

INTERNATIONAL AIRPORT REPORT

Volume 10 Number 8

August 2002

Mexico Scraps Location For New Mexico City Airport

The government of Mexico canceled plans to build a new airport for the nation's capital in the Texcoco area following conflict with local farmers whose land would have been taken for the project.

President Vicente Fox announced that the government will consider other options to expand the capital's airport infrastructure.

U.K. Outlines Options For Developing Airport Network

The U.K. Department for Transport has issued a report that concludes an increase in capacity at the country's airports is important for the nation's economic health.

The government document outlines several options for developing the U.K. airport network over a number of years. These include adding a third runway at London Heathrow airport, building up to three new runways at Stansted airport and constructing a new hub airport for southeast England in Kent.

Upcoming Events

October 6-9—Marrakech, Morocco

Palmerie Golf Palace. North Africa/Middle East/U.S. Airport Infrastructure/Safety/Security Workshop and Trade Mission. Sponsored by U.S. Trade and Development Agency, U.S. Department of Commerce, FAA, AAEA and IAEE.

November 10-13—Istanbul, Turkey

Conrad Hilton. Central Europe/U.S. Airport Infrastructure/Safety/Security Workshop and Trade Mission. Sponsored by U.S. Trade and Development Agency, U.S. Department of Commerce, FAA, AAEA and IAEE.

The government said it is committed to gathering as wide a range of viewpoints as possible on its proposed aviation policy.

"The government is committed to ensuring that the long-term of aviation is sustainable," the report said. "This will strike a balance between the social and economic benefits of air travel and the environmental effects of any development." Further, the government also said, "There is a wide acceptance of the view that decisions about major airports have in the past been taken on a piecemeal basis and difficult issues have not been tackled."

The total number of passengers at U.K. airports is forecast to grow to 500 million by 2030, from 180 million in 2000.

"Our European competitors have build new airport capacity and are well-placed to serve the rising demand for air travel if we don't respond," the document said. "Doing nothing is not an option."

Though the government advocated the increased use of regional airports, such as Manchester and Birmingham, to help cope with rising demand, it said the failure to increase capacity in the key southeast region would ultimately lead to a decline in air traffic and air routes in the U.K. as European competitors fill the gap.

"We welcome the call for more U.K. air transport capacity," said Giovanni Bisignani, director general of the International Air Transport Association (IATA).

"Forecasts show that U.K. aviation demand will double in the next 20 years. Current airport infrastructure clearly lacks sufficient capacity. IATA fully supports the U.K. government's studies to address this challenge and develop a sustainable aviation policy."

At the moment, 130 IATA airlines serve the U.K.'s southeastern airports; 25

percent of all international journeys in the world are to or from the U.K. and, in turn, the U.K. accounts for over 40 percent of all air travel between Europe and the U.S., IATA said.

"If the U.K. is to maintain its leadership role in world air transport, extra runway capacity is needed in the southeast and the time to take the decisions leading to that is now," Bisignani said. "As to the location of new runway capacity, cost effective and environmentally sustainable solutions must be found. A new runway at London Heathrow is a priority."

Nav Canada Posts Loss, Cites Impact Of Sept. 11 Attacks

Nav Canada announced that for the three and nine month periods ending May 31, its financial results continue to reflect reductions in air traffic as a result of the Sept. 11 terrorist attacks.

The company posted a loss of \$12 million for the three months after a \$3 million adjustment to the rate stabilization account and a \$10 million draw down of the rate reduction account.

Without the \$3 million transfer from the rate stabilization account and the \$10 million draw down of the rate reduction account, the third quarter loss would have been \$25 million. The loss for the same quarter last year was \$15 million.

The company said it expects that year over year reductions in air traffic will continue through the remainder of the fiscal year.

Qantas' Bid For Increased Foreign Ownership Fails

The government of New Zealand has rejected calls from Qantas to relax restrictions on foreign ownership of the airline.

Qantas argued that relaxing the

restrictions would improve its potential for growth.

Transport Minister John Anderson said cabinet members discussed the issue at length and decided the arguments for relaxing foreign ownership laws were not strong enough.

"We have come to the conclusion that the current caps should remain," Anderson said. "Arguments for removing them are not deep enough or strong enough and that in the national interest the current arrangements should be left in place."

