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Boeing Forecasts Strong Aviation Demand In China

The Boeing Co., in its 2005 Current Market Outlook for the People's Republic of China, forecast a requirement in China for just over 2,600 new airplanes worth \$213 billion over the next 20 years. Over the forecast period, China is and will remain the largest market outside the U.S. for new commercial airplanes, Boeing said.

With the continued high rate of growth for the China air travel and air cargo markets, China's fleet will nearly quadruple to more than 3,200 airplanes by the end of the forecast period, Boeing said. Single-aisle aircraft will be the largest category with total new-airplane deliveries at 1,678 airplanes. Intermediate twin-aisles will comprise approximately 568 airplanes, while regional jets will be 293 units and 747 and larger-size airplanes will be 73 units.

Boeing projects air travel growth will outpace China's Gross Domestic Product increase during the forecast period. Air travel for China's carriers will expand significantly, led by the domestic market's average annual growth of 8.8 percent. Air travel for all markets to, from and within China is forecast to grow 7.3 percent per year.

"The high demand for single-aisle airplanes will be driven by an increasing affluence among the Chinese

Upcoming Events

Oct. 19-22, 2005...Tamuning, Guam. Second Annual U.S./Asia Pacific Airport Issues Conference

Nov. 6-8, 2005...Budapest, Hungary. 11th Annual Central Europe/U.S. Airport Issues

people and an increased desire to travel within China and to neighboring countries," Boeing said. "Continued development of the country's aviation infrastructure and the opening of new airports throughout the country will also enable China's rapid domestic air travel growth."

Worldwide, Boeing projects that operators will invest \$2.1 trillion for approximately 25,700 new commercial airplanes during the next 20 years. The full forecast is available at www.boeing.com/commercial/cmo/index.shtml.

U.K. Welcomes Foreign Carriers At Regional Airports

U.K. Aviation Minister Karen Buck announced that the government will welcome applications from foreign airlines to fly new international air services to or from U.K. regional airports.

She listed the following examples of the new kinds of services that could now be allowed:

- A foreign airline flying from country A to country B will be able to set down or pick up passengers or cargo at a U.K. regional airport en route.
- A foreign airline flying from country A to the U.K. will be able to pick up passengers or cargo from country B enroute to its destination in the U.K.

The rights to operate such services, known as fifth freedoms, are traditionally closely limited through the system of bilateral air services agreements under which international aviation is controlled. In the future, the U.K. will apply a general presumption in favor of allowing such services, both passenger and cargo.

Buck noted, "Today's announcement supports the U.K.'s policy, which we set out in the 2003 Aviation White Paper, to promote the growth of regional airports.

Air Service, Marketing Workshop Held

The International Association of Airport Executives (IAAE), AAAE, the Bermuda Ministry of Tourism and Transport, and Bermuda International Airport conducted the U.S./Caribbean/Canadian/European Air Service Development and Airport Marketing Workshop on Sept. 6-9 in Southampton, Bermuda.

Organized and sponsored by Leigh Fisher Associates and InterVISTAS Consulting-ga², the workshop offered a diverse mix of airline, airport and tourism perspectives.

Dr. The Hon. Ewart Brown, JP, MP, deputy premier and minister of tourism and transport, gave the keynote address and stated that tourism and transport officials should expect change. He also stated that professionals should be flexible and listen to the needs of the marketplace as they seek out viable air service and tourism ventures.

Other sponsors that supported the workshop include Bear, Stearns and Co.; Port Columbus Regional Airport Authority; Delta Air Lines; British Airways; BACK Aviation Solutions, and Sabre Airline Solutions.

It is also consistent with the U.K.'s general approach towards liberalizing its bilateral air services agreements.

"The move will potentially mean more services and a greater choice of connections for passengers outside the Southeast of England. It will attract extra business to regional airports, improve access to markets, and help to enhance the growing contribution that airports throughout the U.K. are making to their local and regional economies. It is now up to the airlines to apply to

operate new services," she said.

