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Singapore Changi Takes Stake In Alterra Partners

Alterra Partners announced that Singapore Changi Airport Enterprise (SCAE) has taken a 50 percent stake in the airport development and investment company. SCAE is a wholly owned subsidiary of the Civil Aviation Authority of Singapore, which is responsible for the development and operation of Singapore Changi Airport.

Bechtel Enterprises Holdings Inc., which is involved in the development, financing and ownership of infrastructure projects and companies, will retain the remaining ownership interest in Alterra.

Alterra Partners was launched in June 2000 to develop, finance, construct, own, manage and operate airport projects and concessions throughout the world. Today, Alterra, through Bechtel Enterprises, has interests in airport concessions at London Luton, U.K.; San Jose, Costa Rica, and Lima, Peru, and is currently pursuing airport prospects in

Upcoming Events

June 17-20...Helsinki, Finland
U.S./European Airport and Airfield
Safety Workshop

Sept. 30-Oct. 3...Dubrovnik, Croatia
International Airports and Tourism
Development Workshop

Oct. 14-16...London, England
European Airport Risk Management and
Liability Insurance Workshop

Nov. 4-7...Salzburg, Austria
7th Annual Central Europe/U.S. Avia-
tion Infrastructure/Safety Workshop and
Trade Show

various parts of the world.

Los Angeles, Incheon Form Cooperative Agreement

Los Angeles World Airports (LAWA) and Incheon International Airport Corp. of Seoul, Korea, have announced an agreement to exchange information regarding new developments in air traffic and airport operations.

Special emphasis will be placed on the use of modern technology to increase the efficiency of airport facilities; management structure and work procedures with respect to aircraft, passenger and cargo handling, and problems and procedures with respect to noise abatement and environmental protection.

"This forward-looking agreement represents a commitment on the part of Los Angeles World Airports and Incheon International Airport to deliver the best possible commercial passenger and air cargo service between our two destinations," said Philip Depoian, LAWA deputy executive director.

He added, "The agreement came about in part because of the importance of reliability, safety, punctuality and comfort when it comes to air travel and the realization that airports, as points of origin and destination, must work together to achieve these performance criteria."

Representatives of the senior management of the two airports will meet at least once a year, with the meetings to alternate between Los Angeles and Seoul. This agreement is similar to a long-standing one between LAWA and the Korea Airports Authority.

Australian Plan For Airport Charges Draws Criticism

The Australian government's plan to change the basis for setting airport

charges brought criticism from the International Air Transport Association (IATA).

"Australia's government is ignoring a well-established aviation principle—the contributions from non-aeronautical activities for setting airport charges. This could have serious consequences for airlines using Sydney Airport and, more importantly, their passengers, the ultimate consumers," said IATA Director General Pierre Jeannot.

In April, the Minister for Financial Services and Regulation to the Australian Competition and Consumer Commission (ACCC) said that the ACCC should not take into account the revenues generated, or the costs incurred, in the provision of services other than aeronautical services, in assessing prices for aeronautical services at Sydney Kingsford Smith airport.

"The implication of this direction for airlines using Sydney Airport is additional costs of \$20 million annually," continued Jeannot. "This sum is likely to get passed on directly to consumers. The direction could also set a negative precedent for other airports that could adopt such a philosophy when setting charges. Further, it is seen as an infringement of the independence of the ACCC and brings into question the value of the regulatory process in Australia."

Jeannot added, "The relevant International Civil Aviation Organization (ICAO) policy for setting airport charges states that the 'cost to be shared is the full cost of providing the airport and its essential ancillary services...but allowing for ...contributions from non-aeronautical revenues accruing from the operation of the airport to its operator.'"

SAS To Acquire Norwegian Carrier Braathens

SAS has agreed to acquire Norwegian domestic airline Braathens ASA.

The owners and management at Braathens issued a statement saying they believe that the company is not viable as an independent organization in the present structure. Norway's atypical civil aviation system, with two players of virtually the same size in a limited market, and other factors mean that Braathens, despite being the domestic market leader, has suffered substantial losses over several years, the company said.

The airline said it has considered various solutions to its difficult financial position. "Its conclusion is that involving SAS as an owner represents the best and only way of ensuring continued operation, jobs and provision for customers," Braathens said.

