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Challenges



The industry crisis continues. The decline in demand for air travel and shipping may have bottomed out. With passenger travel still 2.9% below last year, and freight at -11.3% in July, demand may look better, but the bottom line has not improved.

Financial challenges will not distract attention from safety—our number one priority. Flying is about the safest activity that anybody can do. But a series of accidents in recent months are a sober reminder to industry and government that safety is a constant challenge that we must address together. Compared to this time last year, there have been fewer fatal accidents but the number of fatalities has already exceeded the 562 people who lost their lives in air accidents throughout 2008.

The IATA Operational Safety Audit (IOSA), the ICAO Universal Safety Oversight Audit Program, the US International Aviation Safety Assessments Program and Europe's Safety Assessment of Foreign Airlines are all admirable initiatives aimed at improving safety. The challenge is to share these tools more effectively to make a safe industry even safer. Cooperation, transparency and global standards form the answer.

Environmental challenges are also on the agenda. This December, world leaders will meet in Copenhagen to plan the global response to climate change. Air transport cannot be a spectator to the process. Decisions taken in Copenhagen will impact our business. At our AGM, airlines agreed to three tough targets: 1.5% improvement in fuel efficiency until 2020; carbon-neutral growth from 2020; and a 50% absolute reduction in emissions by 2050 compared to 2005 levels. We are the first global industry to make such bold commitments.

If we keep these a secret, they will mean nothing. Between now and Copenhagen, we must ensure that Governments understand that aviation is serious about its targets and support us with effective actions. Investments in efficient infrastructure, a fiscal framework to support biofuels and maintaining the global sectoral approach for aviation in the post-Kyoto period are all critical for aviation to meet its targets. The support of the G8 for IATA's position on a global sectoral approach is a good head start.

Finally, the harsh reality for an industry in survival mode is the need to conserve cash, manage capacity effectively and cut costs. This burden cannot be shouldered by airlines alone. The entire value chain must do more with less—including airports, air navigation service providers and global distribution systems. The proportions of this crisis are still unknown. The urgency for change has never been greater. And the need to work together—as a value chain and with governments—has never been more important.

Giovanni Bisignani
Director General and CEO
International Air Transport Association (IATA)



Asia Top IATA Eagle Awards

IATA has recognized the outstanding achievements of Vietnam Air Navigation Services Corporation, the Civil Aviation Authority of Singapore, Geneva International Airport and Malaysia Airports Holdings Berhad with IATA's prestigious Eagle Awards.

Eagle Awards honor air navigation service providers (ANSPs) and airports for outstanding performance in customer satisfaction, cost efficiency and continuous improvement. They are based on the recommendations of the independent Eagle Awards Panel.



Most Improved ANSP –
Vietnam Air Navigation Services Corporation

Best ANSP –
Civil Aviation Authority of Singapore

Most Improved Airport –
Geneva International Airport

Best Airport –
Malaysia Airports Holdings Berhad



IATA also honored Singapore's Minister Mentor Lee Kuan Yew with its Global Aviation Leadership Award (GALA). The IATA GALA was established in 2002 to commemorate the 100th Anniversary of the Wright Brothers' first flight. It is given to outstanding individuals for exceptional contributions that have helped shape air transport.

Reshaping to build a stronger industry

IATA has called for a major resizing and reshaping of the entire air transport value chain as airlines battle the ongoing global economic crisis. Airlines are expected to post losses of US\$9 billion this year with an unprecedented 15% revenue drop that will see industry revenues shrink by US\$80 billion to US\$448 billion.

"Resizing and reshaping is not just a problem for airlines. Everyone in the value chain lives off our revenues. All must contribute to industry change," said Giovanni Bisignani, IATA's DG and CEO.

"Air transport is a responsible industry—in good times and in crisis. Today's situation is unprecedented—the most difficult ever. Governments and partners must understand that we are struggling to survive in a new and harsh reality. We are, however, resilient and capable of great change. Together we must turn challenges into opportunities to be safer, greener and profitable," said Bisignani.