Sydney Airport To Upgrade Domestic Terminal

Over \$20 million will be spent upgrading Terminal 2, the Sydney Airport Corp. Ltd. (SACL)- owned domestic terminal at Sydney Airport, as it prepares for continuing growth in passengers numbers.

Sydney Airport handled over 18 million domestic passengers in fiscal year 2005, with traffic growth of 146 percent from two years earlier through T2, thanks to the success of Virgin Blue and the introduction of Jet Star.

As part of a broader plan to modernize the entire airport, improvements to T2 include: an increase in self service check-in facilities; an improved retail offering, adding over 20 additional outlets giving travelers a choice from over 50 outlets, including a pub with outdoor area, totaling 5,000 square meters of retail space; an upgrade of existing amenities such as lighting, toilets, showers and surrounding areas; under-cover bus connection points to aircraft; realigned and enhanced security screening, and enhanced Flight Information Display Screens (FIDS), directional and orientation signage.

Work is due to commence in the coming weeks with the first phase, which includes the food court, to be complete by early 2006. The overall project will be completed early 2007.

Munich Airport Opens New Freight Hall

Munich Airport cargo area recently opened a new freight handling hall at the southeast end of the area.

The expansion is in response to the booming air freight business at Munich Airport, which has posted strong annual growth rates of up to 30 percent in recent years, airport officials said. With a total volume of 300,000 metric tons in 2004, the annual tonnage has more than tripled since the airport opened in May 1992.

The new 4,400-square-meter Express

Latin American/Caribbean/U.S. Airport Issues Forum Planned

The U.S. Trade and Development Agency will bring a delegation of purchasing officials from Argentina and Mexico to the Oct. 16-18 Latin American/Caribbean/U.S. Aviation and Airport Issues Forum in Miami. This delegation is coming to the U.S. specifically to purchase security equipment.

These companies will join officials from the other 20 countries in the region who have been invited to attend this meeting. Several of these officials will appear on a panel to outline the status of their security programs and their equipment needs.

Contact Susan Lausch at (703) 824-0500, Ext. 128, or e-mail susan.lausch@aaae.org for details on exhibiting at the Forum.

To make reservations at the Wyndham Grand Bay Hotel, call the hotel at (305) 858-9600 and identify yourself as part of the AAEE group.

To register online as an attendee, visit <http://www.aaae.org/products/allmeetings.html>. For program information, e-mail joan.lowden@aaae.org.

Services Center will be used exclusively by FedEx, DHL and UPS.

Nav Canada Concludes Contract With Controllers

Nav Canada announced the successful conclusion of collective bargaining with the Canadian Auto Workers/Canadian Air Traffic Control Association (CAW-CATCA) Local 5454, which represents 2,300 air traffic controllers.

Members of CAW-CATCA voted in favor of the tentative agreement reached on July 21, 2005. The new agreement runs until March 31, 2009, and provides for a wage increase of 12 percent over the four-year term.

"I am very pleased that the parties were able to achieve an agreement less

than five months after the expiry of the old contract," said John Crichton, president and CEO of Nav Canada. "Nav Canada is committed to successfully concluding the current round of collective bargaining with all of our unions as quickly as possible."

Moscow Airport Adds Customer Services

Moscow's Domodedovo International Airport announced that it has embarked on improving the quality of services provided to passengers in a campaign aimed at satisfying the needs of its growing traffic.

Within the framework of the campaign, Domodedovo Airport started offering a new opportunity to check flight status with the help of alerts that allow passengers to get information on current flight status on their mobile phones.

Domodedovo Airhotel, which is part of the Domodedovo Airport Complex, started providing wireless access to the Internet at its location.

New services are also available at the Domodedovo passenger terminal,

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including a VIP lounge and a lounge for official delegations, as well as business lounges for international and domestic flights.

In the first seven months of 2005, Domodedovo served 7.5 million passengers, a 12.3 percent increase over the same period of 2004. The highest growth in passenger numbers was recorded on routes to such destinations as Antalya, Tel Aviv, Tashkent, Sharm el Sheikh, Barcelona, Sochi and Frankfurt.

