

Article 1

Traffic Slowdown Continues – Asia Leads Decline

IATA released international traffic data for August that confirmed a continuing downturn.

International passenger demand growth slowed to 1.3%, following disappointing growth of 1.9% in July. Passenger load factors fell to 79.2% a sharp drop-off from the 81% recorded during the same period last year as capacity growth outpaced demand.

International freight traffic saw its third consecutive month of contraction with a 2.7% decline following drops of 1.9% in July and 0.8% in June.

“Passenger traffic grew by 5.4% in the first half of the year. That slowed to 1.9% in July and 1.3% in August. The contrast between the first half of the year and the last two months is stark,” said Giovanni Bisignani, IATA’s Director General and CEO. “The slowdown has been so sudden that airlines can’t adjust capacity quickly enough. While the drop in the oil price is welcome relief on the cost side, fuel remains 30% higher than a year ago. And with traffic growth continuing to decline, the industry is still heading for a US\$5.2 billion loss this year.”

Air freight has declined for the past three months, led by Asia Pacific carriers that posted a 6.5% decline in July and a 6.8% decline in August. “Airlines carry 35% by value of the goods traded internationally. The three-month decline - led by weakness in Asia-Pacific markets - is a clear indication that global trade is slowing down. This shows that the impact of the financial crisis is broad geographically and will worsen before it gets better,” said Bisignani.

Passenger

- Asia Pacific carriers reported a 3.1% contraction, following a 0.5% decline in July. Economic distortions surrounding the Olympics in China and a weakening Japanese economic outlook contributed to the decline. While some recovery in this weak performance is expected in coming months, clearly the region’s economies are feeling the impact of the turmoil in the financial markets.
- Middle Eastern carriers saw traffic growth drop to 4.3% following 5.3% in July and well below the 10.6% growth recorded during the first 6 months of the year.
- In contrast, international passenger traffic carried by North American airlines accelerated from 4.2% growth in July to 5.2% in August, in Latin America from 8.1% to 11.9% and in Europe from 1.3% to 1.6%.
- August is usually the second strongest month of the year, but the 79.2% load factor achieved was 1.8% points lower than last year although scheduled capacity is planned to slow very sharply to the point where it barely grows by the end of the year.

Cargo

- The 6.8% decline in international freight shipped by carriers in the Asia Pacific region had the greatest impact as they comprise 45% of the global air cargo markets.

- The other big market players also showed weakness. European carriers experienced a 0.9% decline, while US carriers reported weak growth of 0.8%.
- Sharp declines in freight traffic in Latin America (-13.2%) reflect restructuring in Brazil with cuts in capacity.

“The industry crisis is deepening and no region is immune. Urgent measures are needed. From taxation to charges and operational efficiencies, all areas impacting the business must be examined for ways to reduce costs and drive efficiencies. It’s a matter of survival,” said Bisignani.

Bisignani noted significant progress in Brazil where a Presidential approval for the removal of a fuel tax for international flights was published on 26 September. “After a two-year campaign, this is great news and the US\$411 million savings over the next four years could not be better timed. The challenge is for other governments to follow Brazil’s example, conform with global standards and free the industry of crazy taxation. This is particularly true of India. Its carriers will post the largest losses outside of the US - US\$1.5 billion this year - and they are being crippled by enormous taxation on fuel, particularly in domestic markets,” said Bisignani.

[View full August traffic results](#)

Article 2

IATA Priorities for Indian Aviation

“The global crisis resulting from high oil prices and declining traffic is hitting India hard. Growth has slowed from 33% in 2007 to 7.5% for the first six months of this year. And the last two months have been negative. Indian carriers could post US\$ 1.5 billion in losses in 2008, the largest outside the US. Urgent action is needed to help Indian carriers weather the perfect storm of high costs and falling demand,” said Giovanni Bisignani, Director General and CEO of IATA.

Bisignani identified three priority areas - reducing costs, improving infrastructure and adopting global standards - in his address to the Confederation of Indian Industry (CII).

Costs: “India is among the most expensive places on the planet to buy aviation turbine fuel (ATF). In August, it was 58% more expensive to buy fuel in Mumbai (for domestic flights) than in Singapore (for international). Excise duties, throughput fees charged by airport operators and state taxes of up to 30% for domestic flights result in a cost structure that cannot support a competitive industry. Removing excise tax, implementing a standard 4% state tax for domestic fuel and greater transparency in overall pricing are urgently needed,” said Bisignani.

Bisignani took note of India’s Service Tax on premium class tickets, overflight, landing and airport charges. “Taxing overflight charges breaches India’s international obligations under the Chicago Convention. Taxing premium class tickets and airport charges is contrary to the International Civil Aviation Organization’s (ICAO) resolution 8632 calling for reductions in taxes. These are embarrassments for a country that is a long-standing member on the ICAO Council.”

Bisignani also questioned the lack of transparency in India’s airport and air traffic control costs. There is an estimated 20% over-collection for air traffic control, while international operations are charged 33% more than domestic flights to land at India’s airports. “India must not waste any more time in establishing an effective Airport Economic Regulatory Authority (AERA) to achieve cost efficient infrastructure and bring India’s charges in line with ICAO charges policies,” said Bisignani.

Infrastructure: "Infrastructure investments are urgently needed. While Delhi is moving towards the capability of handling 100 million passengers, the situation at Mumbai remains critical. There is no possibility to build an additional parallel runway. The Greenfield site under consideration with a phase one capacity of 10 million passengers a year will provide some relief, but it is not a serious long-term solution. Mumbai needs an airport that can adequately serve the financial capital of the world's second most populous nation. That means thinking much, much bigger. We must use the breathing space of the current downturn to plan for capacity in the 100 million passenger range for Mumbai, like airports in Delhi, Seoul, Hong Kong, Dubai and other important cities," said Bisignani.