Bisignani on the value chain....

Labor: "This is not the time for salary increases. To protect jobs, we must modernize work practices and we must all do more with less."

Travel Agents: "To survive in the global online market, travel agents need to reshape services and business models to provide greater value that travelers are willing to pay for."

Monopoly Suppliers: "Every supplier—monopolies included—must reshape products and services to reduce their costs and ours. When demand drops, they cannot simply divide the same costs among fewer customers."

GDSs: "We cannot accept that Western GDSs charge around US\$4 per transaction when China TravelSky does the same job for US\$0.50. This must change."

Bisignani also cited four areas for enhanced cooperating with governments.

- Making Aviation Greener
- Protecting citizens with better security
- Improving efficiency by reducing delays
- Saving jobs and stimulating the economy

Bold Industry Commitment To Carbon Neutral Growth by 2020

IATA has announced that the airline industry is committed to achieving carbon-neutral growth by 2020. The commitment to carbon-neutral growth completes a set of three sequential goals for air transport:

- (1) 1.5% average annual improvement in fuel efficiency from 2009 to 2020.
- (2) Carbon-neutral growth from 2020.
- (3) 50% absolute reduction in carbon emissions by 2050.

To achieve these goals, all players in the air transport industry are united in their proactive approach to environment. A cross industry four-pillar strategy on climate change that is focused on improved technology, effective operations, efficient infrastructure and positive economic measures is delivering results. In 2009 the carbon footprint of air transport is expected to shrink by 7%. Of this, 5% is due to the recession and 2% is directly related to efficiency gains from IATA's four-pillar strategy.

Giovanni Bisignani, IATA's DG and CEO, noted that the airlines' commitment needed to be matched by governments. "We are ambitious, but our success will be contingent on governments acting effectively. ICAO must set binding carbon emissions standards on manufacturers for new aircraft. A legal and fiscal framework to support the availability of sustainable biofuels must be established. And governments must work with air navigation service providers to push forward major infrastructure projects such as a Single European Sky, NextGen in the US or fixing the Pearl River Delta in China," said Bisignani.

The commitment to carbon-neutral growth by 2020 recognizes that technology, operations and infrastructure improvements alone will not be sufficient to stop growth in air transport's carbon footprint. "Positive economic measures are needed to bridge the gap until the full benefits of future technologies—including sustainable biofuels—are realized," said Bisignani.



IATA e-freight goes “live” in Malaysia and Japan



Local Adoption Meeting in Singapore on 24 Feb 2009

IATA e-freight is now live in Malaysia and Japan. This brings to total 21 countries and more than 90 airports where IATA e-freight is operational, including seven countries in Asia. Chinese Taipei is scheduled to go live later this year.

Besides increasing the e-freight locations, the e-freight team is also actively engaging and promoting e-freight in live locations. Local Adoption Meetings for forwarders and airlines were recently held in Singapore, Hong Kong, Sydney and Auckland where long time e-freight advocates like Singapore Airlines, Cathay Pacific, Hong Kong Customs, DHL Global Forwarding and Schenker shared their experiences. Similar events are also planned in Seoul and other live e-freight locations.

The IATA e-freight team will continue to expand the e-freight network and the target is to implement in 44 locations by end 2010.

Please visit www.iata.org/e-freight for more information on the e-freight programme

Priorities for India Aviation

IATA has outlined priorities that would shape an aggressive and positive agenda for continuing the transformation of Indian aviation. Giovanni Bisignani, IATA's Director General and CEO, reiterated these priorities following the reappointment of Praful Patel as India's Civil Aviation Minister:

Safety: Aviation safety should continue to be India's foremost priority. Recent international safety assessments have brought about an increased focus on safety and safety oversight in India. India should mandate the IATA Operational Safety Audit as an additional testimony to its commitment to safety oversight.

