

BARUK

BOARD OF AIRLINE REPRESENTATIVES IN THE UK

www.bar-uk.org

NEWSLETTER

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Chief Executive's welcome

The big news since our last Newsletter is the approval for the third runway at Heathrow, and the additional terminal linked to it.

It is also very evident that many further obstacles need to be overcome between now and bringing it into operation. However, no matter how challenging these may be, the expansion of Heathrow is a far more practical proposition than any proposal to build an airport in the Thames estuary.

The first article below contains a summary of what is due to happen, and has the support of BAR UK.

Meanwhile, the terminal relocations programme at Heathrow continues. The more recent moves have taken place quietly and effectively, and details of the next big steps are explained in article 5 below

Right now, air travel and the economy in general are going through what might be the most severe challenges ever faced. However, the medium and long-term picture is one of growth, and it is this major factor that has to be taken into account when planning such big infrastructure changes.

Mike Carrivick

1. Future developments at Heathrow

**Department for
Transport**

On 15th January 2009, the Secretary of State for Transport, Geoff Hoon M.P., announced to Parliament his policy decisions on the future developments of Heathrow Airport.

In brief, Mr Hoon -

- confirmed policy support for a third runway, with additional passenger facilities, subject to an aggregate limit of 605,000 air transport movements (and subject to review in 2020),
- did not support the introduction of mixed mode operations on the existing runways as an interim measure before a third runway,
- confirmed his intention to end the 'Cranford Agreement' (which currently limits easterly departures off the northern runway),
- confirmed his view that the following operating practices should be retained and continued:
 - 'westerly preference' for the operation of both runways, except in strong contrary winds
 - 'night-time rotation' (the practice of alternating the use of the existing runways at night between westerly and easterly preference, subject to weather conditions)
 - 'early morning alternation' (the practice of alternating arriving aircraft between the two runways in the 0600-0700 period, subject to operational requirements).

BAR UK strongly supports the decision to allow the construction of Runway 3 and its associated terminal.

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There is disappointment that Mixed Mode operations were not approved for the interim period, as these would have introduced additional flexibility and resilience.

However, the overall range of approved developments will lead to a hugely better airport, and provide essential infrastructure enhancements for the economic growth of the country.

2. Aviation Taxation



HM TREASURY As reported in the last newsletter, the Chancellor announced that Air Passenger Duty would be retained, but that it would be increased in November 2009 and have another two distance charging bands added.

In addition, APD would be increased yet again in November 2010. Thus, since January 2007, many tickets would have seen APD increase by up to 350%.

At meetings with Treasury officials since that announcement, it has become clear that this tax is less about the environment and more about revenue-raising.

BAR UK, and other main industry associations, will keep in touch with the Treasury.

Strong concerns still exist about the adverse effect on the travelling public in general, and on some specifics such as disadvantaged destinations, and products such as Premium Economy. The disproportionate scale of APD versus the fare premium to travel in Premium Economy could kill off the product for some carriers, conversely leading to a decline in APD for the Treasury.

3. Airport charges 2009/10



HEATHROW and GATWICK

Despite strong intervention from the airline community, including BAR UK, the proposed prices for Heathrow and Gatwick for 2009/10 proposed by BAA still stand.

BAA will be increasing their prices to the limit permitted by the regulatory process.

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For Heathrow, the pricing cap is RPI + 7.5% = 12.3%, and for Gatwick it's RPI+2% = 6.8%. This allows a revenue yield of £14.561 per passenger at Heathrow, and £7.368 at Gatwick.

This yield per passenger is then achieved through a mix of aircraft landing and parking charges, and passenger service charges.

STANSTED

The pricing consultation does not conclude until 3rd February, so the final decisions will not be known until Mid-March, for implementation from 1st April.

However, BAA at Stansted does intend to charge as much as the regulatory cap allows. This would mean a revenue yield of £6.648 per passenger, again defrayed through a selection of charging systems.

4. News at BAR UK

(i) Board changes

A retirement and a change of role bring about two board changes at BAR UK.

Dr. Barry Humphreys, also Deputy Chairman, is retiring from Virgin Atlantic Airlines, though not from the industry, at the end of February. Barry served as a director from March 2004 to January 2009.

Tom King's new and enhanced role within British Airways required him to move to Brussels at the end of last year.

The Board and Secretariat thank them both for the time and dedication shown to BAR UK.

In their place, *Nigel Milton* (General Manager for Government & External Affairs - Virgin Atlantic) and *Jim Forster* (General Manager Regulatory and Political Affairs - British Airways) have been co-opted until the time of the Annual General Meeting in May. At that time, they can stand for election, after which the vacancy of the Deputy Chairmanship will also be determined.

(ii) New Associate Member



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It's a great pleasure to welcome another Associate Member, Gates and Partners who are a legal practice with a specialist aviation department.

Their delegate is Joanna Kolatsis.

(iii) Membership changes - welcomes and farewells

Airline	Welcome	Farewell
Aer Lingus	Mr Ciaran MacDonagh	N/A
LOT Polish Airlines	Mr Andrzej Wysocki	Mr Slawomir Noszczak

5. Heathrow terminal relocations update

The ongoing Airline Relocations programme will result in the eventual co-location of the airline alliances, oneworld, STAR and SkyTeam, so giving passengers easier and quicker access to extensive connections networks across Heathrow. It will also make space for the renovation of Terminals 1,3 and 4 and allow the closure of Terminal 2 in order to build its replacement, the new terminal T2A.

On 27th January 2009, Finnair moved its operation to Terminal 3, having relocated from Terminal 1. This involved the transfer of four daily flights to Helsinki, with an additional 500 passengers per day travelling through Terminal 3.

On 25th February 2009, British Airways (Boeing 757 operations) will relocate 21 daily flights, from Terminal 1 to Terminal 3. Those flights transferring are to Barcelona, Madrid, Lisbon, Nice and Helsinki. On the same day Iberia and clickair will move 14 daily flights to Madrid, Barcelona, Bilbao and La Coruna from Terminal 2 to Terminal 3.

To ensure staff are prepared for the move, an extensive Familiarisation, Induction and Training programme has been implemented. In excess of 45 familiarisation tours have been conducted by BAA and the airlines to ensure people are comfortable and familiar in their new working environment. In addition staff have attended face-to-face briefing sessions to ensure they are ready for the arrival of the airlines in Terminal 3.

The "Check Your Terminal" campaign will continue to raise awareness and encourage passengers to check the terminal they are flying from before arriving at the airport.



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A number of trials have taken place and this has provided the assurance that the airport's operation will work after the airlines have relocated.

6. Diary date - next BAR UK General Meeting

Members and Associates are asked to reserve the morning of 26th February for the next meeting, at 0930 for 1000.

The keynote speaker will be the Immigration Minister Phil Woolas M.P.

His address is expected to include Border control issues and National ID Cards.

The agenda will also include a presentation by Stephenson Harwood on legal aspects concerning the airline community, and other presentations relevant to the day-to-day business of airlines in the UK.

This event is generously being sponsored by Stephenson Harwood Legal at their offices at St. Paul's Churchyard in the City.

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

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