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U.S. Seeks Global Cooperation To End Terrorism

U.S. FAA Administrator Jane Garvey told the recent International Civil Aviation Organization (ICAO) meeting in Montreal that member countries should work together to eliminate terrorism.

Garvey said that, without delay, ICAO members should "agree to cooperate fully in the investigation, apprehension, and prosecution of all those responsible for these acts of unprecedented savagery; meet at a high level to reach agreement among states on how best to prevent and eradicate acts of terrorism against civil aviation, and develop a detailed action plan to address the new forms of threat to civil aviation."

She explained that U.S. DOT Secretary Norman Mineta "has challenged us to provide near-term recommendations for further improving both airport and aircraft security. We intend to implement these recommendations quickly." She said the U.S. will advise ICAO of those recommendations on which it seeks international cooperation. At the same time, she said nations "must address a crisis of confidence in air travel that threatens the economic viability of aviation around the world. We must move swiftly, we must act confidently, to reassure our citizens that air travel remains one of the safest forms of transportation ever devised."

Safety and security aboard commer-

cial aircraft must be unquestioned, Garvey stressed.

"While we may not regain our lost innocence about the freedom to travel, we can, and we will, enjoy a transportation system that is safe, secure, and stable," she said. "So, too, with international aviation. The enemy who struck New York and Washington, D.C., could just as easily target any of the world's other great cities. We in the United States have long known that eternal vigilance is the price of liberty. Now, we know it is the price of mobility."

Swiss Government, Investors Agree To Form New Carrier

Switzerland's government and private investors have agreed to invest \$2.65 billion to create a new national airline as a successor to Swissair, which is in receivership.

The agreement includes a \$625 million federal loan to keep Swissair planes flying until March, when the new airline is formed, and a \$375 million government investment in the new company.

The plan calls for Swissair to merge most of its flight operations with Crossair, a low-cost regional carrier.

The European Union has voiced concern about the arrangement's impact on EU airlines, many of whom are also fighting against bankruptcy in the wake of the Sept. 11 terrorist attacks in the U.S. However, since Switzerland is not an EU member, it is unclear whether any EU rulings would affect Swissair.

Sabena Granted Temporary Bankruptcy Protection

Sabena Belgian Airlines has been granted protection from its creditors until Nov. 30, under terms of a recent court ruling that mandates the carrier to propose a restructuring plan. So far,

Sabena has indicated that it will furlough more than 10 percent of its employees. If the creditors and court accept Sabena's plan, the carrier will have up to 24 months bankruptcy protection.

Schiphol Airport To Use Biometrics System

Amsterdam Schiphol Airport has implemented an iris recognition system and plans to use the biometric technology as immigration control for frequent travelers and clearance for employees working in secure areas of the airport.

The immigration control portion of the iris recognition system will be tested by the Dutch Ministry of Justice during a one-year pilot program and is the first large-scale application of biometric identification in the Netherlands, according to a statement from the airport. During the one-year test, passengers holding the nationality of one of the European Economic Area (EEA) countries will be able to use the iris recognition system for immigration clearance. The EEA consists of the Netherlands, Belgium, Luxembourg, France, Germany, Italy, Spain, Portugal, Greece, the United Kingdom, Ireland, Finland, Denmark, Sweden, Norway, Iceland and Liechtenstein.

"During automatic border passage, the passenger's iris geometry will be compared with the iris information registered on the chip of a special personal card. The passenger's presence will at the same time be registered, making this an extremely secure means of border passage," the statement said.

The Netherlands Department of Immigration and Naturalization will evaluate the results of the frequent traveler test and determine whether the number of countries utilizing the system can be increased. "Schiphol Group has every confidence that the authorities

Upcoming Events

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

will fully approve iris recognition border passage after the trial year has ended," the airport said.

The new border passage system using iris recognition is the most important aspect of Privium, the service program to be launched simultaneously by Schiphol Group, according to the statement. Privium will also entitle members to specially reserved parking places right next to the terminal and special check-in counters when flying with one of nine participating airlines.

Schiphol Group said it will apply the iris recognition technology to the badges issued to staff working in all protected airport areas and will equip all passages to these areas with iris recognition technology, effective in mid-2002.