Standards: "Global standards have played a crucial role in the development of air transport and should be at the heart of India's aviation policy and commercial development. But India has taken a major diversion in security. The non-standard data transmission requirements for Advance Passenger Information (API) is an added cost burden that provides no additional benefit. This is a serious flaw for India's API at a time when increased cooperation is needed," said Bisignani.

Bisignani also called on India to take a leadership role in shaping aviation policies, including environment and commercial freedoms. "In a few years, Asia Pacific will be the largest single aviation market. India is a key driver of that growth. India's enormous size makes it an important market. It also gives it a responsibility to take a leadership role on policy issues. India must be a strong voice for a global solution on the environment, as envisioned by Kyoto. And it must look beyond its borders to be a strong voice for global change and greater commercial freedoms," said Bisignani.

"I am an India optimist, but my biggest concern is speed. Aviation is a fast-changing industry that is fueling much of the Indian economic success story. But the crisis is highlighting that India's decision making is too slow. India is not just a great market. It must also be a great leader. Minister Patel has done a great job in liberalising the industry and setting the wheels in motion for the rapid development of aviation in India. The benefits are clear: connecting business to markets, expanding tourism and creating jobs. Now it is the responsibility of entire government to follow up by addressing the issues of today's crisis with quick decisions based on global standards and build a solid platform for future expansion," said Bisignani.

Article 3

IATA Delivers RVSM in Africa

IATA announced the successful implementation of Reduced Vertical Separation Minimum (RVSM) in Africa.

RVSM safely increases number of aircraft that can safely fly in a particular volume of airspace by reducing the standard vertical separation required between aircraft flying between Flight Level (FL) 290 (approximately 29,000 ft.) and FL410 (roughly 41,000 ft.) from 2,000 ft to 1,000 ft. Because RVSM enables more airliners to operate at optimum cruising levels, it also contributes to fuel savings and emissions.

IATA estimates RVSM will save US\$40 million and 120,000 tonnes of CO2 in Sub-Saharan Africa annually.

"RVSM brings Africa's skies into the 21st century," said Lance Brogden, IATA's Regional Vice President for Africa. "It opens up air space for the additional traffic we expect will be generated by the 2010 World Cup. And it allows pilots to take full advantage of the technologies they have on board to improve safety while reducing fuel burn. That's good news for passengers, airlines, the African economy and the environment."

Only aircraft with specially certified altimeters and autopilots may fly in RVSM airspace, otherwise aircraft must fly beneath FL290 or above FL410 or receive specific approval from the aircraft's state of registry in order to conduct operations in RVSM airspace.

Africa's RVSM programme was launched in 1997. IATA steered its operational implementation in active partnership with International Civil Aviation Organization (ICAO), Africa's Regional Monitoring Agency, International Federation of Airline Pilots Associations (IFALPA) and the International Federation of Air Traffic Controllers Associations (IFATCA) as well as the civil aviation authorities, air navigation service providers and airlines of 53 African nations. The launch signals the successful completion of the regulatory framework, national safety plans, infrastructure upgrades and requisite training of pilots and air traffic controllers.

With RVSM delivered the next step is to heighten efficiency further with user-preferred air routes, by optimising the regional air route structure and implementing performance-based navigation procedures during take-off, en-route and landing.

"The industry is in crisis and African airlines are feeling the effects of a perfect storm of high fuel costs and slowing demand," said Brogden. "We need greater efficiency everywhere. And this is an important step forward for African aviation."

Sub-Saharan Africa is one of the last regions to deliver RVSM. Between 1997 and 2005 RVSM was implemented in all of Europe, North Africa, Southeast Asia and North America, South America, and over the North Atlantic, South Atlantic, and Pacific Oceans. The CIS is the only airspace currently without RVSM, although authorities there are targeting implementation in 2010.

Article 4

Aviation Environment Website Re-launched

The cross industry environment communications group, enviro.aero, has relaunched its website. This resource provides comprehensive information on aviation's efforts to minimise its environmental impact. It is a useful tool for the aviation industry to give to passengers, members of the public, staff, politicians and media.

The new look and content provides the flying public with attractively presented information on aviation's environmental progress, with particular emphasis on climate change. The site is interactive – introducing a blog, an animated illustration of how the industry is making environmental improvements in all phases of a passenger's flight, and a YouTube channel. More social networking tools will be added over the coming months.

The enviro.aero initiative is led by the Air Transport Action Group (ATAG), IATA, Airports Council International (ACI) and the Civil Air Navigation Services Organisation (CANSO) as well as other organisations and companies from across the industry.

The site is located at www.enviro.aero. For more information please contact Quentin Browell at IATA (browellq@iata.org) or Haldane Dodd at ATAG (doddh@atag.org).

Article 5

Mark your calendar – coming events

- [Maintenance Cost Conference, 5-6 November, 2008 - Seoul, Republic of Korea](#)
- [AVSEC World 2008, November 11-13, 2008 - Seoul, Republic of Korea](#)
- [IATA & AAAE Environmental Symposium, November 12 - 14, 2008 - Washington, DC, USA](#)
- [IATA 123rd Schedules Conference, November 13-16, 2008 - Athens, Greece](#)
- [Aviation Fuel Forum, November 18-20, 2008 - Shanghai, Peoples Republic of China](#)