

## Article 1

## IATA Signs Global Declaration on Aviation and Climate Change

IATA has signed a historic commitment to tackle climate change. IATA Director General and CEO Giovanni Bisignani was joined by the industry's other top leaders in a signing ceremony at the 3rd Aviation and Environment Summit in Geneva, Switzerland on April 22.

"This declaration is a great step," said Bisignani. "IATA's four-pillar strategy on climate change is now an industry commitment. This commitment will drive us forward - first to our 25% fuel efficiency improvement target, and more importantly towards our vision of carbon neutral growth leading to a carbon emission free industry."

"Environmental responsibility is a core promise of the aviation industry, alongside safety and security. We have taken this responsibility seriously long before Kyoto with impressive results - a 70% improvement in fuel efficiency over the last four decades. All the industry partners have a common goal - to keep aviation as a benchmark of environmental responsibility for others to follow," said Bisignani. "Today's commitment is unique. What other industry is so united in its approach to environment?"

"But governments must play their part if we are truly to succeed. They must invest more effectively in environmental technologies - from alternative fuels to radical dynamics. And they need to match our efforts at efficiency - such as implementing next generation traffic management systems globally. A Single European Sky could save 12 million tonnes of CO<sub>2</sub> at a stroke," said Bisignani.

## Article 2

## Global Traffic Continues to Slow

IATA announced global scheduled international traffic data for March. Compared to the same month in the previous year, passenger demand increased 5.8% with load factors at 77.7%. Freight traffic grew 3.2%.

March passenger growth is positively skewed by the Easter holiday period which was in April of the previous year. Adjusting for this distortion, real traffic growth in March was 4%. The slowdown in the demand growth continues the sharp downward trend which began in December 2007 as the impact of the US credit crunch began to be felt in the airline industry.

International passenger load factors were equally skewed. When adjusted to take into account artificially high utilisation over the Easter period, the March load factor was 76.1%. While still high, this is 1.7 percentage points lower than the 77.8% recorded for the same month in 2007. This fall indicated that the slowing of demand occurred faster than airlines could cut capacity.

International freight growth of 3.2% remains sluggish and well below the 4.3% growth recorded in 2007.

“Traffic only tells a part of the story. Astronomical oil prices are hitting hard. And the buffer of an expanding economy has disappeared. The fortunes of the industry have taken a major turn for the worse,” said Giovanni Bisignani, IATA’s Director General and CEO.

Regional differences in passenger traffic growth are significant:

- As North American carriers shift traffic from low-yielding domestic markets, their international traffic grew by 6.3% in March. The impact of high valued Euro saw U.S. carriers capitalise on the North Atlantic with a 10% growth in traffic while European carriers’ operations in the same area contracted by 2%. Overall European carrier passenger traffic grew by 3.7%.
- The slowdown in Asia-Pacific carrier traffic to 4.3% is significant in that the region’s booming economies were expected to immunise them from the US slowdown.
- African carrier traffic contracted 4.3% as a result of a failed expansion push into Middle East and Asia markets in the first part of the previous year.
- Middle East carriers saw a double-digit increase of 15.4% reflecting the expanding economies in the region. But even this is a significant downward step from the 20.4% recorded in 2007.
- Latin American carrier traffic continues to recover from the restructuring in 2007, boosted by strong demand for commodities produced in the region. The 19.7% growth experienced is well above the 0.5% recorded for the same time period last year.

“In the face of such dramatic shifts in the global economy, consolidation is critical. The proposed consolidation in the U.S. is good news. But it makes no sense that consolidation is limited to domestic partners. This is a global industry that needs to be run like a global business. The U.S.-EU Open Sky Agreement second stage talks that open in May must deliver a modern approach to ownership rules,” said Bisignani.

## Article 3

### IATA Calls on UK to Abandon Aviation Duty

IATA called on the U.K. Government to abandon its proposal Aviation Duty. The call came in the Association’s response to the U.K. Government’s request for consultation.

“The proposed Aviation Duty is nothing more than a blunt revenue instrument. It has no credibility as a driver of improved environmental performance. And the revenue will not be used to support environmental objectives,” said Giovanni Bisignani, IATA’s Director General and CEO in a letter to Chancellor Alistair Darling.