Wizz Air Orders Aircraft For Planned New Routes

Central and Eastern European carrier Wizz Air has signed a contract for 12 A320 family aircraft, including A319s and A320s, plus 12 options. Deliveries will begin in the summer of 2007.

The new aircraft will allow the airline to open up new European routes from its present bases—Budapest, Hungary, and Katowice, Warsaw and Gdansk in Poland— as well as new base airports in Eastern Europe.

U.S., Mexico Negotiate New Air Services Agreement

The United States and Mexico this month agreed to allow expanded aviation services between their two countries, paving the way for more flights and lower fares on many routes in the third-largest U.S. international air market. The action updates the U.S.-Mexico agreement for the first time since 1999.

Under the new agreement, three airlines from each country may fly between any U.S. city and any of 14 Mexican cities, including all the major resort destinations in Mexico: Acapulco, Cancun, Cozumel, Guadalajara, Huatulco, Ixtapa/Zihuatanejo, Loreto, Manzanillo, Mazatlan, Merida, Monterrey, Oaxaca, Puerto Vallarta and San Jose del Cabo. Previously, only two airlines from each country could operate on each U.S.-Mexico city-pair market.

Any number of scheduled all-cargo

carriers may fly between the countries under the new agreement, and three all-cargo carriers may fly in each U.S.-Mexico city-pair market. The previous agreement allowed only five scheduled all-cargo carriers from each country, and only one from each country could operate between any U.S.-Mexico city pair except in a very limited number of markets.

The agreement adds a new provision for U.S. and Mexican carriers to enter into codesharing arrangements with carriers from third countries for their U.S.-Mexico services. It also increases from four to ten the number of U.S. and Mexican carrier codes that may be carried in each city pair.

Singapore Changi Maintains Steady Growth

Air travel demand at Singapore Changi Airport continued to maintain steady growth in August 2005, officials reported. Passenger traffic grew 7 percent compared to the same period last year, to 2.78 million.

For the first eight months of 2005, Changi Airport handled a total of 21.12 million passengers. This represents a 7.3 per cent increase compared with the same period last year.

Changi handled 152,000 tons of cargo in August, a 3.4 percent gain over August 2004. Further, Changi handled 1.18 million tons of cargo between January and August or 1.9 percent more than the same period in 2004.

Continental To Expand Service To Canada

Continental Airlines, the greater Moncton, New Brunswick (Canada) area and the Greater Moncton International Airport Authority announced that the airline will inaugurate daily nonstop service between Greater Moncton International Airport and Newark Liberty International Airport, beginning in May 2006.

Named "Top Canadian City for Business" by Canadian Business

Magazine, Moncton currently lacks nonstop air service to the United States.

Approximately 1.2 million people live within a two-hour drive of Moncton International Airport. New York is the area's largest market in the U.S. Eighty percent of New Brunswick's trade is with New England and the northeastern United States. Continental's Newark Liberty Service is the first ever nonstop operation between Moncton and New York.

Air Canada Adds Hamilton-Montreal/Ottawa Flights

Air Canada this month launched its inaugural daily nonstop service from Hamilton's John C. Munro International airport to Montreal and Ottawa as part of planned major schedule enhancements in Canada and the United States.

Air Canada Jazz will operate four daily nonstop flights between Hamilton-Montreal and three daily nonstops between Hamilton-Ottawa, using 50-seat Canadair Regional Jet aircraft. The new routes are being introduced to respond to new market opportunities made possible with the renewal of the carriers' fleets that has begun with the delivery of new Embraer and Bombardier jet aircraft, the carrier said.

European Court Advised To Uphold Overbooking Fees

An advisor to the European Court has recommended that European airlines should pay higher fees to passengers whose flights are overbooked, delayed or canceled.

The complaints against the higher fees were brought by the International Air Transport Association and the European Low Fares Airline Association.

The new rules took effect in February of this year and require airlines to pay passengers up to \$745 if they are bumped off a flight. The new fee is double the old limit.

The court must rule on the advisor's recommendation.