In February, Qantas chief executive Geoff Dixon said the airline had been pressing the government to lift the cap, which is set at 49 percent for total foreign equity and 25 percent for any single overseas airline.

British Airways, which holds nearly 22 percent, has indicated it would like to raise its stake above 25 percent.

International Airline Traffic To U.S. Declines

The U.S. Transportation Department's Bureau of Transportation Statistics (BTS) released a report showing that enplanements on international flights by large U.S. carriers decreased by 14 percent in April compared to a year earlier.

The 4.4 million international passengers on U.S. carriers in April were the fewest of any April since 1996. In April 2001, 5.2 million international passengers flew on U.S. carriers.

April was the first month since October that there were fewer international passengers than the previous month. International traffic had increased each month since October, the first full month after the Sept. 11 terrorist attacks.

The number of international passengers declined to a 10-year low of 3.1 million in October.

U.S. DOT Approves American, Finnair Alliance

The U.S. Transportation Department has granted American and Finnair antitrust immunity to implement an alliance that will allow the carriers to cooperate on

scheduling and pricing initiatives.

The carriers already have a code share agreement and participate in the oneworld alliance.

European Commission Plans To Approve Carrier Alliances

The European Commission signaled it will approve an alliance of United Airlines, Lufthansa and SAS, plus an agreement between KLM and Northwest Airlines.

United and Lufthansa agreed to surrender slots at Frankfurt Airport on routes to Chicago, Washington, D.C., Los Angeles and San Francisco to win approval of their agreement.

Other parties have a month to challenge the commission's plans to approve the alliances before a decision is made final.

Operator Of Jakarta Airport Plans Partial Privatization

The operator of Jakarta International Airport in Indonesia announced plans to partially privatize the airport, according to *Airport and Airline-Asia Pacific*.

The bidding process is expected to begin in October, with PT Bahana Sekuritas and Credit Suisse First Boston as financial advisors.

Low-Cost Carriers Projected To Increase Market Share

A new study by Mercer Management Consulting predicted that low-cost airlines will take a 25 percent share of the European market by 2010 compared with the current 5 percent. Reliance on regional routes, which allow low-cost carriers to target customers who typically haven't traveled by air through Europe, and on small airports that charge low landing and other fees, should ensure the low-cost carriers' success, Mercer's study found.

Further, indirect operating costs such as advertising, passenger services and handling account for around 4.5 percent of overall costs at British Midland, a mid-sized traditional carrier, compared with only 1.1 at low-cost carriers, Mercer

said. Low-cost carriers also pay less for such direct operating costs as insurance, maintenance and airport fees.

Companies To Promote ATC Capacity Increases

EADS and Thales announced creation of an open industry alliance to provide a global solution to increase air traffic capacity. The Air Traffic Alliance team will work to improve the air transport system over the coming decades and is linked to major initiatives by the European Union, Eurocontrol and European Civil Aviation Authorities, the companies said.

Air traffic control centers currently deal with up to 100,000 flights a day with a growing need for additional capacity, the companies said. Europe's major challenge is to develop an efficient transport system to handle three times more flights in the next 20 years safely and securely while reducing delays to less than 15 minutes for 99 percent of the flights, they added.

NZ Customs Purchases Facial Recognition Technology

Imagis Technologies, a Canadian developer of biometric systems using

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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.

advanced facial and image recognition technology, announced that its ID-2000 facial recognition technology has been purchased by New Zealand Customs.

Customs has purchased the software to investigate its potential for use with Customs' core CUSMOD border management system. The software was purchased through Imagis' New Zealand-based business partner, ITB Solutions of Wellington.

"Our focus is experimental and investigative, creating local awareness within Customs of such technology," said Peter Rosewarne, NZ Customs' IS manager. "We're using the software to develop capabilities within the workflow of our existing processes. It's being applied against CUSMOD by developing applications such as detecting false images in documents, and alerts against known faces."

Aer Rianta Board Approves Concourse At Dublin Airport

The board of Aer Rianta recently approved proposals for a new two-story pier at Dublin Airport to provide turnaround facilities for low-cost airlines.

The proposed new pier will have capacity for 10 million passengers annually and will be completed in 2004.

