

INTERNATIONAL AIRPORT REPORT

Volume 8 Number 3

March 2000

British To Fund Debut Of Super Jumbo Aircraft

The British government announced early in March that it has approved a 530 million pound sterling (U.S. \$837 million) loan to help BAE Systems (formerly British Aerospace) to develop the wings and tail for the A3XX Super Jumbo aircraft.

The airplane is being designed by the Airbus consortium, comprising BAE and three other European manufacturers.

With a range of 8,500 miles, the proposed A3XX Super Jumbo will have more than 550 seats spread across two decks, with a third deck available for features such as shops, exercise areas and restaurants. A later version could have

Upcoming Events

April 17-18...Winnipeg, Canada
IAAE-Canada Airport Performance
Measurement and Benchmarking
Workshop.

June 25-27...Vancouver, Canada
U.S. and Canadian Airports and Tourism
Development Workshop.

July 9-11...Limerick, Ireland
U.S./European Airport Security and
Safety Workshop.

Aug. 13-15...Sun City, South Africa
African/U.S. Airport Infrastructure/
Safety/Security Workshop and Trade
Show.

Oct. 15-18...Buenos Aires, Argentina
Latin America/South American Aviation
Infrastructure/Safety/Security Workshop
and Trade Show.

690 seats.

"We are going head-to-head with Boeing in terms of competition," said British Trade and Industry Secretary Stephen Byers as he announced the aid package, the government's largest ever investment in a private sector project. Work on the A3XX could begin in two years, although the A3XX is not expected to be developed for another three to four years.

Aeroports de Montreal Plans \$1.3 Billion Dorval Expansion

Aeroports de Montreal (ADM) has unveiled the details of the planned expansion at Montreal-Dorval International Airport, including upgrades to international and transborder facilities as well as baggage and meet-and-greet areas.

Preparatory work on the phase scheduled for completion in 2004 is currently being finalized, with groundbreaking slated in the near future.

The project, designated Perspective 2020, has been underway since 1996 when the decision was made to liberalize international flights, a move that resulted in the concentration of regularly scheduled international, transborder and domestic flights at the Dorval facility.

The work scheduled for 2000-2004 is a continuation of earlier upgrades, which include to date a refurbished departures concourse, an expanded main concourse, new glass atriums, raised ceilings, a redesigned retail area and addition of new check-in counters.

Work to be conducted over the next four years will focus primarily upon the international and transborder flight sectors, baggage and meet-and-greet service areas, the outdoor unloading zone, as well as the integration of a train station facility with a view to providing direct rail access to the Dorval terminal.

Thai Airways To Sell Shares To Public

Thai Airways International won approval from the Thai government to sell a 23 percent stake to the public, employees and a yet-to-be-named partner in the first step toward privatization.

The state carrier will sell 300 million new shares, and 100 million shares currently held by the finance ministry. After the sale, the stake in the airline held by the Thai government will be reduced to 70 percent from the current 93 percent. The funds will go to reducing the airline's large debt burden, the government said.

U.K. Airports Report Strong Traffic In February

BAA plc reported that its seven U.K. airports experienced strong growth in February with a total of 8.1 million passengers, an 8.1 percent increase.

Officials attributed the 600,000-passenger increase over last February in part to Leap Year. The monthly traffic growth, excluding the Leap Year effect, rose 4.5 percent increase as anticipated, after the flat New Year period.

Of the company's airports, Stansted experienced the most dramatic increase, with traffic up 33.6 percent. The airport handled 9.7 million passengers during the last 12 months and has just broken ground on construction of a major \$316.3 million terminal extension, which doubles the size of the terminal.

Edinburgh Airport posted a 13.6 percent increase in February traffic due largely to growth on Irish and European scheduled routes with increases 51.7 percent and 43 percent, respectively. Heathrow traffic rose 6.3 percent and Gatwick experienced a 5.3 percent increase, supported by growth in Irish, North Atlantic and other long haul

routes with favorable fares to many of these destinations fueling the leisure travel market. At Southampton, increases on U.K., domestic and Irish routes were responsible for most of the 11.7 percent growth recorded.

Manufacturers, Governments Discuss Aviation Safety

Airbus Industrie and Boeing Co. safety experts held an exploratory meeting recently with the President of the Council of the International Civil Aviation Organization (ICAO), Dr. Assad Kotaite, on ways to expand cooperation among all members of the world aviation community to meet the aviation safety challenges of the 21st century.

