVERSIGHT**

Safety is the aviation industry’s first priority, with national regulatory agencies responsible for the effective implementation of ICAO standards and recommended practices. Some States, including the United States (US) and the European Union (EU) also evaluate the performance of other national aviation authorities in implementing effective oversight and compliance with international standards. On occasions, these have taken punitive action against foreign air carriers when audits of their respective regulatory authorities identifies deficiencies in the quality of regulatory oversight. AAPA does not believe the proliferation of multiple and overlapping international audits is the most effective way of achieving improvements in the quality of regulatory oversight and enhancing aviation safety.

AAPA calls on governments to respect the primacy of ICAO standards and guidance, whilst recognising that any additional restrictions should be based on transparent criteria, strong evidence, and take into account their potential extra-territorial impact. The Association further calls on governments to allow foreign air carriers the opportunity to demonstrate that their safety systems and performance are in compliance with accepted international standards before imposing sanctions on them. In addition, AAPA is looking to governments

in the Asia Pacific region to favourably consider the creation of a cooperative regional body to support national aviation authorities' enhanced safety oversight and guidance.

## **AIRSPACE RISK ASSESSMENT**

Commercial aviation is the safest form of travel with more than 100,000 flights operating safely each day. Following the tragic loss of MH17, ICAO developed an online centralised global information repository to enable States to distribute additional risk information related to operations in the vicinity of conflict zones, supplementing existing information channels including notices to airmen (NOTAM), aeronautical information circulars (AIC) and aeronautical information publication (AIP). States are responsible for issuing risk advisories regarding threats to the safety of civilian aircraft operating in their airspace, such as armed conflicts, ash clouds, missile and rocket launches, whilst air carriers are responsible for conducting comprehensive assessments of safety and operational risks for regular flight operations planning purposes.

AAPA urges governments to improve efficiency in providing accurate and timely information regarding threats and risks to civil aviation, particularly those associated with conflict zones. AAPA sees the need for governments to review the effectiveness of the global conflict zone information repository and the associated information sharing process to provide timely guidance to air carriers and air navigation service providers.

## **AVIATION INFRASTRUCTURE**

Global air travel demand is projected to grow 5% annually, with the Asia Pacific region expanding at an even faster pace of 6% per annum over the next twenty years. The overall efficiency of the Air Traffic Management (ATM) system of the region needs to be increased through improved airspace design and harmonisation delivering seamless operations, enhanced safety and sustainability. Failure to make the necessary investments and operational improvements in ATM infrastructure and services to keep pace with air traffic growth would lead to adverse consequences for the travelling public and the wider economy, in the form of congestion and delays, leading to operational and environmental inefficiencies.

AAPA renews its call on Asian governments to commit to a programme of investment in efficient air traffic management, prompt implementation of recognised international standards and best operational practices. The Association additionally calls on

governments to work together to implement ATM infrastructure improvements and to co-ordinate with other industry stakeholders to expedite investment and implementation.

## **AVIATION AND THE ENVIRONMENT**

The United Nations Framework on Climate Change (UNFCCC) recognises that the issue of CO<sub>2</sub> emissions from international aviation should be handled by the International Civil Aviation Organisation (ICAO). The main focus of the current ICAO work programme on the environment is on developing the framework of a global market based measure for future agreement by governments at the ICAO 39th Assembly in 2016.

AAPA renews its call on governments to continue to work in partnership with the air transport industry to develop and implement environmental measures that support sustainable growth. The Association also renews the call to ensure that any agreed global market based measure for aviation is fair and equitable, avoids competitive market distortion, and reconciles the differing interests of developed and developing nations, with the aim of reaching an agreement at the ICAO 39th Assembly in 2016 for implementation in 2020.

## **TAXATION AND CHARGES**

Airlines and the travelling public currently bear the burden of numerous taxes and charges imposed by governments, as well as monopolistic service providers and other agencies. Despite past exhortations, there has been a proliferation of taxes on international air transport and charges on passengers, several of which can be categorised as being in contravention of ICAO policies on taxation. The travelling public is often unaware of the variety and magnitude of such taxes or charges, especially when collected together with airfares.

AAPA renews the call on governments to carefully consider the overall economic effects of putting further financial strain on the travelling public and the aviation industry and to refrain from increasing the tax burden in any form. The Association calls on governments to adhere to ICAO policies on taxation and ensure such recommendations are followed by all relevant taxation authorities, as well as to avoid imposing unjustified or discriminatory taxes on international aviation, that undermines global tourism and its wider contribution to economic development.

## **PASSENGER FACILITATION**

Government agencies, including immigration and customs departments play a key role in all countries in facilitating the smooth flow of both passengers and cargo transported by air. The development of common standards for machine readable travel documents by ICAO has proved effective in the development of systems that expedite the movement of international passengers and crew members through clearance controls at airports, while enhancing border security. Notwithstanding the large volumes of personal information of both crew and passengers transmitted to governments well ahead of travel, airline crews and air travellers still continue to be faced with lengthy border processing times at airports.

AAPA calls on governments to continue to promote and expand preferred visa waiver arrangements, thereby boosting the important contribution of travel and tourism to the wider economy. The Association also encourages governments to promote the use of technologies to streamline passenger facilitation and refrain from introducing costly visa-related fees, or other regulatory hurdles, that negatively impact the travel and tourism industry.

## **CONSUMER PROTECTION**

The air transport industry is a highly complex system in which multiple stakeholders including governments, regulatory agencies, airlines, infrastructure operators and other service providers work closely together to ensure the smooth functioning of the overall system. On occasions, the system can be affected by factors beyond the control of the stakeholders, such as weather-related disturbances and other unpredictable events, but has demonstrated the ability to recover from various crises. More than sixty governments have introduced or planning to introduce aviation-specific consumer protection regimes governing the treatment of customers in a variety of circumstances. These regimes are often not coordinated with each other and include extra-territorial aspects, creating overlapping and conflicting entitlements resulting in confusion for consumers and operational difficulties for airlines.

AAPA is renewing its call on governments to recognise the role of a competitive marketplace in incentivising airlines to respond effectively to evolving customer needs and to refrain from introducing legislation that would act as a disincentive to airlines to compete freely with differentiated customer service standards. The Association goes further in calling for governments to consult with industry and to conduct systemic reviews and proper

cost-benefit analysis before implementing additional legislation that affects the travelling public.

**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 1,106 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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