



Giovanni Bisignani
Director General & CEO

27 August 2009

Mr. Eamonn Brennan
Chief Executive Officer
Irish Aviation Authority
Aviation House
Hawkins Street
DUBLIN 2

Via fax: +353 1 670 9308

Dear Eamonn,

As you are aware I have been following the progress of the 6% pay claim from your staff. I am compelled to write to you now to express the concerns of IATA and its Member airlines in the strongest possible terms.

IATA represents the vast majority of your customers and over recent months has been highlighting the absolute necessity for air navigation service providers to prepare for a situation whereby airlines will not be in a position to meet unreasonable demands in respect of user charges. As you will be aware from the 24-25 June EUROCONTROL enlarged Committee for Route Charges meeting, we are seeking reductions in charges from all our service providers for 2010, with a minimum of at least a freeze against the current 2009 levels.

I must stress that in the current economic climate your airline customers are not in a position to pay for any additional costs arising from any pay settlement, let alone one as generous as 6%. As a consequence of the severe global economic downturn, IATA is forecasting an airline industry loss of USD 9 billion in 2009, following on from the USD 10 billion loss for 2008. A number of airlines are being forced out of business because of these losses, others are forced to utilise their cash reserves in the hope of surviving the downturn, all are cutting capacity and all are suffering from a significant cut in their margins. Almost all are reducing staff, salaries or benefits. Airlines are experiencing greatly reduced yields with an estimated 25% revenue loss this year.

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In these circumstances we believe that the 6% award in times of 5% deflation in the Irish economy is unjustified, irrational and should not be paid. We must insist that consideration of any pay increases be withdrawn until economic circumstances significantly improve for your customers.

IATA has always been extremely critical of the current cost recovery system under which additional costs can simply be passed on to the airlines. This cannot be tolerated. In any event, under the EC Single European Sky regulations, the cost recovery system is to be replaced by 2011 with economic regulation where price caps over a 3 to 5 year period will apply to air navigation service providers to drive necessary cost-efficiency and performance improvement. This will ensure that the practice of just passing costs on to airlines will cease.

I would appreciate if you would share this letter and communicate our very strong concerns to all concerned. It is vital that there is greater and common understanding of the current recession and industry situation such that charges of the Irish Aviation Authority can remain at their present levels or lower for the foreseeable future. IATA would be very happy to support you in whatever way we can to achieve this objective.

I look forward to hearing from you.

Sincerely, 

