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1. Introduction of new cabin baggage regime

The lifting of the single cabin bag restriction at DfT-approved airports has been remarkably smooth, so proving wrong those who predicted chaos and confusion.

The decision by the DfT not to wait for all airports to implement the required upgrades was correct, and it is pleasing to see how few problems, if any, there have been.

For various reasons, the one major airport yet to apply for approval is Gatwick. However, it is expected to do so by the end of March.

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Note: As was always the case, airlines have the right to stipulate their own cabin bag allowances. Many of these already had a one-piece rule in place and have continued to do so. Travellers should check at the time of booking or before travelling to the airport.

2. NEW AT BAR UK

- **New BAR UK Director** - The Board is pleased to announce the co-option of Mr Marcus McKenzie (Regional Manager UK & Ireland, South African Airways) to the board. He fills the vacancy created by the resignation of Mr Dale Keller (late of Air Mauritius) when he moved to a non-airline position.

- **New BAR UK members**

It is a pleasure to announce that the following have become members of BAR UK:

- Air Berlin - represented by Mr Titus Johnson; his alternate has yet to be advised.
- Arik Air International - represented by Dr Michael Arumemi-Ikhide, for whom his alternate is Mr Conor Prendergast.
- Dot2Dot (Associate member), which provides a luxury transfer service from London airports to hotels, represented by Ms Megan Meeres.
- Menzies Aviation (Associate member) - well-established ground-handlers, represented by Mr Jas Dosanjh.
- Stephenson Harwood (Associate member), which is a legal practice with a specialist aviation division, represented by Mr Paul Phillips, for whom his alternate is Mr Vincent Coppinger.

- **Welcomes and farewells to our airline colleagues**

Here, we say farewell to some delegates, but are pleased to welcome their successors:

<u>Airline member</u>	<u>Farewell</u>	<u>Welcome</u>
Air Mauritius	Mr Dale Keller	Mr Rick Saggarr
Brussels Airlines	Mr Francisco Atienza	Mr Simon Bean

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3. Airport Regulation and the CAA

The CAA is responsible for the price regulation of the 'designated' airports in the UK; until recently, they were Gatwick, Heathrow, Manchester and Stansted (see item 5 below for more on this).

The regulated period is always for five years (a quinquennium), for which the next one is the 5th quinquennium (Q5) for 2008/13.

For Gatwick and Heathrow, the CAA introduced a process called 'Constructive Engagement' (CE), which relied on the airline community working closely with the airport owner (BAA) on a number of key issues. These included capital investment and expenditures, operational expenditures, traffic forecasts and service quality standards.

To the pleasant surprise of both parties, the process appeared to work well.

Key to all of this cooperation was the adherence to the deadlines stated within the consultation process.

It was therefore very disappointing that BAA then submitted to the CAA a very considerable amount of additional capital and operating expenditures shortly before Christmas; this gave the airline community very little time to appraise their proposals, whether they agreed with them, and whether they even represented value for money.

The consequences are that airlines are not in a position to effectively respond; neither do they even know the final implications they may have on increasing the pricing proposals already made (see item 6 below).

The CE process is perceived as having been abused, a fact that was strongly made at the oral hearings at the CAA on 28/29 January. The CAA was informed that, as a regulator, they had failed.

The outcome of these hearings will not be known for some weeks, but the CAA have been clearly made aware that whilst the CE process started out well, it did not succeed at the end.

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4. Price controls 2008/13 (Heathrow and Gatwick)

The proposed increases at both airports are staggeringly high, and are causing anger for airlines.

At Heathrow, a like for like increase of 15.6% is proposed for 2008/9, after which yearly increases of RPI+7.5% would be permitted for each of the following four years.

At Gatwick, there would be an increase of 8.2% for 2008/9, to be followed by permitted increases of RPI+2% for each of the following four years.

After the last five years, when prices leapt dramatically on a cumulative basis, these price proposals are excessive and unacceptable.

There is no doubt that developments are required at each of these airports, not least Heathrow. However, it is the airlines, and their customers, who are most affected when delays and standards suffer during these extensive redevelopments.

Whilst the CAA has yet to determine the final maximum levels that each airport may charge, little confidence exists that these proposals, or even more expensive ones, will not be implemented.

5. Price control decisions - Manchester and Stansted

The CAA consulted stakeholders on its proposals to de-designate Manchester and Stansted airports, after which the responsible government department, the Department for Transport (DfT), would make its decision.

Concerns were expressed by various sections of the airline community in respect of both airports, not least Stansted.

BAR UK's concerns concentrated on Manchester. This was not a reflection of the current operator, Manchester Airports Group, but of the concerns that could arise should the ownership change.

Ultimately, the DfT's decision was to de-designate Manchester Airport, but to retain designation of Stansted Airport. This demonstrates the market power of BAA's ownership of the three key London airports.

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It also means that pricing consultations for Stansted, for the period 2009/14, will shortly commence. The CAA will be holding a seminar on 6 February to brief the industry.

Meanwhile, Manchester Airports Group issued a statement of comfort to airlines, reassuring them of their commitment to working in partnership with airlines to meet their needs and those of their passengers.

6. Air Passenger Duty (APD) - a replacement?

The Chancellor's pre-Budget Report towards the end of 2007 stated that APD would be replaced by a tax per departing flight (an aviation duty), with effect from November 2009.

It was then announced that the Treasury would hold a consultation very early in 2008. This was formally announced on 31 January and will run until 24 April.

The travel industry, including BAR UK, has already met informally with Treasury officials to look at the issues that will arise by the move from APD to an aviation duty; they are considerable.

Meanwhile, we look forward to welcoming Treasury officials at the BAR UK general meeting on 1 February, when they present the consultation to our members.

7. IATA Travel Centre

The International Air Transport Association (IATA) launched the IATA Travel Centre at www.iatatravelcentre.com. It provides passport, visa and health information necessary for air travellers.

"This responds to the consumer demand for self-service by giving travellers easy access to helpful and accurate information about the essentials of travel—from what documents are required to what taxes must be paid," said Giovanni Bisignani, IATA's Director General and CEO.

At the time of booking, the IATA Travel Centre provides tailored information by itinerary on passport, visa and health requirements, as well as

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taxes at arriving and departing airports and consumer and currency regulations. The service is offered free of charge to individual travellers. Links to the IATA Travel Centre can be included on booking sites and in e-mail travel confirmations.

8. Next BAR UK General Meeting

This meeting is very generously being hosted by Beaumont & Son Aviation, part of Clyde & Co., an Associate Member of BAR UK.

The details are:

Date: Friday, 1 February 2008

Venue: Clyde & Co, 51 Eastcheap, LONDON EC3M 1JP

Time: 09.30 for 10.00 am.

The next edition of this newsletter will be published by 31 March

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