Representatives of the U.S. FAA, the European Joint Aviation Authority (JAA), along with the delegations of France, Germany, Spain, the U.K. and the United States to the ICAO Council, joined the discussions, which involved how best to coordinate the safety programs of FAA, JAA and ICAO.

“Although air transport remains the safest mode of mass transportation, we must continually find new avenues of cooperation between ICAO, governments and regulators, manufacturers, operators and service providers if we are to succeed in meeting the challenges resulting from unprecedented growth of civil aviation,” said Dr. Kotaite.

Passenger traffic, forecast to increase at a rate of almost 5 per cent per annum for the next 10 years, should reach 2 billion by 2005, up from today’s more than 1.5 billion. The worldwide commercial airline fleet is expected to double over the next 15 years, increasing pressure on all existing aviation systems worldwide, with corresponding safety implications.

WestJet Airlines Orders Next-Generation 737s

Canada’s WestJet Airlines said it will order 20 Next-Generation 737s with options to acquire an additional 30 airplanes.

The airline also announced it entered into an agreement with GE Capital Aviation Service (GECAS) for the lease

of 10 of the same airplane type with the option to lease a further 10. The signing of these agreements will provide WestJet with the ability to add up to 70 737-700 or 737-600 series airplanes over the next eight years.

Delta, Aeromexico Pilots Form Coalition

The unions representing the pilots of Delta Air Lines and Aeromexico have formed a coalition in response to the recently announced international alliance among Aeromexico, Delta Air Lines and Air France.

The pilot groups acknowledged areas of mutual concern and stated the importance of establishing a mechanism that guarantees future international flying opportunities are allocated “in a fair and equitable manner.”

South African Airways Selects Boeing 737s For Fleet Renewal

South African Airways announced its intent to acquire 21 Boeing Next-Generation 737-800s. This deal includes a combination of purchased and leased airplanes. Deliveries will begin in May of this year.

U.S., Colombia Reach New Liberal Aviation Agreement

The U.S. and Colombia have reached a new aviation agreement that the two governments said will significantly expand opportunities for travelers and shippers in the market.

The agreement will allow the airlines of both countries to operate 21 additional weekly flights, in addition to the 49 each side now can operate. Seven of the flights may start immediately, with seven available in October 2001 and seven more in October 2002. At the latter date, U.S. passenger carriers may serve Medellin, in addition to current rights to fly to Barranquilla, Bogota, Cali and Cartagena de Indias.

Colombian carriers may immediately provide service to Orlando, Fla., and three cities of their choosing, in addition to their current rights to serve Miami, New York and San Juan, Puerto Rico.

Colombian-carrier passenger services to San Juan will not count against the limit on flights. The agreement also establishes charter rights to certain tourist destinations in both countries.

Under the agreement, the scheduled all-cargo airlines of both sides may fly between any city in their country and any city in the other country without limits on the number of airlines, equipment or flights. Currently, cargo services are limited to specific cities.

In addition to the cities listed above, the airlines of each side may provide code-share services to three cities in the other country of their choosing beginning October 2001, and to an additional three cities in October 2002. There previously were no codesharing rights in the bilateral agreement.

Leigh Fisher Completes Incheon Financial Advisory Project

San Francisco-based Leigh Fisher Associates recently completed a comprehensive financial advisory services project for Incheon International Airport Corp., operator of the U.S. \$6.8 billion Incheon International Airport scheduled to open next year.

LFA was responsible for developing aviation activity forecasts (including

INTERNATIONAL
AIRPORT REPORT

Editor Barbara Cook

Production

Editor Holly Ackerman

Spencer Dickerson, C.M.
Executive Director

Will James, C.M.
Managing Director, Canadian Programs

INTERNATIONAL AIRPORT REPORT is published monthly by the International Association of Airport Executives, an affiliated company of the American Association of Airport Executives, the largest professional organization for airport executives in the world. Our address is 601 Madison Street, S. 400, Alexandria, VA 22314. Phone (703) 824-0504, fax (703) 820-1395.

enplanements and operations) and assessing the airport's aeronautical and non-aeronautical revenues, expenses, and capital improvement program.

These analyses were used to prepare a preliminary plan of finance for the airport.

Aer Rianta To Open New Departure Terminal

Aer Rianta Shannon on March 27 will open its new departures terminal at Ireland's Shannon Airport.

