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## Aviation & Governments Must Work Together



Safety, security and environmental responsibility are the three core promises that airlines make to travelers. Delivering on these promises means constantly raising the bar by setting and achieving new goals.

At last December's Copenhagen Climate Conference, it was clear that on environmental responsibility, air transport is well ahead of its regulators. Air transport was the only sector present at the meeting with specific and ambitious industry-wide targets. Regardless of any binding agreement by governments, achieving carbon-neutral growth from 2020 and cutting our emissions in half by 2050 is a commitment that this industry has made. Achieving these targets is part and parcel of aviation's license to grow and continue making the globe even more accessible to travelers and business.

Alone, our efforts will not be enough. During the coming months our goal is to work with governments so that we can approach COP16 in Mexico with an aligned and ambitious agenda for reducing emissions.

### Strong on Safety

In 2009, 2.2 billion people flew safely on commercial airlines. With an industry average of one accident for every 1.4 million flights, flying is clearly the safest form of transportation. Airlines achieved this amazing record because of transparent global standards and cooperation between industry and governments.

There were also 90 accidents in 2009. Our focus must always be zero accidents. There is scope for improvement. The proof is that IATA member airlines outperformed the industry with one accident for every 1.6 million flights. One of our safety goals for 2010 is to find a way to share even more safety information, starting with established audit programs like the IATA Operational Safety Audit, the FAA's International Aviation Safety Assessment Program, ICAO's Universal Safety Oversight Audit Program and Europe's Safety Assessment of Foreign Aircraft. Sharing the wealth of data that is collected by industry and governments is part of our responsibility to better understand safety problems and find solutions.

### Security

The events of 25 December, 2009, catapulted aviation security once again on to the global media stage. As with safety, the way forward on security is marked by cooperation between airlines and governments. Collecting and sharing data more effectively, marrying industry operational expertise with government knowledge of threat levels and identifying better ways to screen passengers were all items for discussion. But more important than the agenda was the opportunity to start a high-level dialogue to find a better way for airlines and governments to tackle security together. Our goal is to ensure that this grows from a one-off post-crisis event into a new modus operandi for a more collaborative approach to security.

Governments and industry share common goals. Be it safety, security or the environment, working together to achieve them makes sense.

**Giovanni Bisignani**

Director General and CEO

International Air Transport Association (IATA)

## Strong February Demand - Regaining Lost Ground

IATA announced that February 2010 international scheduled air traffic showed continued strengthening of demand. Compared to February 2009, passenger demand was up 9.5%, while cargo demand grew 26.5%.

These are strong gains, but it must be noted that February 2009 marked the bottom of the cycle for passenger traffic during the global economic recession. Passenger demand must recover by a further 1.4% to return to pre-crisis levels. Cargo hit bottom in December 2008, with little improvement realized by February 2009. Cargo traffic, which plunged much further than passenger demand, has a further 3% to recover in order to return to pre-crisis levels.

"We are moving in the right direction. In two to three months, the industry should be back to pre-recession traffic levels. This is still not a full recovery. The task ahead is to adjust to two years of lost growth," said Giovanni Bisignani, IATA's Director General and CEO.

### International Passenger Demand

- European carriers + 4.3%
- North American airlines + 4.4%
- Asia-Pacific carriers +13.5%
- Middle Eastern airlines + 25.8%
- Latin American carriers + 8.5%
- African airlines + 9.8%



### International Cargo Demand

- European airlines +7.2%
- North American airlines +34.1%
- Asia-Pacific airlines +34.5%
- Middle Eastern airlines +33.1%
- Latin American airlines +41.9%
- African airlines +36.5%

## IATA Cuts 2010 Loss Forecast in Half – Strong Start to 2010

IATA halved its loss forecast for 2010 to US\$2.8 billion (compared to the USD5.6 billion loss forecast in December 2009). The improvement is largely driven by a much stronger recovery in demand seen by year-end gains that continued into the first months of 2010. Relatively flat capacity translated into some yield improvement and stronger revenues.