Braathens said it will remain a separate brand and company.

NavCanada Upgrades Radar At Toronto's Pearson Airport

NavCanada said it has deployed upgraded Airport Surface Detection Equipment (ASDE) at Toronto's Lester B. Pearson International Airport.

This radar technology provides air traffic controllers with audible and visual indications in advance of potential runway incursions. NavCanada said it is one of the first air navigation service providers in the world to deploy this feature, and additional features are on the way.

Pearson's equipment was upgraded with two new sensors to accompany the previous single system. This \$12 million enhancement makes Toronto the first international airport to combine displays from three surface movement radars, NavCanada said.

The Toronto ASDE system also includes an automatic safety alert capability known as Runway Incursion Monitoring and Conflict Alert Sub-System (RIMCAS).

Virgin Atlantic Signs Contract For Superjumbo Aircraft

Virgin Atlantic confirmed its commitment for six A380s plus options by signing a firm contract for the jetliner.

The carrier said it would introduce

new standards of passenger comfort such as casinos and duty free shops on board the superjumbo. It will operate the A380, which offers 35 per cent more seats and 49 per cent more floor space than the largest aircraft flying today, on routes to the U.S.

The A380 will contain the most advanced technologies, providing 17 to 20 per cent lower direct operating costs than the largest aircraft flying today and 10 to 15 per cent more range, according to a statement from Airbus.

LanChile CEO Advocates Free Access To Air Markets

LanChile CEO Enrique Cueto, speaking during the Ninth Annual International Airline CEO Conference held recently in Palm Beach, Fla., said that Latin American airlines need free access to all of the region's markets in order to develop and consolidate the air transport industry and compete in a global world.

Today, said Cueto, the region has weak airlines, with serious financial problems and low perceived safety and service standards that compete with strong, powerful foreign firms.

If Latin America were to open up the skies within the region, the air transport industry could consolidate and generate employment, wealth and growth for its respective countries and the region as a whole. In this sense, the European Economic Community is the best example of how to face this problem of traffic rights, allowing its companies to grow and become stronger in an increasingly global world, Cueto said.

Finally, he repeated LanChile's and the Chilean government's position on this issue, with both strongly favoring deregulation, given that "undoubtedly, an open market is the only guarantee of equality of opportunity."

Air Canada To Add New Routes To U.S., Caribbean

Air Canada announced six additional new transborder routes to be launched in 2001, bringing the total to 24 new non-stop routes announced in recent weeks. The introduction of these new routes marks the company's effort to bring

capacity in line with changing demand. The airline will maintain a zero growth strategy for 2001, notwithstanding the launch of these new routes.

The new transborder routes are Toronto-Greenville, S.C.; Toronto-Charleston, S.C.; Toronto-Norfolk, Va.; Edmonton-San Francisco; Vancouver-Miami, and Montreal-Las Vegas.

In addition, the carrier said it will enhance its leisure product for the coming winter by adding eight new routes and increasing capacity to some of its most popular leisure destinations in the Caribbean and Mexico. The company's winter schedule will include more than 80 flights per week on 28 routes from 19 points in the Caribbean, Bermuda and Mexico to Canadian gateway cities.

Lufthansa Purchases Regional Jets For Eurowings Unit

Bombardier Aerospace said it has reached agreement with Lufthansa for the sale of up to 45 CRJ200 regional jet aircraft valued at \$340 million.

The contract calls for 15 firm CRJ200 orders and 30 options for Lufthansa with deliveries of the firm aircraft beginning this October and running through the spring of 2003.

The CRJ aircraft will be operated by

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Lufthansa affiliate Eurowings, which will use the CRJ200 fleet primarily for route expansion, although the aircraft will replace ATR aircraft on some longer turboprop routes.

Swiss-German Pact Will Restrict Use Of Airspace

A recent Swiss-German agreement to restrict the use of southern German airspace by aircraft landing at Zurich International Airport will produce serious difficulties for the airlines operating at that facility and for the traveling public, according to a statement from the International Air Transport Association (IATA).

This agreement will mean that the airport's most important approach axis, and the one that has been equipped with all the necessary technical and safety infrastructure for landing, especially during conditions of poor visibility, will only be used to a limited extent, IATA said. "The decision will have also a negative effect on already congested airports and airspace in the rest of Europe," IATA said.

