

Article 1

Discriminatory Charges Scheme For Airlines Hurting Malaysian Tourism

IATA has written to Malaysia's Prime Minister to call for a level playing field for airlines operating in Malaysia. The letter was in response to the Malaysia Government's decision in June to further lower charges for passengers using the low cost terminals (LCT) at Kuala Lumpur and Kota Kinabalu.

"The lower charges discriminate against IATA member airlines. They have been dealt a cost disadvantage of more than 50% of the departure charge for both international and domestic passengers. Such discriminatory practices are against the charges policies of the International Civil Aviation Organisation (ICAO), to which Malaysia is a signatory," said Giovanni Bisignani, IATA's Director General and CEO in his letter to Prime Minister Abdullah Badawi.

"IATA member airlines account for 90% of Asia Pacific traffic, provide global connections to attract inward investment and widen markets, and play a key role in the national economy through employment opportunities and the wider benefits of aviation and tourism. The discriminatory charges scheme distorts competition and hinders the growth of IATA member airlines, resulting in sub-optimal benefits to Malaysia, and a negative impact on efforts to promote tourism," said Bisignani.

"All airlines and their passengers should be offered the same level of charges and incentives in order to maximize growth. This will allow the Malaysia Government to harness the full potential of the "Visit Malaysia" programme. Immediate measures need to be taken to remove the discrimination," said Bisignani.

Article 2

Half Year Traffic Results: Passenger Growth Strong, Cargo Sluggish

IATA released traffic results for the first six months of the year showing 6.3% growth in year-on-year international passenger demand, slightly higher than the 5.9% full-year rise recorded for the year 2006. However, passenger demand growth weakened to 5.3% for the month of June, the lowest growth rate in nine months.

Freight demand for the first six months of 2007 grew 2.7%, well below the 4.6% growth recorded for the full-year in 2006. While year-to-date demand growth is weaker than forecast, June year-on-year demand for freight grew 4.9%. This is the second consecutive month of strengthening demand for freight, following the 5.0% growth recorded in May, and could be indicating a return to historical growth levels in the 5-6% range.

Average passenger load factors were 75.7% during the first half of the year, up 0.6% over the same period in 2006. "A focus on efficiency, with careful capacity management, is keeping load factors at record levels. But the challenge will get tougher. Over the next 18 months almost 1,800 new aircraft will be delivered—equal to 10% of the existing fleet," said Giovanni Bisignani, Director General and CEO of IATA.

Asia-Pacific's carriers will receive the biggest share (35%) of the new aircraft, to meet demand in the fast-growing Chinese and Indian markets. With a stronger emphasis on fleet replacement, but also to meet demand growth, European airlines will take delivery of 26% and North American airlines will take on 25%. "The new aircraft, operated efficiently with high load factors, will keep us on target to improve fuel efficiency 25% by 2020," said Bisignani.

The Middle East led all regions with passenger demand growth of 17.8% that outpaced capacity growth and boosted load factors during the first half of the year. Africa followed with 9.9% thanks to improving links with Asia and the Middle East. Asia demand rose 6.0% due to favourable economic conditions followed by North America (5.2%), Europe (4.9%) and Latin America (0.7%).

Air freight demand growth was led by airlines in the Middle East during the first half of the year at 11.7%. Demand growth in Asia Pacific rose 4.6% during the same period although demand surged to 7.4% in June following a 7.6% increase in May. Demand growth in Europe was sluggish (0.7%) and contracted in North America (-1.2%) and Latin America (-3.8%).

"Strong passenger demand means that record numbers of people are expected to travel in August. Harmonised security measures across borders are more critical than ever. The US-EU agreement on the sharing of passenger data, signed this month, was a step in the right direction. But governments must focus much more on further harmonisation to ensure that effective security is also convenient for passengers. A particular focus will be the UK, where unique screening policies inconvenience passengers with no improvement in security. The only beneficiary is the airport operator—BAA—that continues to deliver embarrassingly low service levels by failing to invest in appropriate equipment and staff to meet demand. This must stop," said Bisignani.