The new \$49 million terminal will allow the airport to accommodate up to five million passengers a year. Forecasts anticipate three million passengers per year by 2005. The new facility has 40 check-in desks, a landside shopping complex and reduced distances between check-in and boarding.

The arrivals terminal at Shannon also has been expanded and renovated.

Brussels Airport To Build New Tower

Brussels (Belgium) Airport will build a new air traffic control tower that will provide an unobstructed view of its runway 25R. The view from the existing tower will soon be partially blocked due to construction of a new terminal concourse, which is currently underway. The airport is building a temporary nine-story tower that will become operational on June 1.

Airlines Complain About Move To Milan Malpensa Airport

Twelve European airlines said they have complained to the European Commission over the Italian government's decision to switch flights from Milan's Linate airport to the newly renovated Malpensa. The airlines noted that Linate is six miles from Milan while Malpensa is more than 30 miles away.

JAL Faces New Round Of Staff Reductions

Japan Airlines said it will cut more jobs than planned as a result of increased competition and weak demand for some international flights.

JAL initially had planned to cut 3,500 jobs, or 10 per cent of its ground staff, during the period through March 31, 2002.

Japan's three largest airlines said earlier this month they will cut some ticket prices in half to compete with two new discount carriers.

EU 'Disappointed' With U.S. Action Over Hushkit Ban

The European Commission (EC) said it is "disappointed" with the U.S. government's filing of Article 84 Action with the International Civil Aviation Organization (ICAO) over the commission's planned ban on hushkitted aircraft.

"The commission is still committed to seeking a resolution to this dispute that is acceptable to both sides. We will continue to work for the development of a more stringent noise standard, which takes advantage of the existing and more environmentally friendly technology currently available, while striking a balance with the economic interests of the concerned aircraft industry and the legitimate interests of those affected by noise," the EC said in a statement.

U.K., Mongolia Sign Open Skies Agreement

The U.K. and Mongolia have signed their first air services agreement. The accord initially will allow up to two scheduled services per week between the two countries by carriers of each side.

An open route schedule was agreed to, ultimately allowing carriers from either side to operate from any U.K. airport to any point in Mongolia via any intermediate point, and vice versa, U.K. officials said. In addition to the air services agreement, specific fifth freedom traffic rights and liberalized charter arrangements have also been agreed by the U.K. and Mongolia.

TAP Air Portugal Requests U.S.-Portugal Exemption

TAP Air Portugal has applied to the U.S. Transportation Department for a blanket exemption to operate on routes between Portugal, intermediate points, the U.S.

and beyond under the open skies agreement signed between the two countries in December 1999.

The carrier, which currently serves Boston, New York, and Los Angeles, did not specify what markets it intended to serve with the new exemption, but said the blanket exemption would "allow it to take maximum advantage of the route opportunities available to it and of the operational flexibility allowed by the agreement."

Kenya Airways Orders Boeing 767 and 737 Airplanes

The Boeing Co. confirmed that Kenya Airways has ordered three enhanced Boeing 767-400ERs and two Boeing Next-Generation 737-700s, completing its fleet expansion and upgrade plan.

Kenya Airways is one of the first airlines to place an order for the longer-range Boeing 767-400ER that is in development. Deliveries of the new 767-400ERs are expected to begin in May 2004. Deliveries of the airline's first Boeing Next-Generation 737-700s are expected in December 2002.

Alitalia Orders Five 747s To Use On Long-Haul Routes

Alitalia said it has ordered five Boeing 747-400 passenger airplanes, with deliveries scheduled to begin in March 2001. The aircraft will be used on nonstop flights from Milan and Rome to North and South America, the Far East, South Africa and Australia, the carrier said.

Hong Kong Airport Launches Landscaping Program

The Hong Kong Airport Authority has launched a massive landscape improvement project at Hong Kong International Airport (HKIA). The airport also has in place an extensive recycling program that involves 45 tons of waste a month.

Notice

AAAE/IAAE has moved its headquarters office to 601 Madison Street, Alexandria, VA 22314. Please change our address in your database.

News From Around The World

British Airways' Chief Executive Bob Ayling announced his resignation after serving as CEO for four years. BA Chairman Colin Marshall will take on the role of CEO until a successor is found.