Lufthansa Posts Drop In Profits Citing Fuel Costs, Labor

Lufthansa reported a steep decline in first-quarter operating profits due to higher fuel costs.

Further, the carrier refused to make an earnings forecast due to labor difficulties with its pilots.

First-quarter operating profit dropped to 5 million euros (\$4.5 million) from 99 million euros last year — even as sales rose 15 percent to 3.6 billion euros (\$3.3 billion), the company said.

The figures came in far below analysts' projections for an operating profit in the range of 90 million euros.

Lufthansa earlier said it expects operating profit to remain flat in 2001 if the airline reaches "an acceptable agreement with the trade union within a reasonable time."

BA Posts Strong Profit For 12-Month Period

British Airways posted a pre-tax profit of

£150 million for the 12 months ended March 31, up from £5 million in 2000.

Chief executive Rod Eddington said, "This is an encouraging set of figures showing that our business strategy is delivering results. Most notably, our new Club World product, which is available on many of the airline's long-haul routes, continues to push up yields and win market share from competitors. While we are mindful of the challenging conditions ahead, we expect to see increasing financial benefits from our product, fleet and network strategy as well as from changes at Gatwick and to our short-haul business."

Lord Marshall, chairman of British Airways, said: "This has been an encouraging year. The improvements in operating performance reflect benefits from our strategy and our market share gains are testament to the success of our new products. We continue to focus on improving the fundamentals of the business. However, in the short term, we are seeing the impact of the U.K. foot and mouth outbreak and positioning ourselves for slower world economic growth."

Separately, British Airways announced the opening of its new "Terraces" lounge at Seattle-Tacoma International Airport.

The new 5,400-square-foot Terraces lounge is the only rooftop lounge at the airport and is only the third Terraces lounge to open in the western United States.

Argentina May Invest In Carrier To Avoid Bankruptcy

The Argentine government will invest \$24 million in Aerolineas Argentinas to pay back salaries and keep the airline from possible bankruptcy, according to widespread reports.

If the carrier is unable to continue flying, its 7,000 workers will lose their jobs at a time when Argentina faces a three-year-old recession and has 15 percent unemployment, the reports said.

The Spanish government is the majority shareholder in Aerolineas Argentinas and its holding company SEPI said it must pare down Aerolineas' work force to restore the carrier to financial health.

Aerolineas lost about \$27 million during its strike, which grounded hundreds of weekly flights to domestic and international destinations. That loss, combined with the debt that the airline has accumulated since it was privatized in 1991, forced the company to withhold workers' April salaries.

Airbus Establishes Subsidiary In Japan

Airbus announced the establishment of its Japanese subsidiary, Airbus Japan K.K., as of May 11.

With the establishment of its new subsidiary, Airbus said it would intensify full-scale marketing and sales activities in the Japanese market. Airbus officials said Japanese airlines will need some 600 aircraft over the next 20 years to cope with an average annual traffic growth rate of 5 percent. The officials said Airbus has targeted winning half of this market.

U.K. Tourism Industry Will Market To American Visitors

The British tourism industry in early June will launch a marketing effort to win back American visitors who have been put off by foot and mouth disease.

The \$700,000 advertising campaign, slated for American newspapers, comes as large hotel groups and airlines increase their own promotions and discounts to draw U.S. customers.

International tourism was down 11 percent overall in March from the year-ago period, according to U.K. officials. The North America numbers alone were down 16 percent.

Three Bidders Vie For Share In Olympic Airways

Three companies from Greece and Cyprus submitted bids for a majority stake in Olympic Airways, the Greek transport ministry said.

Cyprus Airways, Axon Airlines and Greece's Restis shipping group all made offers, details of which were not revealed. The government had invited bidders to purchase between 51 percent and 65 percent of Olympic.

News From Around The World

Varig Brazilian Airlines in early May moved its operations to the new International Air Terminal No. 4 at New York's John F. Kennedy International Airport.

British Airways said Concorde should be flying again by late summer. Chief executive Rod Eddington said safety modifications to the fuel tanks were taking longer than expected, partly because the 25-year-old aircraft were effectively hand built. The return to service ultimately depends on the re-issue of a certificate of airworthiness by the Civil Aviation Authority and its French equivalent.