Air Canada Urges Sky Marshal Program

Air Canada said it has requested the Canadian government to implement a sky marshal program beyond the minimum required for resumption of flights to Reagan Washington National Airport.

Air Canada Executive Vice President Rob Giguere noted that the U.S. has committed to funding onboard security enhancements, including increased cockpit security.

Giguere noted that Air Canada has recommended that security screening at Canadian airports be conducted by a federal agency "in full coordination with the government's policing, national defense and intelligence resources."

Delta To Realign Flights To Nagoya, Tokyo

Delta Air Lines said it will discontinue on Dec. 1 its daily, nonstop service from Los Angeles to Nagoya, Japan, and its six times a week service from Los Angeles to Tokyo Narita.

Delta also will discontinue its New York Kennedy International to Tokyo service, which the airline had announced earlier it would suspend until March 15, 2002.

Delta will continue to operate its daily, nonstop Atlanta to Tokyo Narita flights.

Moody's Investors Affirms Ratings on Canadian Airports

Moody's Investors Service has affirmed the A2 rating on the debt of Greater Toronto Airports Authority (GTAA), the A1 of Edmonton Regional Airports Authority (ERAA) and the Aa2 rating of NavCanada, despite the decline in passenger enplanements and airline operations since the Sept. 11 terrorist attacks on New York and Washington, D.C.

The rating outlooks for GTAA and ERAA have been revised from stable to negative reflecting concerns regarding the near term position of Air Canada, the airports' largest carrier. The rating outlook for NavCanada remains stable.

The marked decline in air travel has had a negative impact on the finances and operations of most North American airports. However, based on Moody's analysis, to date Canadian airports appear to be generally less impacted than their US counterparts. Nevertheless, the near and medium term impact on these airports remains unclear at this time, particularly given the uncertainty over what effect sustained military action will have on air travel demand and the financial condition of Air Canada, Moody's said.

Most airports are actively cutting operating expenditures though airports generally have high fixed cost bases, Moody's said.

As with most larger North American airports, GTAA is projecting an operating deficit as a result of the decline in traffic, Moody's noted. ERAA continues to project a small operating surplus. GTAA and ERAA both benefit from a relatively strong year, pre Sept. 11, as well as reserve funds and lines of credit that provide them with significant operating flexibility.

In addition, their ability to adjust the airport improvement fee is another positive credit feature, Moody's said. Both airports, as well as NavCanada, are actively evaluating reductions in operating expenditures as well as modifications to their capital programs. These plans will probably not be finalized until Air Canada's situation becomes clearer.

Lockheed Martin Skyline ATC System Operational In Korea

Lockheed Martin's SkyLine air traffic management system is now operational in Korea, controlling traffic 24/7 in one of the world's fastest growing airspaces, the company said.

Teamed with Samsung Data Systems of Seoul, Korea, Lockheed Martin completed the 36-month long project Oct. 17 with a transition to full operational service in the new Korea Area Control Center (KACC) in Incheon.

SkyLine is now used by KACC controllers to manage 860 daily aircraft movements in the Korea Flight Information Region, while interfacing with other aviation automation systems in Korea. Under a contract awarded in 1999, Lockheed Martin Air Traffic Management adapted its SkyLine air traffic management system for Korea while Samsung Data Systems, the prime contractor, provided consoles, installation and training.

Qantas Plans Purchase Of 17 New Aircraft

Australian flag carrier Qantas Airways said it would purchase 15 new generation, long range, narrow-body aircraft and two Dash 8 regional aircraft as part of a comprehensive revamp of its domestic operations. The aircraft will be either Boeing 737-800s or Airbus A320s.

Qantas chief executive Geoff Dixon said the new aircraft would allow the

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carrier to enhance the range of services for travel in Australia, including to regional destinations.

ANZ Reduces Costs In Move Toward Profitability

Senior managers at Air New Zealand have agreed to take pay cuts of about 15 percent, according to an announcement from the company. The move comes as the carrier seeks to reduce its costs.

Executive Director Roger France said the company has eliminated six of its 12 operating units and senior vice presidents, in line with its smaller size since the collapse in September of its Australian subsidiary Ansett.

Observers say the salary and operational cutbacks are a sign the company is committed to reducing costs as it attempts to work its way back to profitability.