“The proposal fails to satisfy the basic principles advanced by the government to justify it,” said Giovanni Bisignani. “It is incompatible with U.K. obligations under international law. It will not improve environmental performance. It ignores that air transport already completely covers its environmental costs. It will lead to serious discriminatory economic impacts and market distortions. It will result in double taxation and reduce the U.K.’s competitive stance. It is neither simple, nor transparent, nor coherent. In short, as an approach, it could not be more wrong. The government should focus on other industries that, unlike aviation, are not contributing their fair share,” said Bisignani.

Air Passenger Duty was doubled in 2007 and now collects GBP 2.0 billion pounds annually. From 1 November 2009, the proposed Aviation Duty would replace this with a GBP 2.5 billion yearly collection. By 2011/12 this would grow to GBP 3.5 billion. Additionally, the U.K. plans to join the local EU emissions trading scheme from 2012 with an additional cost burden.

The air transport industry has a four-pillar strategy to address climate change based on technology investment, effective aircraft operations, efficient infrastructure and positive economic measures—including an effective emissions trading scheme that is fair and global.

"I want to know where the money will go. How many trees will the Chancellor be planting with GBP 2.5 billion? Padding the U.K. budget at the expense of holiday-makers, business travellers or exporters is not sound environmental policy. Instead of inventing new taxes with convoluted calculation methods, governments must support investment in basic green technology research, assist air navigation service providers to straighten out routes and allow airlines to operate as fuel efficiently as possible. And when it comes to economic measures, let's focus on a global emissions trading scheme," said Bisignani.

## Article 4

### IATA Welcomes UK Competition Commission Report

IATA welcomed the U.K. Competition Commission's emerging thinking, published on April 22, on the BAA Airports market investigation. The Competition Commission noted that the ownership of seven U.K. airports is not in the best interests of passengers and that the system of economic regulation applied by the CAA may adversely affect competition.

"The Competition Commission has come to the same conclusion that every passenger using the U.K.'s main airports knows all too well: there is a problem with the U.K. airports that must be fixed urgently," said Giovanni Bisignani, IATA Director General and CEO.

"London, where BAA owns the three major airports, is the most critical area. It is perverse that BAA's profits rise as service levels fall. Breaking up BAA to introduce some competition is a step in the direction of a solution," said Bisignani.

IATA also highlighted the need to review the current system of economic regulation. "Allowing an 86% increase in Heathrow charges over the next five years - on top of a 50% increase over the last five years - is a very bad joke. Only an out-of-control monopoly could plan their business in such terms. In short, the CAA's system of economic regulation is not fit for purpose," said Bisignani. "The problem is serious and half-measures won't help. We need a complete overhaul of the CAA economic regulation to focus it on delivering excellent infrastructure for passengers - not excessive profits for the BAA."

## Article 5

### US Exit Proposal A Step Backward

IATA today condemned the new U.S. Government proposal that airlines and their employees collect biometric information from all non-U.S. citizens when departing the U.S. in the U.S. Exit Plan. The U.S. Government plan would require airlines to invest billions in new equipment and the staff to operate it.

“Border protection and immigration are government responsibilities. Airline counter staff are not a substitute for trained border patrol officers. And outsourcing exit formalities to airlines is not a responsible approach,” said Giovanni Bisignani, IATA’s Director General and CEO.

“Airlines are committed to working with governments to help facilitate efficient immigration and border protection. We need solutions that are efficient, effective and convenient. Today’s proposal does not meet any of these criteria,” said Bisignani.

“Governments need to focus on modern solutions. Airlines spent the last four years using technology to respond to travellers’ desire for self-service. Our Simplifying the Business programme is moving passenger check-in online or to kiosks. Sending passengers back into counter queues is a big step backward,” said Bisignani.

“The solution lies within the Department of Homeland Security itself. The Transportation Security Administration is already working on a security check-point of the future. Why is Customs and Border Protection not working with its sister agency to combine the exit process into an automated solution that is both convenient and effective?” said Bisignani.

## Article 6

### Mark your calendar – coming events

- Aviation Fuel Forum, May 20-22, 2008 - Athens, Greece
- IATA Annual General Meeting, June 1-3 – Istanbul, Turkey
- IATA World Tour - Dubai, 5 June 2008 - Dubai, UAE
- 122nd Schedules Conference, June 14-17 - Boston, USA
- World Tour - Tokyo, June 16 2008 - Tokyo, Japan