American Airlines and Turkish Airlines have signed a comprehensive codeshare agreement that they said would be implemented this summer. Turkish would place its code on American's U.S. domestic services beyond Turkish's U.S. gateway cities—New York's Kennedy, Chicago and Miami. Implementation of the agreement is pending negotiation of amendments to the bilateral air transport agreement between the U.S. and Turkey and governmental approval of the codeshare partnership.

Continental Airlines, in conjunction with Copa Airlines of Panama, has opened its first Presidents Club in Panama City at **Tocumen International Airport**. This is the first Presidents Club for Copa, and it represents the 26th Presidents Club worldwide for Continental. The 5,844-square-foot Presidents Club is on the second floor of the airport near Gate 11.

British Airways announced that Agency.com will be the exclusive global interactive services partner in its new eCommerce division. In a multiyear agreement estimated at more than U.S. \$30 million, Agency.com will work with British Airways to develop and implement its interactive initiatives. The new entity will be led by Patrick Gaffey, head of distribution at British Airways, reporting to Carl Michel, commercial director at the airline.

Air Canada has introduced automated check-in for passengers at **Dorval International Airport**. Three check-in kiosks are available to customers in Dorval's Rapidair area. Nine more kiosks will be introduced in the Rapidair check-in area in April along with a special baggage drop-off counter.

The first test flight into the new

Inchon International Airport (IIA) in Korea was conducted on Feb. 28. An 11-seater CL 601-3R touched down on the IIA runway after taking off from Kimpo Airport. The test flight allowed the checking of related control tower systems. Further test landings were held in March and later this year there will be test exercises involving larger aircraft carrying passengers. IIA will open early next year replacing Kimpo as the main gateway to Korea and aiming to be a new hub for Northeast Asia.

Sensis Corp. was awarded a contract by National Air Traffic Services (NATS) to install its Multistatic Dependent Surveillance (MDS) multilateration system at **London's Heathrow Airport**. The MDS surveillance data will be integrated with an existing Advanced Surface Movement Guidance and Control Systems (A-SMGCS) to provide NATS air traffic controllers with enhanced airport situational awareness.

Air Canada announced that it will offer its customers daily nonstop **Toronto-Kelowna** service, effective June 19.

The U.S. Transportation Department has approved United Airline's plan to codeshare with Austrian Airlines on flights between the **U.S. and Austria** and beyond.

The U.S. DOT has granted Air Aruba's request to provide air service between **Aruba** and the U.S. and beyond, as well as charter service. The authority runs through March 14, 2002.

Federal Express said that it plans to begin using its currently suspended sixth weekly **U.S.-Thailand** all-cargo frequency Sept. 1. FedEx has been using five of its six allocated Thailand cargo frequencies, but deferred activation of the sixth frequency due to adverse economic conditions affecting cargo traffic demand on the route.

All Nippon Airways and Air Canada have applied for codeshare authority from the U.S. Transportation Department on flights between Los Angeles and

Tokyo. ANA said it plans to display both its code and Air Canada's code on scheduled ANA combination flights between the two cities initially. Air Canada plans to display both its code and ANA's code on scheduled Air Canada combination flights between Los Angeles and Toronto.

Delta Air Lines filed an application with the U.S. DOT for authority to provide codeshare service from the U.S. to **Ho Chi Minh City and Hanoi, Vietnam**. The new Delta service to Vietnam will be provided on flights operated from Paris by Air France, Delta's global alliance partner.

Halifax International Airport Authority is lobbying to gain U.S. customs and immigration pre-clearance at Halifax International Airport, according to reports.

Northwest Airlines' application to provide service between both Houston and Newark and Santa Cruz, Bolivia, via Lima, Peru; between Newark to Puerto Plata, Dominican Republic, and between Newark and Belo Horizonte, Brazil, via Rio de Janeiro, through a codeshare arrangement with Continental Airlines, was approved by the U.S. government.

The partnership between **Air Ontario** and **Air Georgian** will operate under the brand name Air Alliance, the carriers said. The alliance, which will launch service between Albany and Toronto April 3, is offering an introductory fare of \$99 roundtrip on the route.

The **U.K.'s Bristol International Airport** opened a new passenger terminal on March 7, which is part of a \$67.7 million investment program to upgrade the regional airport. The project also includes construction of a new tower, the introduction of CAT III all weather landing systems and improved road links.

The Spanish government said that it would likely launch the long-delayed initial public share offering for 54 percent of national carrier **Iberia** in May.