

Article 1

Industry Registers Record Traffic Volumes, Load Factors in July

IATA recently released traffic results for July 2007. The highlights are:

Passenger Traffic

- Year-on-year passenger demand was up 5.9% for July 2007 over July 2006.
- Passenger demand grew 6.2% during the January-July period over the same period in 2006.
- Much of this growth is facilitating economic development as business traffic is growing faster than economy traffic on long-haul routes.
- The average passenger load factor hit a record 81% in July, up 0.3% from the previous high in July 2006. With the exception of April 2007, monthly load factors have risen every month during the past two years. The average load factor during January-July 2007 was 76.5%, up from 76% recorded during the same period in 2006.
- Airlines in the Middle East continued the double-digit growth seen over the last three years with demand growth of 18.8% in July. Improved demand growth in Asia Pacific (5.5%) and Europe (4.5%), which together comprise almost two-thirds of total international traffic, boosted overall July results.

Freight Traffic

- Freight demand continued its recent rebound with 5.5% demand growth in July, up from 4.9% growth in June, and well above the 2.7% growth seen for the first half of 2007. Year to date freight demand has risen 3.8%.
- Middle East carriers led demand growth in freight with 11.1%. Airlines in Asia Pacific boosted global totals with above average freight demand growth of 8.2% in July, reflecting strong levels of economic and trade growth in the region.

"Efficiency is the story of the summer. More people are travelling than ever before with airlines registering a monthly record of over 220 billion revenue passenger kilometres in July with record load factors. Combine that with a 10.5% improvement in fuel efficiency and a 56% increase in labour productivity since 2002 and it's clear industry efficiencies have hit an all-time high," said Giovanni Bisignani, Director General and CEO of IATA. "But there are risks. If the volatility in global stock markets begins to affect the wider economy, the spin-off effect could put a drag on demand. Airlines will have to maintain a prudent approach to adding new capacity."

From 18 to 28 September the International Civil Aviation Organization (ICAO) will meet in Montreal. Aviation and the environment will be the number one issue discussed.

"Industry efficiency translates into improved environmental performance. Airlines contribute 2% of manmade CO₂. IATA's vision is to do even better. We are targeting carbon neutral growth in the near term. And in the longer-term our goal is nothing less than to become carbon-free. The challenge for the 190 contracting States of ICAO is to deliver the global political leadership needed to bring this vision to reality," said Bisignani.

[View full July traffic results](#)

Article 2

IATA Issues 'Last Call' for Paper Tickets

16.5 million tickets to fill need until deadline

IATA announced it has placed its final order for paper tickets. Some 16.5 million paper tickets were ordered from 7 specialised printers to supply the 60,000 accredited IATA travel agents in 162 markets around the world until 31 May 2008. From 1 June 2008, 100% of tickets issued through the IATA Billing and Settlement Plan (BSP) will be electronic.

"This is 'last call' for paper tickets," said Giovanni Bisignani, IATA's Director General and CEO. "It's been 38 months since we launched the [drive for 100% e-ticketing](#) as part of IATA's Simplifying the Business initiative. E-ticketing went from 16% in June 2004 to 84% today. And in just 278 more days the paper ticket will become a collector's item."

[IATA's settlement systems](#) issue over 400 million tickets annually. With the volume of paper tickets now at 16% of the total and an approaching deadline for the elimination of paper, the final order of tickets was made. The order volume of 16.5 million took into account an estimate of current paper ticket stocks and estimated demand in order to ensure a robust supply of tickets to meet demand. Upon fulfilment of the final order, suppliers will decommission their ticket printing operations for IATA.

"We are changing an industry with tangible benefits for travellers, agents, airlines and the environment," said Bisignani. "Consumers enjoy the convenience and flexibility of paperless travel. Agents have the opportunity to broaden the scope of their business and serve their customers remotely. The cost saving of US\$9 for every e-ticket compared to a paper ticket adds up to US\$3 billion in annual savings for the industry. And eliminating paper will save the equivalent of 50,000 mature trees each year. E-ticketing is a winning proposition for everyone."

Article 3

Fixing the UK's Airports

IATA reacted positively to the [UK Competition Commission's Statement of Issues](#) last month with respect to the BAA Airports Market Investigation.

Giovanni Bisignani, IATA's Director General and CEO said: "The Competition Commission has confirmed what every traveler through a BAA airport knows: that it needs desperately fixing and fast.

The current airport structure and regulatory system is not working. Lack of investment by the BAA airport monopoly is delivering embarrassingly low service levels particularly when it comes to security. This must change.

The regulator has failed to put in place effective incentives to deliver acceptable service levels. As a result, Heathrow is an out-of-control monopoly that gets away with pocketing a 42% margin at the expense of the 68 million beleaguered passengers using its poor facilities each year.

The Competition Commission's inquiry will play a critical role in defining the best long-term airport structure to deliver world-class airport facilities at the most important global hub.

At the same time, we cannot wait a year to start improving. Heathrow traffic is down 1.7% while the rest of the world is growing. The unfortunate reality is that passengers are avoiding the mess at Heathrow and this is impacting the UK's competitiveness. The UK's unique one-bag rule must be reviewed and brought in line with global standards. And BAA must introduce processes that make the best use of existing resources."

Article 4

Aviation Boosts Developing Economies – IATA Report

From the upcoming issue of [Airlines International](#)

IATA has released a report on the [economic benefits of aviation](#) that provides new evidence that greater connectivity to the global air transport network boosts national productivity and economic performance – particularly in developing countries.

According to IATA Chief Economist Brian Pearce Aviation supports \$3.5 trillion in economic activity, facilitates trade and is a key factor in connecting developing countries to the global economy. "Governments in developing countries should take this into account when formulating their aviation policies," says Pearce.

IATA and InterVISTAS Consulting compiled the report based on a detailed statistical analysis of 48 countries – including both developed and developing economies – over a ten-year period, 1996 to 2005. The report's findings reveal a clear relationship between increased connectivity and higher levels of labour productivity in developing economies which in turn drives improved GDP and living standards.

According to the study, a 10% rise in connectivity relative to a country's GDP will boost productivity levels by 0.07%. In developing economies, where connectivity is low, investment in air transport can have a proportionally larger impact on productivity and economic success.

The report also estimates that aviation investment projects in developing economies yielded annual economic rates of return that range from 16% to 28%. Kenya enjoyed the highest annual economic rate of return of 59% followed by Jordan (28%), Cambodia (19%), El Salvador (16%) and Jamaica (16%). The report also shows the positive economic impact of liberalisation. For example, the growth in air services between Poland and the UK since 2003 is estimated to provide a long-term boost to Poland's GDP of US\$634 million per annum.

"This study shows that Governments shouldn't lose sight of the substantial benefits that the aviation industry offers to the global economy," adds Pearce. "Sustainable growth – not artificial constraints – is the best way to maximise the benefits for all countries while continuing to meet our environmental responsibilities."

Article 5

Mark your calendar – coming events

- [IATA Industry Cash Management Services Conference 2007, October 29-30, 2007 - Madrid, Spain](#)
- [AVSEC World 2007, October 30 - November 01, 2007 - Vancouver, Canada](#)
- [IATA's Aviation Fuel Forum 2007, November 6-8, 2007 - Istanbul, Turkey](#)
- [IATA 121st Schedules Conference, November 10-13, 2007 - Toronto, Canada](#)
- [IATA Commercial Strategy Symposium 2007, November 27-29, 2007 - Athens, Greece](#)