John Burke, chief executive of Aer Rianta, said the new pier has been

designed with a degree of flexibility to accommodate future needs. He said that, for example, passenger loading bridges could be installed and sufficient space to park larger aircraft, including Boeing 747s, is available.

"Aer Rianta is confident that the new facility will attract more low-cost airlines to launch new routes out of Dublin," Burke added.

Eurowing To Launch No-Frills Airline

German regional carrier Eurowings announced it would break into the no-frills market under the brand "Germanwings."

The new carrier, slated to launch operations in October, will be based at the Cologne/Bonn Airport and will operate five Airbus A319 aircraft serving 10 to 20 European destinations.

European Flight Delay Situation Improves In May

Figures from the Association of European Airlines (AEA) show that only 14.7 percent of all flights were delayed in May, the lowest monthly figure for four years.

The improvement has come about through a big reduction in the number of flights following last September's terrorist attacks in the U.S., AEA said.

The worst performer was Dublin

Airport where one in four planes take off at least 15 minutes behind schedule. The best performers were two Scandinavian airports, Oslo and Stockholm, closely followed by Geneva.

International Security Workshop, Trade Show Held

Over 50 top airport and aviation officials from 16 countries participated in the U.S./European/Canadian Airport Security Workshop and Trade Show, July 21-24, in Milan, Italy. The U.S. delegation was led by AAAE Immediate Past Chair Jim Koslosky, A.A.E.; AAAE First Vice Chair Bonnie Allin, A.A.E., and Jim Bennett, A.A.E., chair of AAAE's International Association of Airport Executives (IAAE).

Topics that were debated and discussed during the three-day meeting included, civil aviation security from the national government's perspective; airport security case studies by various U.S., Europe and Canadian airports; challenges being faced by U.S. airports with the formation of the Transportation Security Administration; cutting edge security training program; deployment of new aviation security technology; legal liability assessment for airports post Sept. 11; security assessments at airports, and the future of new airport terminal design post Sept. 11.

Countries represented at the meeting included the U.S., Canada, Italy, the Netherlands, U.K., Romania, Croatia, Poland, Czech Republic, Hungary, Germany, Belgium, Austria, Ireland and Ukraine.

AAAE and IAAE wish to thank the following airports and companies for their financial support of the workshop: Sea-Milano Airports; United Airlines; Metropolitan Washington Airports Authority; Salzburg Airport w.a. Mozart; HMS Host Corp.; Honeywell; L-3 Communications Security Systems; Invision Technologies; Republic Parking; Parsons Brinckerhoff Aviation; CEIA SPA; SAIC; First Vector; Goldman, Sachs & Co.; Smart Approach; Arup; Aware, Inc.; Avis Rent-A-Car System and INET.

AAAE, IAAE To Offer Two More International Aviation Security Meetings

AAAE and IAAE will offer two more important international meetings in 2002 that will focus on aviation security.

The meeting planned for Marrakech, Morocco, is a trade mission being cosponsored by the U.S. Trade and Development Agency as part of a major U.S. government initiative to address common security challenges in Asia, North Africa and the Middle East, and to advance U.S. trade development in the aviation sector.

The remaining meetings are:

- The North Africa/Middle East Airport Security/Safety/Infrastructure Workshop, Oct. 6-9, 2002, in Marrakech, Morocco
- The Eighth Annual Central Europe/U.S. Airport Security/Safety/Infrastructure Workshop and Trade Mission, Nov. 10-13, 2002, in Istanbul, Turkey

For more information on these meetings, contact Spencer Dickerson at (703) 824-0500, Ext. 130, or via e-mail at sdickerson@airportnet.org.

News From Around The World

KLM signed a memorandum of understanding with **Airbus** to acquire six A330-200s and purchase rights on further 18 aircraft of this type. Delivery of the aircraft will begin in early 2005. KLM will operate the aircraft from its hub in Amsterdam on its international route network.

Winnipeg Airports Authority reported second-quarter net income of \$3.6 million compared with \$3.9 million in the same period last year. Passenger traffic for the quarter was 655,000, a decrease of 7.2 percent from 2001.

The National Aviation Board of Ecuador has granted LanEcuador traffic rights to operate routes from Quito and/or Guayaquil to Santiago, Miami, New York, Madrid and Buenos Aires. LanEcuador, a start-up airline, will be an Ecuadorian company under the LanChile holding company.