IATA also lowered its 2009 loss estimate to US\$9.4 billion from the previously forecast US\$11.0 billion loss.

Improvements are driven by economic recovery in the emerging markets of Asia-Pacific and Latin America whose carriers posted international passenger demand gains of 6.5% and 11.0% respectively in January. North America and Europe are lagging with international passenger demand gains of 2.1% and 3.1% respectively for the same month.

### Forecast highlights include:

**Improving Demand:** Passenger demand is expected to grow by 5.6% in 2010 while cargo demand is expected to grow by 12.0% in 2010.

**Yields:** Tighter supply and demand conditions are expected to see yields improve—2.0% for passenger and 3.1% for cargo.

**Premium Travel:** Premium travel appears to be following a cyclical recovery in volume terms. But it is still 17% below the early 2008 peak. Premium yields, which are 20% below peak, may be suffering a structural shift.

**Fuel:** The price of fuel is rising. IATA raised its expected average oil price to US\$79 per barrel from the previously forecast US\$75 bringing the industry fuel bill to an expected US\$132 billion in 2010. This represents 26% of operating costs.

**Revenues:** Revenues will rise to US\$522 billion. That is US\$44 billion more than previously forecast and a US\$43 billion improvement on 2009.

### Regional differences in airlines prospects are sharp:

**Asia-Pacific carriers** will see the US\$2.7 billion 2009 loss turn to US\$900 million in profits

**Latin American carriers** will post an US\$800 million profit for the second consecutive year.

**European carriers** will post a US\$2.2 billion loss—the largest among the regions.

**North American carriers** will post the second largest losses at US\$1.8 billion.

**Middle East carriers** are expected to experience demand growth of 15.2% in 2010, but will see losses of US\$400 million.

**African carriers** are likely to post a US\$100 million loss for 2010, halving 2009 losses.



## Willy Boulter joins IATA as Regional Vice President - Asia Pacific

IATA has appointed Willy Boulter as Regional Vice President for Asia Pacific who joined the Association on 1 March 2010. As Regional Vice President, Boulter will be responsible for Member and Government Relations, and will oversee all IATA's initiatives in Asia Pacific.

Boulter brings to IATA over 30 years of industry experience, including 20 years with Cathay Pacific in various positions in Hong Kong, Canada, India, Japan, the Philippines and the USA. Boulter joins IATA from Gulf Air where he was the Chief Commercial Officer. Prior to Gulf Air, Boulter was Chief Executive of Sky Express, Russia's first low cost carrier, and had held senior management appointments at Virgin Atlantic Airways and South African Airways.

"I am excited to return to Asia-Pacific, where I spent the first 20 years of my career. Asia Pacific is the future of this industry and the place that I feel most at home. With the IATA Asia Pacific team, my priority is to deliver regional leadership on global industry challenges. IATA brings solutions to meet the challenges and take advantage of the opportunities generated by the region's growth. These include improving service and cutting costs with Simplifying the Business, global standards on safety with IOSA and ISAGO and a united industry target to tackle environment with a 50% net reduction in carbon emissions by 2050 compared to 2005," said Boulter.

## Aircraft Accident Rate Drops in 2009

The aviation safety performance for 2009 showed that the year's accident rate for Western-built jet aircraft is the second lowest in aviation history.

The 2009 global accident rate (measured in hull losses per million flights of Western-built jet aircraft) was 0.71. That is equal to one accident for every 1.4 million flights. This is a significant improvement of the 0.81 rate recorded in 2008 (one accident for 1.2 million flights). The 2009 rate was the second lowest in aviation history, just above the 2006 rate of 0.65. Compared to 10 years ago, the accident rate has been cut 36% from the rate recorded in 2000.