Winnipeg Airports Authority reported first-quarter net income of \$3.6 million, up from \$2.6 million in the same period in 2000. Passenger traffic for the first quarter of 2001 was 724,000, an increase of 7.3 percent from 2000. Commercial aircraft movements for the first quarter increased by 4.6 percent. Reconstruction of Runway 13/31 began on April 27 at Winnipeg International, marking the largest airfield construction project in 40 years.

Delta Air Lines expanded its codeshare relationship with SkyTeam partner CSA Czech Airlines on flights via Prague to Milan, Italy; Stockholm, Sweden, and Hamburg, Germany.

InVision Technologies has received a \$3 million order for its CTX 9000 DSI Explosives Detection Systems, related integration services and additional deliverables from Luftfartsverket, the Swedish government agency that operates all of the country's major airports. The systems will be delivered in the first quarter of 2002.

Barringer Technologies, one of the major providers of trace drug and explosives detection equipment, said that Smiths Group has completed its acquisition of the company. The acquisition of Barringer significantly extends Smiths' specialist detection and protection systems business.

Singapore Airlines and Tenzing Communications Inc. announced the

launch of Tenzing's e-mail and Internet service on Singapore Airlines. This installation marks the beginning of a full fleet roll-out of the Tenzing global service, which will enable Singapore Airlines passengers to send and receive e-mail, as well as browse web content while in flight.

Air Canada said that it will proceed with its plan to convert its Aeroplan customer loyalty plan into a wholly-owned subsidiary by the end of the summer. Since its inception in 1984, Aeroplan has become a significant income generator for Air Canada.

Alitalia expects to complete an alliance agreement very shortly, Chief Executive Francesco Mengozzi said. "We aim to close an alliance deal before the summer," Mengozzi told a shareholders' meeting in Rome, according to media reports. Italian media reports have said Alitalia had entered a crucial phase of talks with Air France that could result in a commercial accord worth 350 million euros (\$300 million).

Marc Rochet, chairman of the French AOM and Air Liberte airlines, unveiled a restructuring plan aimed at returning the French group to profitability, according to published reports. Rochet said more than 1,300 jobs would be cut, while the aircraft fleet would be reduced by half. Rochet said Air Liberte would withdraw from routes where both are competitors. Flights to Bordeaux, Marseilles and Montpellier will stop in June.

Australia's Impulse Airlines has merged with Qantas, giving Qantas a 54 per cent stake in the domestic market and removing the Impulse brand from Australian skies.

Siemens Business Services (SBS) Division Transportation and Aeritas, a mobile commerce company, have teamed together to provide a new technology for seamless travel to Lufthansa. The mobile check-in and boarding project called m-Barq expands the mobile check-in services via the Internet or wireless application protocol (WAP) enabled mobile phone launched by Lufthansa last

November and enables passengers to bypass the check-in.

Incheon International Airport is reported to be planning a campaign to attract more foreign airlines. Airport officials in June will depart for a weeklong visit to Australia, New Zealand, Hawaii and other locations to hold meetings with the respective airline representatives—Air New Zealand, Qantas Air and Hawaii Air.

The U.S. Department of Transportation has denied a petition to cancel the registration of DHL Worldwide Express (DHLWE) as a foreign freight forwarder, saying that there is no evidence that the company is competing unfairly with U.S. companies. The department said that it would continue its ongoing informal review of the cargo carrier to make sure that it remains a citizen of the United States as defined by law. UPS in February asked the department to cancel the registration of DHLWE to operate as a foreign freight forwarder. UPS argued that Deutsche Post, the majority owner of a holding company that owns DHLWE, would use its monopoly profits to enable DHLWE to engage in predatory pricing in the United States. Deutsche Post is the partially privatized postal service of Germany.

BAA plc named Mike Clasper as deputy chief executive of the company, combining the role with that of group airports director. He will join BAA in July and will initially have overall responsibility for managing and developing all of the company's U.K. airports.

European airlines passenger traffic rose 1 percent in March from a year ago, the Association of European Airlines said. Traffic on Far East routes fell 2.3 percent while traffic to Africa south of the Sahara fell 0.2 percent.

The European Commission has dropped a formal investigation against a number of European airports over alleged discrimination between national and foreign carriers in the setting of landing fees after the practice came to an end, according to published reports.