The government of France announced that it plans to sell off a large part of **Air France** and cut the nation's stake to below 20 percent. Air France was nationalized in 1945 and remains under state control after a partial sale by the former government that cut the state's holdings to 54.4 percent.

Air France and Aeroflot announced a codesharing agreement for services between **Moscow** and **Paris**. Beginning Oct. 1, the two airlines will jointly offer six daily services between Paris Charles de Gaulle and Moscow's Sheremetyevo Airport, replacing three separate services by each airline.

LSG Sky Chefs announced its entry into the **Malaysian** market through an agreement to acquire a stake in MAS Catering, the inflight catering division of Malaysian Airlines. LSG Asia GmbH, a wholly owned subsidiary of LSG Lufthansa Service Holding AG, the parent company of LSG Sky Chefs, entered into the agreement to form a new company in Malaysia to take a 70 percent stake in MAS Catering. The agreement is conditioned upon approvals from various parties, and, when

finalized, will grant MAS Catering the right to supply and provide inflight catering services to Malaysian Airlines flights originating from Kuala Lumpur's two airports for 25 years. The acquisition is expected to be finalized by the end of the year.

Air China will start service between **Beijing** and **New York City** beginning Sept. 27, the Xinhua News Agency said. The direct flight and new route, which will use 747-400 aircraft, will reduce travel time from 21 to 13 hours, Xinhua said.

Manila's Ninoy Aquino Airport will receive ARINC's passenger check-in and boarding technology at the new international Terminal 3, according to published reports. The terminal opens later this year.

All Nippon Airways (ANA) has ordered 14 new Boeing planes to replace the Airbus planes in its fleet. Five 777-300 and nine 767-300 ER will cost ANA about \$1.45 billion and will be delivered by March 2007. Switching to an all-Boeing fleet would save the airline about \$86 million in costs each year, ANA said. "Our fleet plans are a clear signal to the competition that we're going to maintain a position of leadership in the domestic market," said ANA president and chief executive Yoji Ohashi in a statement.

American Airlines announced that it will extend its route network to five additional points in **Poland**, **India** and the **Middle East** through its codeshare agreement with Swiss.

Lan Chile announced that its subsidiary, **LanChile Cargo**, has signed an agreement with Lufthansa Cargo to cooperate in the air cargo market between Europe and South America.

FKI Logistex, a single-point supplier of integrated material handling solutions for distribution, baggage handling, freight, parcel and manufacturing applications, announced its Baggage Handling Team has signed a contract to provide **Singapore's Changi Airport** with a complete automated baggage handling system. The multi-year contract, worth approximately \$77 million,

is the largest contract signed by the Baggage Handling Team since its formation in May 2001.

The new president of Brazilian carrier **Varig** pledged to cut jobs and routes in a bid to improve the company's economic health. Arnim Lore, the 62-year-old former finance director of Varig subsidiary Rio Sul, also said talks with creditors over the company's \$900 million debt would be intensified.

A deal struck between KLM and its pilots will allow the airline to merge the fleets of its Cityhopper and KLM uk operations. The agreement will now go to a vote of KLM union members for ratification. If approved, the agreement will allow **Cityhopper** and KLM uk planes to be deployed throughout the airline's European network.

Malaysia Airports Holding Berhad announced it will build a new cargo terminal at Penang.

Australia's budget airline, **Virgin Blue**, has scrapped plans to relocate to the former Ansett terminal at **Sydney airport** after accusing the operators of over pricing. Virgin Blue will now stay in its present Domestic Express terminal and upgrade facilities.

Southern Winds, a privately held Argentinean air carrier, has commenced service from **Buenos Aires** to **Miami International Airport**. The carrier will operate the service four times weekly with B767-300 ER equipment.

India will consider the privatization of 10 regional airports, according to published reports.

U.K.-based airports operator BAA has had its concessions contract at **Pittsburgh International Airport** extended by 10 years. BAA's present 15-year deal, due to expire in 2007, will now continue through 2017.

A fire at Kuwait International Airport damaged five gates in the transit area and also spread to a corridor. Two gates are still operational, and a temporary corridor has been constructed. Airport authorities estimate it will take up to three months to repair the damage.