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news

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Responding to Crisis

This has been an incredible year. We started in celebration of a profit in 2007. It was our first profit since the tragic events of September 11, it was a significant event.

The celebration did not last long. By mid-year we were in a cost crisis centered on US$147 oil. As economies faltered, the price of oil has dropped below US$65. So we are ending the year in the shadow of a looming recession. For the first time since SARS, passenger numbers contracted in September by 2.9% compared to the previous year. The 7.7% tumble in cargo loads tells us that the worst is yet to come.

The outlook is bleak. We expect up to US$5.2 billion in losses for 2008. And the results for next year are dependant on how deep and long the recession will be.

The only absolute certainty is the need for efficiency everywhere.

Since 2002 airlines have improved fuel efficiency by 19%, dropped non-fuel unit costs by 18% and restructured their businesses to improve productivity by 64%.

The burden of change must be shared.

That is why IATA is engaging airports and air navigation service providers in a campaign for efficiency. So far this year, our efforts have yielded US$5 billion in fuel savings with a benefit to the environment of over 14 million tonnes of CO2.

At the same time, we are engaging our partners to pass on efficiency gains to airlines in reduced charges. A re-think of fuel taxes in Brazil will bring US$411 million in savings over the next 4 years. India's elimination of 5% fuel import duties is a good first step towards addressing the competitive disadvantages that the current tax structure has created.

In these difficult times, we must look above and beyond incremental change. Restrictions on access to markets and to global capital have lost their purpose in today's global world. They have created a super-fragmented industry that is not sustainable in the long-term.

In late October, IATA did something extra-ordinary. We hosted an Agenda for Freedom summit for 14 states and the European Commission. The goal was to modernise the rules of the game. The group found a shared belief that airlines need the same commercial freedoms that other businesses take for granted. This momentum will drive discussions over the next months as we prepare for a follow-up meeting early 2009 to turn discussions into action.

The industry will get through this crisis one way or another. Our goal is to ensure that it emerges stronger and more efficient. Our future depends on it.

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

Priorities For Indian Aviation

Indian carriers could post US$ 1.5 billion in losses in 2008, the largest outside the US. In his speech to the Confederation of Indian Industry (CII), Giovanni Bisignani identified three priority areas to help Indian carriers weather the perfect storm of high costs and falling demand.

Costs:
- Removing the 8% excise tax, implementing a standard 4% state tax for domestic fuel and greater transparency in overall pricing.
- Removing the Service Tax on premium class tickets, overflight, landing and airport charges.
- Setting up and staffing the Airport Economic Regulatory Authority (AERA) to achieve cost efficient infrastructure and bring India's charges in line with ICAO charges policies

Infrastructure:
- Infrastructure investments are urgently needed. While Delhi is moving towards the capability of handling 100 million passengers, the situation at Mumbai remains critical. Use the breathing space of the current downturn to plan for capacity in the 100 million passenger range for Mumbai.

Standards:
- The non-standard data transmission requirements for Advance Passenger Information (API) is an added cost burden that provides no additional benefit. This is a serious flaw for India's API at a time when increased cooperation is needed.

"I am an India optimist, but my biggest concern is speed. Aviation is a fast-changing industry that is fueling much of the Indian economic success story. But the crisis is highlighting that India's decision making is too slow. India is not just a great market. It must also be a great leader. Minister Patel has done a great job in liberalising the industry and setting the wheels in motion for the rapid development of aviation in India. The benefits are clear: connecting business to markets, expanding tourism and creating jobs. Now it is the responsibility of entire government to follow up by addressing the issues of today's crisis with quick decisions based on global standards and build a solid platform for future expansion," said Bisignani.

IATA Director General and CEO Visits Vietnam

IATA's Director General and CEO, Giovanni Bisignani, made his first official visit to Vietnam in September 2008. As part of the visit, Bisignani met with Mr. Ho Nghia Dung, Minister of Transport, Mr. Pham Quy Tieu, Director General of the Civil Aviation Administration of Vietnam (CAAV) and Mr. Pham Ngoc Minh, CEO of Vietnam.

"Vietnam has liberalised to expand market access and create new opportunities. It is investing infrastructure to meet future demand. Its recent elimination of the 15% import duties for jet fuel is a major step in the right direction, a move for other governments to follow. And the recent technical improvements in air traffic management using data link capabilities will improve efficiency and reduce delays. All of this is fully in line with the industry's need for dramatic change to meet the challenges of the global industry crisis," said Bisignani.

