



November 2010

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Chief Executive's Welcome

The last two months have seen BAR UK active on a wide range of issues, the key ones being summarised below.

One area where we focus much of our efforts is in establishing and maintaining dialogue with key government ministers. Recently, we have held meetings with the Home Secretary, Theresa May, and the Aviation Minister, Theresa Villiers. At the time of writing, the Chief Executive will also be meeting the Transport Secretary as part of an industry gathering concerning air cargo security.

Such contacts play an important underpinning role for all parties and illustrate how we work behind the scenes on behalf of our members.

With all the issues and challenges ahead, we look forward to maintaining this momentum.

Mike Carrivick – Chief Executive

1. Aviation security

Two major topics of interest have engaged the public and media in the last two weeks, Passenger Security processes and air cargo security.

As a keynote speaker at the Airport Operators' Association conference, Martin Broughton (Chairman – British Airways) made the point that many processes were redundant and that passenger security could be met much more efficiently by improved and less stressful methods. He also emphasized the inconsistencies that existed, all of which made matters harder to accept by the travelling public.

It was therefore a bizarre coincidence when aviation security was again the subject of sharp focus the same week, due to explosive devices, concealed in printer ink cartridges, being found in air cargo consignments, one of which was in the UK.

The two matters are entirely different, but were understandably linked by some media.

Cargo screening is subject to different regimes. Here, in the UK, there is a very strong set of requirements mandated by the government authorities, and BAR UK publicly supports them. The issue of how effective security is in other countries is now a matter for inter-governmental dialogues.

Meanwhile, a short-term prohibition has been declared on printer cartridges of certain specifications being included within cabin baggage and this move also has the full support of BAR UK. This will then allow for the matter to be looked at from a more permanent point of view, from which an outcome will be decided.

BAR UK was contacted by several media on all these matters and our voice and views heard, seen or read on:

- BBC News 24
- BBC Radio 5 Live
- BBC Radio 4 (The Report programme due to be broadcast 18 November)
- Sky TV, Sky Radio
- CNN TV (which circulated the interview globally)
- The Press Association whose article was used by several UK national and local papers

- The New York Times.
- Various trade publications and websites

2. Air Travel taxation

Air Passenger Duty increased for all travel on 1st November and the rates are causing angst and concerns to many.

The inequity concerns of the Caribbean nations have been well-expressed and similar ones are shared by other countries.

The table below shows how Air Passenger Duty has increased since January 2007:

(Terminology: Y = Economy Class, Other = Premium Economy, Business and First Class)

		<u>January 2007</u>	<u>November 2010</u>
Band A	Y	£ 5	£12
(e.g. Frankfurt)	other	£10	£24
Band B	Y	£20	£ 60
(e.g. Dubai)	Other	£40	£120
Band C	Y	£20	£ 75
(e.g. Cape Town)	Other	£40	£150
Band D	Y	£20	£ 85
(e.g. Singapore/Sydney)	Other	£40	£170

Some of our members are already experiencing negative impacts from these extortionate increases.

We contend that they are indiscriminate against air travellers, affecting not only UK residents but also visitors to the UK. This will impact the UK economy since they will be deterred from visiting and encouraged to go elsewhere.

The effect of the increases on destinations such as the Caribbean have now reached the point where it is the equivalent of a family group paying for four tickets but only receiving three.

BAR UK is calling on the Treasury not to implement any further increases since the airline industry and its customers cannot afford the international competitiveness of the UK to slide any further.

3. Government aviation policy vacuum

The Secretary of State for Transport's intention to develop an aviation policy is welcomed by BAR UK but serious concerns remain about the time scales involved in reaching fundamental decisions. In the intervening period, a policy vacuum will continue to exist.

The Secretary of State for Transport, the Rt. Hon. Philip Hammond MP, has stated that a scoping document will be issued in 2011, setting out a range of preliminary questions, after which a draft policy document for formal consultation will be issued in early 2012.

The decision to ban any new runway capacity in South East England requires a policy that sets out alternative government objectives and strategies; right now there is none. That's why a policy vacuum exists.

It could easily take three years before any decisions are reached. That's too long and risks lost business and economic activity for the UK.

Airlines are already taking a hard look at how difficult it can be to trade in the UK and are assessing alternative plans. Recently, Air Asia X was reported to be dropping plans to serve Manchester because of APD increases. Another airline is reviewing its commitment to the UK since it is unable to get all the slots it needs for a viable service to Heathrow.

This is bad for UK plc and demonstrates why BAR UK calls for a speedier policy-making process.

The Transport Committee of the House of Commons recently solicited views on 'Transport and the Economy'. BAR UK was pleased to participate and our response can be found on the BAR UK website at: <http://www.bar-uk.org/consultations/consultations.htm>

4. BAR UK news

a) BAR UK members

We have been advised of the closure of the London offices of Adria Airways (who will be retaining their UK flights) and Czech Airlines (which has withdrawn from UK operations). We wish both Zvone Ciglic and Roman Orlik all the best for the future.

b) People on the move

<u>Member</u>	<u>Welcome</u>	<u>Farewell</u>
Adria Airways	Djani Bubola	Zvone Ciglic
CSA Czech Airlines	n/a	Roman Orlik
Finnair	Fredrik Charpentier	Jonathan Hughes
Qantas Airways	To be advised	Judith Crompton
Turkish Airlines	Nejdet Sark	Osman Batal
Danetree Associates Ltd	Dawn Stallwood	formerly with Thomas Eggar

c) Recent BAR UK General Meeting

Our third meeting of the year took place on 12th October, generously hosted by Gates and Partners at their new City offices.

Our thanks also to Stewart Wingate (CEO of Gatwick Airport), Mark Sinton (Environment Agency) and Chris Smith (Gates & Partners) for their very interesting and relevant presentations.

Members can log in to these at: http://www.bar-uk.org/member_login.asp

Please contact BAR UK if you need reminding of your log-in details.

5. Heathrow Airport Charges structure

The recent consultation by Heathrow Airport Ltd to change its charge structure has received a mixed reaction.

The total revenues derived by BAA from the mix of Departing Passenger Charges, Landing Charges and Aircraft Parking Charges, are regulated by the CAA. However, the percentage of the total generated by each of these can be changed, subject to consultation.

The way that the proposed changes affected each airline was dependent on a wide number of factors, with the consequence that some would gain and others would lose. As a result, BAR UK was not able to provide an overall response on behalf of its members.

Instead, we highlighted a number of issues that airlines might wish to consider when providing their own replies.

We did think the process had faults, not least the fact that timescales were very short and that there was opportunity for a review period once any decision had been made.

BAA has since made its decision to essentially proceed with almost all its original proposals. Individual airlines will now need to consider, if they feel it necessary, what steps they may need to take to challenge the outcomes.

The next BAR UK Newsletter will be published in January 2011