Varig Expands Presence In Argentina

Varig Brazilian Airlines has expanded its presence in Argentina with the introduction of a new destination, Mendoza. With the addition of the three weekly Mendoza flights, Varig now offers service from Brazil to a total of four Argentine cities, including Buenos Aires, Rosario Cordoba and Mendoza.

IATA Voices Optimism On Industry Recovery

"A critical part of the industry's recovery, and it will recover, is a renewed high level of public confidence in security," said International Air Transport Association (IATA) Director General and CEO Pierre Jeannot, at the opening of IATA's AVSEC 2001 Symposium in Atlanta, Georgia, Oct. 17.

"Security is today front and center," Jeannot stated. "The spotlight is on us, under conditions we would never have wished upon ourselves. We are facing perhaps our greatest challenge and we need to rise to the occasion. This will require rigor, imagination and determination in the application of security measures which are both reassuring and

effective.

"Governments, industry security experts, airlines, airports, equipment suppliers, systems providers, are all certainly in the front line," he noted. "But in the battle against terrorism, none of us are on the side lines."

Jeannot identified lines of defence against terrorism, which he said include the best possible shared international criminal intelligence and the potential for increased use of biometrics for everyone who comes in contact with an aircraft, or the airside of an airport.

IATA has been actively advocating the use of biometrics for the past two years.

"It is a question of making intelligent use of resources," said Jeannot. "In the new security environment, biometrics can quickly identify the people who do not represent a security risk. So today's more conventional security resources, augmented by new scanning technology and operators trained to new levels of stringency, can then be redirected to thoroughly checking those who have not been positively cleared and could potentially represent a risk."

Bombardier Inaugurates Facility at Mirabel Airport

Bombardier Aerospace on Oct. 22 inaugurated its new final assembly facility at Montreal's Mirabel Airport.

The 300,000-square-foot final assembly facility for the Bombardier CRJ700 and Bombardier CRJ900 regional airliners, situated in the Montreal International Trade Zone at Mirabel, began operations last August. Some 600 employees currently work in the plant.

Finland Purchases Direction-Finding System For Airports

Nice Systems Ltd, a producer of multimedia digital recording solutions, applications and related professional services for business interaction management, announced that the Civil Aviation Administration of Finland has selected the NiceFix direction finding system for 10 Finnish airports. Installation will

commence in early 2002.

NiceFix is a navigational aid that features interferometer-based technology and advanced digital signal processing, covering both VHF and UHF frequency ranges, the company said.

Cathay Pacific Reports Falloff In Passengers, Cargo

Business fell sharply in September due to the terrorist attacks in the U.S. and the global economic slowdown, Hong Kong-based Cathay Pacific said, adding that the outlook for the near future is not promising.

Passenger numbers in September were down by just over 12 percent, year over year, and the load factor dropped by 7.3 percent.

Cargo suffered a 12.2 percent decline in volume, Cathay reported.

U.K. ATC Provider Denies Report Of Cash Needs

The U.K.'s part-privatized National Air Traffic Services (NATS) has criticized as "speculation" a report that it might have to ask the government for an injection of funds.

The Financial Times reported that NATS is coming under pressure from its bankers to ask for the money.

A NATS spokesman said the company was "not immune" from the effects of last month's terrorist attacks but added that reports that it is seeking financial assistance from the government are speculative.

Air Canada Supports Legislative Initiative

Air Canada said it is pleased with the government's announcement that it will introduce legislation to remove the 15 per cent limit on individual ownership of shares in Air Canada.

Air Canada said this confirms the airline's previous request to remove ownership restrictions, "as it will facilitate access to the equity and capital markets." At the same time, Air Canada said it supports an increase in foreign ownership restriction from 25 per cent to 49 per cent.

News From Around The World

Air Canada has reached a tentative agreement with the CAW-Canada on a worksharing program that the carrier said will mitigate job reductions for employees in that bargaining unit and meet the airline's objective of reducing labor costs immediately. The agreement reduces scheduled hours of work for all customer sales and service agents represented by the CAW by 20 percent for a 26-week period, subject to extension. The program requires approval from Human Resources Development Canada for compensation of the reduced hours through the Employment Insurance Workshare Program. The agreement, effective with the first pay period of November, requires ratification from the union membership.