Bisignani also took note of challenges going forward. "As Vietnam moves forward with its tremendous expansion it is important to keep global standards as the backbone for industry development. For infrastructure that means regular consultation with airlines to meet the industry's needs and charging policies that are in line with ICAO standards fair, cost related, transparent and non-discriminatory," said Bisignani.
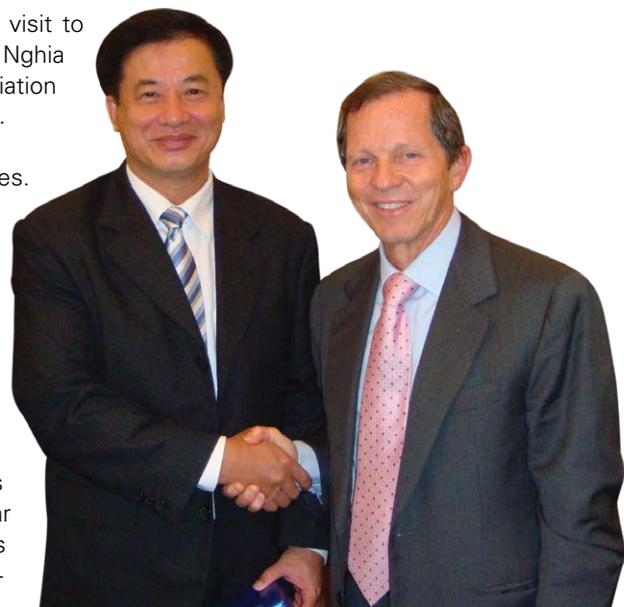
New Country Manager For Australia, New Zealand, SWPI

Ian Lorigan joined IATA as Country Manager for Australia, New Zealand & South West Pacific Islands in August 2008. As Country Manager, he will serve as the main point of contact for airlines, travel and cargo agents and industry service providers and relevant government agencies and regulatory authorities on matters related to IATA. Lorigan's responsibilities will also include overseeing the management of the IATA Airline Agency settlement systems for travel and cargo agents.

Prior to joining IATA, Lorigan worked for Singapore Airlines from 1990 – 2008, holding senior roles in Sales, Distribution and Marketing in Australia, Singapore and most recently, New York, as Vice President Eastern USA and South America.

IATA's Training Team Strengthened in India

Alpana Chaturvedi has been appointed as IATA's Manager, Regional Training Centre Delhi. Chaturvedi has the responsibility of setting up IATA's Regional Training Centre, which is operational since 8 September. For a start, 12 classroom courses are scheduled for 2009. She will also promote the IATA Training and Development Institute (ITDI) learning products in the South Asian region, and oversee the ITDI network of Authorised Training Centres.

Prior to joining IATA, Chaturvedi was Head of Training & Business Development at the Bird Education Society for Travel & Tourism.

IATA e-freight goes-live in Australia and New Zealand

IATA e-freight is "live" in New Zealand and Australia, the fourth and fifth new locations respectively to deliver paper free cargo in 2008.

The New Zealand e-freight went "live" on 14 October 2008 on 2 trade lanes: New Zealand-Singapore, and New Zealand-Hong Kong. The New Zealand IATA e-freight implementation was led by New Zealand Customs and supported by Singapore Airlines, Cathay Pacific, DHL Global Forwarding, Mainfreight International and MAF Biosecurity of New Zealand.

The Australia e-freight became operational on 22 October 2008 on 3 trade lanes: Australia-Singapore, Australia-New Zealand and Australia-The Netherlands. QANTAS led the Australia IATA e-freight implementation. Also involved in the implementation were Singapore Airlines, Cathay Pacific, British Airways, DHL Global Forwarding, Schenker, Fracht Australia, Australian Customs, the Australian Quarantine and Inspection Service, the Australian Federation of International Forwarders and the Customers Brokers and Forwarders Council of Australia.

New Aviation Distance Learning Programme:
Airline Revenue Management Course

The IATA Training and Development Institute (ITDI) helps thousands of people start or grow their career in the exciting world of aviation. The Aviation Training Programme is designed to give participants the skills and knowledge to maximise their career opportunities in a number of industry sectors - airline, cargo, airport and civil aviation segments, with the flexibility to study full or part time, from home, office or through one of IATA's authorised training centres.

The newest addition to the Aviation Course portfolio is the AIRLINE REVENUE MANAGEMENT COURSE.

What is revenue management and why is it needed in the airline industry of today and tomorrow?

As competition and various economic pressures increase, all airlines - regardless of business models - need to maximize revenues in order to remain in business and continue to grow. The course will introduce basic concepts and goals of airline revenue management. Some of the topics discussed are the factors that affect demand for airline seats, understanding how price is a strategic "lever" in demand management, the importance of booking class assignment and structure, and why scheduling is an important element of revenue management.

For a complete outline of the content of the course and for information on how to register for the course, please visit http://iata.org/training/courses/talf51.htm.

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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