

BARUK
BOARD OF AIRLINE REPRESENTATIVES IN THE UK

NEWSLETTER

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1. Air Passenger Duty (APD)

The decision by the Chancellor of the Exchequer to double APD at just seven weeks' notice created contingent liabilities of approximately £150m. Simultaneously, that decision managed to upset passengers, airlines, travel agents and tour operators.

Despite protests from throughout the industry, the Treasury decided it would not change its policy. However, such was the level of objections that it is to be hoped Treasury will recognise the huge disruption it caused to the finances of passengers and organisations, and that it will not take such a cavalier approach in the future.

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In addition to the TV interviews mentioned in the last Newsletter, BAR UK was later interviewed on Channel4 News again, plus live on Radio 1, Radio 4's Today programme, Radio 5's Breakfast show, and BBC Wales.

2. Membership changes - welcomes and farewells

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

| <u>Airline member</u> | <u>Welcome</u> | <u>Farewell</u> |
|-----------------------|---------------------|-------------------------|
| Air China | Mr Malcolm Day | Mr Richard Burgess |
| EI AI | Mr Uri Danor | Mr Danny Saadon |
| Eva Air | Mr Gary Wang | Mr Charlie Pan |
| Jet Airways | Mrs Sarah Built | Mr Emmanuel Menu |
| Lufthansa | Ms Marianne Sammann | Mr Dieter Grotepass |
| Swiss Airlines | Mr Gregor Koncilja | Mrs Sarah Built |
| Syrian Arab | Mrs Rawaa Younes | Mr Mhd Ali Cheikh Najib |
| VLM Airlines | Mr Paul Fallows | Ms Carol Baker |

3. Aviation and the environment

(a) Background

There are a lot of myths and misconceptions concerning the role that aviation plays in respect of climate change and global warming. One such myth is that aviation is the major contributor to greenhouse gases.

It is an undisputed fact that global aviation produces a mere 2% of carbon dioxide emissions. The concentration on curbing aviation totally ignores the other 98%, and would achieve nothing except economic decline.

For its part, the aviation community has been slow to dispel these myths and misconceptions. It has also been slow to brief the world at large as to the responsible position that it has adopted over the years, and how it wishes to continue to do so in the future. That situation is now in the process of changing, and more information and hard facts will be made available to all with an interest in these matters.

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There is more that can be done by everybody to address environmental issues, and aviation is willing to play its part through focussed practices such as carbon offsets and trades.

(b) Draft Climate Change Bill

The Government has just issued a consultation document for this Bill, which proposes a new long-term legal framework for tackling climate change.

BAR UK looks forward to reading and understanding the substance of these proposals, before providing a response by the deadline of 12 June 2007.

(c) Conservative Party

In mid-March, the Conservative Party picked on aviation as the culprit of climate change, and provided details of the options it was considering to reduce flying by the British public.

Those options included (a) an annual carbon allowance per person, after which people would be taxed to fly and (b) a tax charged on every flight that departed a UK airport. Air Passenger Duty would be discontinued, but the revenues generated instead would still not be used for anything to do with the environment.

The response of BAR UK was expressed in a Press Release, posted on the website, which decries these proposals, especially as the blunt tax instrument of APD would merely be replaced by another tax instead.

4. Opening of the new Heathrow control tower - *flight cancellations?*

The new control tower at Heathrow is due to open on 21 April, after an overnight transition from the current building.

The need for assimilation to the new surroundings will cause a reduction in flow control rates, with the potential for delays and some cancellations.

The advertisement features a blue background with white text. At the top, it reads "We can add value and benefits for airlines and their customers." Below this, there are three logos: Gatwick Express (in a red box), Heathrow Express (in a dark blue box with a white 'X' icon), and Airport Express (in a light blue box). At the bottom, there is a dark blue banner with white text that says "Click here to find out more: www.airportexpressalliance.com/baruk or call David Maddison on: 0208 750 6676".

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National Air Traffic Services (NATS) have been consulting with the Airport Operator and airline operators at Heathrow to develop a Service Delivery Plan that would operate for no longer than four weeks - week one being the most critical - with expected improvement in the ensuing weeks.

The restricted flow rate during this time is likely to lead to a loss of slot capacity, so carriers are being encouraged to develop a series of voluntary measures for the period 21 April to 18 May. This includes voluntary cancellations and extension of the operating day.

At the time of writing, various options to alleviate any adverse impacts are being explored by NATS with the Airport Operator, the Heathrow AOC, the Department for Transport, and Airport Coordination Ltd (who handle slots).

5. e-Borders

The development of e-Borders is progressing, but at a painfully slow rate for carriers.

Apart from the highly unsatisfactory matter of costs and benefits, major changes are required to business and customer service processes, but carriers are simply not getting the answers they need in a timely fashion.

Policy matters remain outstanding, as do others concerning detail and technical specifications.

All these concerns have been raised at a very senior level, so the responses to them are now awaited in the next few months.

6. General Meetings for BAR UK airline members

(a) The last meeting

The most recent General Meeting took place on February 9th at the Heathrow Academy, and was generously hosted by BAA.

The purpose was to learn more about the short-term and long-term plans for Heathrow, and the challenges to be faced in achieving them.

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Extensive presentations were made by the BAA team, led by Mike Forster, Director of Strategy, and our thanks go to all for the considerable efforts and expertise that made the meeting so successful.

(b) The next meeting and AGM

The next General Meeting is on 23 May, immediately preceded by the Annual General Meeting.

The venue is the Eye for Travel Exhibition at the Business Design Centre in Islington, and is generously sponsored by the organisers.

Subject to final confirmation, there will be presentations by (a) IATA on its industry-leading 'Simplifying the Business' programme, (b) BSP on accreditation rules and monitoring, and (c) the Home Office on the introduction of biometrics for travel documents.

(c) Advance notice for October

It is a pleasure to announce that the Manchester Airport Group (MAG) have very generously offered to sponsor the third and final meeting of the year.

The keynote speaker will be Geoff Muirhead, Chief Executive of MAG. The meeting is now on October 12th, and will be held at the Institute of Directors in London. Further details will be announced later in the year.

7. Gatwick Express

There is no new information to report, except that the popular belief is that a decision arising from last year's consultation is expected within a few weeks.

8. Easter holiday - closure of BAR UK office

Please note that the BAR UK office will be closed for holidays, for the period 02 - 06 April. During this time, it will not be possible to respond to any communications. The office will reopen on Tuesday 10 April.

THE NEXT BAR UK NEWSLETTER WILL BE PUBLISHED BY 31 MAY

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