According to published reports, British Airways Chairman Lord Marshall said there is little sign of recovery in Europe's depressed airline industry, a crisis that will likely lead to cross-border consolidation of financially troubled carriers. Passenger numbers for BA have dropped by up to 25 percent since the Sept. 11 terrorist attacks in the U.S., he said. "Extraordinary times call for extraordinary solutions, and there is no doubt that the European airline industry is crying out for consolidation—that is cross-border merger, acquisition and joint equity venture," he said.

LanChile was named the best Latin American airline in the fourth annual survey of the "World's Best Companies in 2001" by Global Finance magazine.

All Nippon Airways (ANA) announced that it will close its Australian operations on Nov. 30. The company has a total staff in Australia of 25, with offices in both Sydney and Brisbane. The decision will not affect the operation of Sydney's ANA Harbour Grand Hotel, which is wholly owned by ANA. The carrier began flights between Japan and Australia in 1987. In March 1999, the company entered a codesharing agreement with the recently collapsed Ansett International. Following the

dissolution of this codesharing agreement last month, ANA conducted a study of the feasibility of reintroducing ANA flights to Australia. ANA concluded that it would have difficulty maintaining services between Japan and Australia given the current slowdown in the international airline industry.

Tango by Air Canada, the airline's new no-frills operation, will offer service between Canada and Florida, beginning Dec. 15. Tango's service will be geared to the needs of business and leisure travelers with the lowest fares, offering fares on most routes more than 80 percent off full economy fares with no minimum stay or advance purchase requirement, Air Canada said.

AMR Corp., parent of American Airlines and TWA, said it will delay 29 of 45 aircraft deliveries originally scheduled for 2002 to beyond 2003. Chief Financial Officer Tom Horton said the airline is cutting an additional \$2.5 billion in capital spending in response to the crisis facing AMR and other airlines.

Lufthansa Systems North America, Inc., an information technology solutions provider to the air transportation and travel industry, announced that a web-enabled version of its U.S. Customs interface solution, CUSLINK, is now in development with a projected roll-out next year. CUSLINK, which serves as an airline's link to the U.S. Customs Automated Manifest System (AMS), allows users to electronically send, accept and monitor shipment information to and from AMS.

Winnipeg Airports Authority reported third-quarter net income of \$3.7 million, compared with \$3.4 million in 2000. For the nine months ended Sept. 30, net income was \$11.2 million, compared with \$9 million for the same period last year.

BAA plc, the international airports group, announced the appointment of Mark Clare, deputy chief executive of Centrica plc, as a non-executive director of the company. Before becoming deputy chief executive of Centrica plc, Clare was finance director, Centrica plc 1997-2000

and financial controller, British Gas plc 1994-1997. He has also worked for STC Submarine systems, Northern Telecom UK Ltd, STC plc and GEC Marconi plc.

KLM said it would institute its winter schedule on Oct. 28, with 15 percent fewer available seat kilometers than before the Sept. 11 terrorist attacks in the U.S. KLM noted, however, that it would be operating higher frequencies on some high-yield routes, despite reduced capacity. KLM said that it would increase to 10 from seven the number of roundtrip flights between Amsterdam and Johannesburg. It said it will increase roundtrip service between Amsterdam and Lagos to daily frequency by adding a seventh flight.

The Association of European Airlines said that North Atlantic traffic in the five weeks from Sept. 10 to Oct. 14 was 36.2 percent below the same period last year.

Air Canada launched nonstop service Oct. 25 between Las Vegas and the Canadian cities of Vancouver and Calgary. The airline will offer the Vancouver service aboard 100-seat Boeing 737 aircraft, while the Calgary flights will be operated with 112-seat Airbus A319s. Flights on both routes will operate on Thursdays and Sundays.

Varig Brazilian Airlines said that it will offer business class service on all of its domestic flights within Brazil, effective Nov. 7, with the exception of its high-volume airbridge between Sao Paulo and Rio de Janeiro.

The Norwegian Competition Authority (KT) has announced approval of SAS' acquisition of the Norwegian airline Braathens. At the same time, SAS notes that the KT is not taking action for the moment against frequent flyer programs, corporate client agreements and agency deals. SAS said that the agreement between Braathens' majority shareholders and SAS contains a number of conditions in addition to approval by the authorities. These conditions relate, among other things, to the financial status of Braathens and to certain legal aspects.