In absolute numbers, 2009 saw the following results:

- 2.3 billion people flew safely on 35 million flights (27 million jet, 8 million turboprop)
- 19 accidents involving western built jet aircraft compared to 22 in 2008
- 90 accidents (all aircraft types, Eastern and Western built) compared to 109 in 2008
- 18 fatal accidents (all aircraft types) compared to 23 in 2008
- 685 fatalities compared to 502 in 2008

"Safety is the industry's number one priority. Even in a decade during which airlines lost an average of US\$5 billion per year, we still managed to improve our safety record. Last year, 2.3 billion people flew safely. But every fatality is a human tragedy that reminds us of the ultimate goal of zero accidents and zero fatalities," said Giovanni Bisignani, IATA's Director General and CEO.

## IATA Urges Withdrawal of India's Service Tax on Air Travel

IATA has written to the Minister of Finance, Shri Pranab Mukherjee, calling for a withdrawal of the recent Union Budget announcement to impose service tax on domestic and international air transport. The service tax of 10.3% (including cess) currently applies to international air travel in business class and first class as well as to cargo. From 1 April 2010, economy class travel on international flights and all classes of travel on domestic flights will also attract the service tax.

"IATA and its member airlines object in the strongest terms to the extension in the 2010-11 Union Budget of an already unacceptable service tax to economy class tickets," Giovanni Bisignani, IATA Director General and CEO, wrote in his letter to India's Finance Minister.

Taxation in any form on the sale and use of air transport is a clear violation of India's international obligations under the Chicago Convention. ICAO's policies were formulated in recognition of the adverse impact that taxation would have on growth and development of the aviation industry. Moreover, the tax not only contravenes ICAO's policies, but is also counter-productive.

### Regional accident rates

*North Asia, Latin America and the Caribbean as well as the Commonwealth of Independent States (CIS) had zero western-built jet hull losses in 2009*

*North America (0.41) and Europe (0.45) performed better than the global average of 0.71*

*Asia-Pacific's accident rate worsened to 0.86 in 2009*

*The Middle East and North Africa region saw its accident rate rise to 3.32*

*Africa had an accident rate of 9.94, significantly higher than their 2008 rate of 2.12.*



## Airlines International is now available online

In response to popular demand, content from Airlines International, IATA's flagship magazine, is now available online. The online version brings the unique view of Airlines International on key air transport issues, IATA priorities as well as CEO interviews to an even broader audience.

The online version of Airlines International can now be accessed at [www.iata.org/airlines-international](http://www.iata.org/airlines-international)

The magazine will continue to be published bimonthly.

## IATA Training and Development Institute – 2010 Training Programs



The IATA Training and Development Institute (ITDI) is the leading provider of aviation training solutions worldwide, committed to the

development of human capital for tomorrow's air transport industry. Participants from all industry sectors are engaged to stay current with regulatory issues, master new technology and develop leadership skills to manage toward success.

Professional and vocational programs – spanning eight areas of study – focus on knowledge-transfer and expertise to promote leadership, commercial success and industry standards on a global scale are available:

- **Safety** - learn to achieve maximum safety in the workplace through efficient knowledge transfer from certified experts.
- **Security** - protect passengers, crew and assets by ensuring security on the ground and in the air.
- **Management** - acquire the strategic tools and planning skills to face a range of industry challenges.
- **Regulation & Compliance** - focus on best practices and legislative requirements for high safety standards in an

increasingly complex air transport environment.

- **Organization & Human Performance** - Acquire the training tools and best practices needed to develop, motivate and maintain a highly skilled and effective workforce.
- **Operations & Infrastructure** - understand O&I issues from both the landside and airside perspective.
- **Travel & Tourism** - obtain internationally recognized qualifications from entry-level travel agent basics to agency and tour operations management.
- **Aviation Studies** - courses offer specialized content for the airline, cargo, airport and civil aviation segments, covering entry-level to advanced management needs. The Diploma in Aviation Studies is tailored to airlines and airports respectively.



### 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](http://www.iata.org/Membership/airlines)

### IATA Asia Pacific Office

TripleOne Somerset, 111 Somerset Road, #14-05  
Singapore 238164

Tel: 65 6438 4555

Fax: 65 6438 4666

website: [www.iata.org](http://www.iata.org)

Comments and feedback are welcome and should be sent to: [chungs@iata.org](mailto:chungs@iata.org)