Global Leadership: India has emerged as a critical driver of growth in the international aviation market – and must now play an active leadership role in shaping the international aviation agenda. Liberalisation and climate change are just two areas where India could play a useful leadership role.

Airport Development: Mumbai remains a critical bottleneck. India must develop a new Mumbai airport which can adequately serve the financial capital of the world's second most populous nation. The breathing space provided by the current downturn must be used quickly to plan for capacity in

the 100 million passenger range. India should also restart the shelved non-metro airport development program.

Aeronautical charges and taxes: The recent increases in aeronautical charges in India have been disappointing and counter-productive. They did not take into account the current economic environment and are restraining the recovery of airlines. A quick one-off charges reduction across airports in India, followed by a longer term review by the Airport Economic Regulatory Authority would help to restore the industry's financial health. Reduction of aviation taxes, in particular the high sales tax on fuel, is another critical change that can provide relief to airlines and stimulate the economy.

Technology: IATA's Baggage management Improvement Program (BIP), Fast Travel and e-Freight are ongoing industry initiatives which leverage on technology to bring efficiencies to the aviation value chain. India should also adopt technology and such initiatives to leap frog into a leadership role.

Airspace infrastructure capacity: India needs to renew its focus on building a next generation airspace infrastructure improvement. They should include defining flow management and procedures.





IATA and India ink agreement on aviation training



IATA and India's Ministry of Civil Aviation (MOCA) have signed a Memorandum of Understanding (MOU) to enhance the skills and knowledge of Indian civil aviation personnel to support the development of Indian aviation.

"India is an important player in the aviation industry. It is a growth market for international aviation, and has a leadership role to play in global aviation issues. Talent development will be critical for India to address the ever changing priorities of Indian aviation and on international issues," said Bisignani.

Under the MOU, India civil aviation officials will be provided with the latest aviation information at the IATA training centres worldwide and officials attending these programmes will also benefit from the networking opportunities with their worldwide counterparts.

Customised programmes for the Directorate General of Civil Aviation will be arranged on safety management, regulatory compliance, airport operations, air navigation systems management, dangerous goods regulation, and security management. IATA will also collaborate with India's National Institute of Aviation Management and Research (NIAMAR) to explore new programs, which could be jointly organized at the NIAMAR campus in Delhi.

IATA offers a new cost-effective training solution for airport ground operations professionals

The IATA Training and Development Institute (ITDI) now offers a new IATA Ground Operations Management course.

Ground operations staff must bring to the job an extremely wide range of skills, abilities and talents. Never has this been more relevant than in today's environment, with the airline industry becoming increasingly competitive and cost conscious.

This new course will give station managers and supervisors the skills required to manage ground operations according to the latest industry safety and security best practices. Topics covered in the course include:

- The importance of operational and occupational health and safety training
- Managing risk and the components of Emergency Response Plans (ERPs)
- The use of Standard Ground Handling Agreement (SGHA) contracts and Service Level Agreements
- Operational standards according to the IATA Airport Handling Manual (AHM)
- Implementing Security and Safety Management Systems
- Managing self-handled or outsourced services at a station
- How the IATA Operational Safety Audit (IOSA) and IATA Safety Audit for Ground Operations (ISAGO) can ensure optimum safety standards
- Latest trends in passenger/baggage handling and catering
- Staff motivation and effective performance monitoring
- The new aspects of fraud prevention



Cost-effective Learning Method

IATA Ground Operations Management is a self-study course giving students the freedom to learn at their own pace, while saving on travel costs and employee downtime. The examinations for the IATA Ground Operations Management Course are organised around the world twice a year.

Want to know more?

Please visit www.iata.org/ground-ops or contact ITDI at aviation-training@iata.org

IATA Membership

IATA members comprise some 230 airlines representing 93% of international scheduled air traffic.

For more information, please log on to www.iata.org/Membership/airlines

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