

BARUK

BOARD OF AIRLINE REPRESENTATIVES IN THE UK

www.bar-uk.org**NEWSLETTER**

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Chief Executive's welcome

Aviation has always been an exciting industry, but possibly never more so than now!

The global economy is in a mess, regulatory burdens are increasing, the environmental debates continue and forward bookings, higher yields and profits are ever-harder to achieve.

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It is timely then that we at BAR UK extend our best wishes to you all for the forthcoming Christmas season, and a much better New Year!

Mike Carrivick

1. Aviation Taxation



HM TREASURY The Chancellor announced during his Pre Budget Report on 24 November that his proposal to introduce an Aviation Duty (a tax per aircraft departure) to replace Air Passenger Duty (APD) would be withdrawn.

However, his alternative of increasing APD generally, and introducing an additional two charging bands, will hit consumers, airlines, and the travel industry in general. At a time when there is a declared aim of trying to rejuvenate the economy, increasing APD will have completely the opposite effect.

Whilst the APD rates for short-haul flying have increased, they are nothing like the levels for those flying 2000 miles or more. Since January 2007, when rates were doubled the following month, these will, by November 2010, have increased by an average of approximately 400%, as shown below.

New Air Passenger Duty rates						
Effective	01 NOV 2009		01 NOV 2010			
	Economy Class	Other classes of travel	Economy Class	Other classes of travel	Economy Class var % to Jan 07	Other Classes var % to Jan 07
Band B (2001-4000 miles)	45	90	60	120	+300%	+300%
Band C (4001-6000 miles)	50	100	75	150	+375%	+375%
Band D (over 6000 miles)	55	110	85	170	+425%	+425%

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These increases cannot be justified.

Aviation taxation, through APD revenues of £2 billion per annum, already exceeds its environmental costs by over £100 million per annum.

These charges are simply money-grabbing, and penalising airlines and passengers using some of the most environmentally-friendly aircraft ever produced.

These new rates will have disproportionate effects on long-haul airlines and destinations. They will also be a huge financial barrier for overseas visitors who wish to visit the UK.

The Chancellor is urged to revise the APD charges downwards before any more damage is done.

2. Heathrow – added capacity



The decision by the Secretary of State for Transport concerning the expansion is keenly awaited.

The date by which a decision may be made is not known, but the aviation community is hopeful that it will be announced before Christmas.

Many thoughts, for and against, have been aired.

However, what does not seem readily recognised is that all carriers at Heathrow openly support the need for added capacity; they are also prepared to pay for it.

Public funds are not used for the airport's expansion. The costs are borne by the airport and the airlines.

3. Airport charges 2009/10

The proposed prices for Heathrow and Gatwick for 2009/10 have been announced.

It's disappointing to observe that BAA intend to raise their prices to the limit permitted by the regulatory process.

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The Retail Price Index (RPI) datum point is August 2008, when it was 4.8%.

For Heathrow, the pricing cap is $RPI + 7.5\% = 12.3\%$, and for Gatwick it's $RPI + 2\% = 6.8\%$.

At a time when inflation is falling so sharply, and can be expected to be well below 4.8% in the financial year ahead, it's a great disappointment to see the airport operator intending to charge to the limit.

BAR UK urges BAA to reflect on the prevailing circumstances, and propose more favourable charges instead.

4. National ID Cards

It was recently announced by the Home Secretary that National ID Cards for airside workers were to be tested at London City and Manchester Airports.



This is an interim arrangement, but also one that has not had a lot of the important details made known to the aviation industry.

BAR UK, and others, are in touch with the Identity and Passport Service to seek full details, so that costs and benefits can be assessed. Until that point, we remain opposed to National ID Cards being imposed on the industry.

5. Heathrow terminal relocations **BAA**

The revised Heathrow terminal relocations programme, delayed earlier in the year, has been agreed between the airlines and BAA.

The fuller and finer details concerning the next steps, early in the new year, are now being worked through and an update is planned in the next newsletter.

6. Airports and Rail connections

It is timely to clarify that BAR UK, and its member airlines, fully support additional rail services and connectivity to UK airports

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Our record for supporting rail connectivity at airports is demonstrated by the two-year activity we undertook for the successful retention of the Gatwick Express service

It's a false argument to state that transport growth is either by air OR by rail; they can be fully integrated.

BAR UK fully supports the proposed Airtrack line between Staines and Heathrow. We also fully support the plans for improved mainline and/or high-speed links to Heathrow.

7. News at BAR UK

(i) Membership changes - welcomes and farewells

Airline	Welcome	Farewell
Air Mauritius	Pramod Gujadhur	N/A
Air Namibia	Helen Adamou	Ben Kakonda
Brussels Airlines	Mark West	Mona Van Dooren
Gulf Air	Christina Vidos	James Harrison
Jet Airways	Raja Segran	Duncan Gambrill
Kingfisher Airlines	Rick Saggarr	Sarah Built
Royal Air Maroc	Asmaa Hassouni	Saida Najjioullah

(ii) BAR UK PR



At a time when aviation is now involved in so many wide-ranging issues, it is important that the work of BAR UK, and the views of its airline members, are effectively heard.

The Board supported the Chief Executive's view that an experienced and efficient PR company should be appointed, subject to a range of considerations, not least financial.

Requests of interest and tenders were circulated amongst a number of recognised PR companies stressing BAR UK's 'non profit organisation' status.

Following requests for proposals, and a shortlist, BAR UK is pleased to announce

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that KTA Public Relations was selected, and has already been managing communications related to the Aviation Duty and APD issues.

KTA's pedigree for work in the aviation and travel sectors is well-known, and we now look forward to working well and effectively with them.

8. Diary date - next BAR UK General Meeting

The next BAR UK general meeting is being generously sponsored by Stephenson Harwood Legal at their offices at St. Paul's Churchyard in the City.

The date is 26 February 2009.

The next BAR UK Newsletter will be published by 1st February 2009

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