[View full June traffic results](#)

Article 3

Actions At Auckland And Wellington Airports Prove Case For Strong Economic Regulation

IATA has called for stronger regulation in the Commerce and Airport Authorities Act so as to drive cost efficiency improvements in New Zealand's air transport industry. An ineffective regulatory framework will have negative consequences on the tourism industry, and on the New Zealand economy.

"Auckland Airport's unilateral announcement to increase charges has once again exposed the weaknesses of the current light-handed regulation in New Zealand. Throughout the consultations process with airlines, AIAL failed to provide any justification for the increases, while airlines demonstrated a clear case of over recovery by AIAL, and the need to decrease charges. With Wellington Airport also ignoring the airlines' position and pressing ahead with their charges increase, both Auckland and Wellington airports have made a complete mockery of equitable consultations and the principles of the Commerce Commission," said Giovanni Bisignani, IATA's Director General and CEO in a letter to Annette King, New Zealand's Minister of Transport.

Bisignani's letter to the Transport Minister followed IATA's submission to the Ministry of Economic Development on the review of the regulatory provisions under the Commerce Act.

In its submission, IATA demonstrated that the current light handed regulatory framework is ineffective in curbing the abuse of market power by monopolistic airports. IATA also shared the global best practices for airport pricing, and identified the improvements needed to the Airport Authorities Act and Commerce Act.

Having an effective regulatory mechanism would ensure good governance and transparency, provide clear rules for cost allocation and asset valuation, and set clear guidelines and targets for airport efficiency improvements, productivity gains and reductions in charges.

"We want our airport partners to make reasonable profits. But the more than 60% profit margins at Auckland and Wellington airports, which are among the highest in the world, are not acceptable. Stronger economic regulation is needed in New Zealand to ensure that these airports do not exploit their monopoly position at the expense of their airline customers," said Bisignani.

Article 4

Heathrow Under Fire

In an in depth interview with CNN on 30th July, Giovanni Bisignani criticised UK airport operator BAA for its failure to cope with increased security measures and the inconvenience caused to its passengers. The report ran as follows:

Tougher security measures introduced at UK airports are failing to protect passengers, an industry watchdog says, as the country's busiest airport is criticized for delays that could harm the country's economy.

Security at UK airports was stepped up following a foiled terror plot in 2006.

In a report on half-year air traffic results, the International Air Transport Association (IATA) criticized the UK's "unique screening policies," which it said "inconvenience passengers with no improvement in security."

It comes after UK ministers said tougher airport security measures are creating longer lines that could become new targets for terrorists.

London's Heathrow airport has also been criticized for suffering from excessive delays and an ineffective set-up.

IATA praised a US-EU agreement on harmonised security measures, which include the sharing of passenger information, describing it as "a step in the right direction."

But it said governments must be careful that new security rules do not work against passengers.

UK regulations state that passengers can only take a limited quantity of liquids on board and must only carry one item of hand luggage.

But CNN's Richard Quest says this "is really just a numbers game," with passengers still able to take several bags on board providing they can squash them into one.

IATA also criticises airport operator BAA, which runs Heathrow, as being the only beneficiary to the security measures.

It adds that BAA "continues to deliver embarrassingly low service levels by failing to invest in appropriate equipment and staff to meet demand. This must stop."

IATA Director General, Giovanni Bisignani, told CNN the situation was "an embarrassment" for the UK.

"It's a monopoly provider out of control, making a fortune. But it's a nightmare for passengers. And it is a big problem for airlines. Why the delays, the queues?" he said.

Mr Bisignani said no other airports in any other country have the same problems as Heathrow's.

"Everybody is trying to avoid Heathrow. But, you don't need high technology. You don't need any kind of special tool. You need right staffing, good practice in implementing some kind of operational improvement, I would say new equipment, in order to avoid those queues."

This item is an extract from the CNN interview with Giovanni Bisignani on 30th July 2007 © CNN

<http://www.cnn.com/2007/WORLD/europe/07/30/heathrow/index.html?iref=newssearch>

Article 5

Mark your calendar – coming events

- [IATA Cargo in Emerging Market Series – Eastern Europe 2007, September 18 - September 19, 2007 - Warsaw, Poland](#)
- [IATA Cargo Claims and Loss Prevention Conference, September 25 - September 27, 2007 - Geneva, Switzerland](#)
- [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](#)