News From Around The World

China Southern Airlines has signed a contract with Airbus in **Beijing** for the purchase of 10 additional Airbus A330s, which comprises eight A330-300s and two A330-200s. The 10 A330 aircraft will be delivered from 2007 to 2008. China Southern Airlines already operates four A330-200s on domestic trunk and international routes.

Puerto Luperon Corp., an international real estate development company, announced that it will build two international airports to serve Costa BayanA, its planned collection of marina residential resorts located on the north coast of the **Dominican Republic**. The airports will include 40 private jet hangars and passenger and cargo facilities, the company said.

Direct scheduled services between **India** and the **U.K.** are set to triple this year, and next year could see a further doubling in passenger services, according to the U.K. Ministry of Transport. This is the outcome of an air services agreement between the U.K. and India. The agreement sweeps away restrictions and will enable both U.K. and Indian airlines to open up new routes, as well as launch a major expansion of passenger services. In addition, the agreement provides for unlimited cargo services.

Budapest's top court has upheld a ruling by the city's Labor Court that the tendering process for the sale of the city's airport breached workers' rights and was therefore invalid, Budapest Airport said. The court ruled last month that the privatization tendering process was invalid because the company failed to properly consult workers on the sale. Five bidders have been selected for a second and final round of bidding.

Beginning April 3, 2006, Delta will offer the only daily nonstop service between Hartsfield-Jackson **Atlanta International Airport** and **Copenhagen, Denmark**, as part of its ongoing international expansion.

TAM Brazilian Airlines has announced that it is expanding its service to the U.S. and will offer nonstop flights between **New York** and **Sao Paulo, Brazil**, from JFK's Terminal 4. TAM will begin its four-times-weekly service on Nov. 11.

NEC Display Solutions announced that it will supply its newest large-screen LCDs for **Toronto's Pearson International Airport Terminal 3 Redevelopment Project**. The MultiSync LCD4610 and LCD4010 displays will provide digital signage capabilities to the passenger check-in/service counters and baggage reclaim areas. Pearson Airport, which handles an average of 78,000 passengers and handles over a half-a-million tons of cargo daily, has embarked on a comprehensive redevelopment and expansion of T3.

BAA Plc forecast full-year traffic growth of 3 percent, noting that passenger traffic is up 2.6 percent to 66 million in the first five months of its fiscal year.

United will offer three additional weekly roundtrip flights between **San Francisco International Airport** and **Sydney Kingsford-Smith Airport in Australia**, between Dec. 16, 2005, and Jan. 8, 2006. United currently offers daily service between San Francisco and Sydney. The additional flights will increase United's capacity between the two cities by more than 40 percent during this period.

WestJet announced an extension of its nonstop service between **Charlottetown** and **Toronto** with six flights per week, starting Oct. 17.

American Airlines and **Emirates Airline** launched interline electronic ticketing (IET), bringing the number of domestic and international airlines providing IET in cooperation with American to 30, and with Emirates to five.

Continental Airlines will begin daily nonstop service between **Newark Liberty International Airport** and **Barcelona, Spain**, beginning May 17, 2006, subject

to government approval. This service will be the only year-round, nonstop flight between the U.S. and Barcelona.

In August 2005 **Frankfurt Airport** served more than five million passengers, the second time in the airport's history that this level has been exceeded in a single month. During this month, 5,051,825 passengers used FRA, a 2.6 percent increase compared to the same month in the record year of 2004. Intercontinental traffic was once again the growth engine for last month's passenger volume. In particular, North American routes recorded growth. As for tourist destinations, Tunisia, Italy, and Romania grew strongly.

Fired workers at **British Airways'** caterer Gate Gourmet have accepted a compromise deal designed to reduce their workforce. The agreement is expected to end a long-running dispute at London's Heathrow Airport.

Low-fare airline Independence Air announced new nonstop service from **Washington Dulles International Airport** to **Luis Munoz Marin International Airport in San Juan, Puerto Rico**, beginning Dec. 16. The carrier will use 132-passenger A319 aircraft on the route.

The **Czech** state-run airline CSA said it had carried 3.5 million passengers in the first eight months of the year, an increase of 22 percent compared to the same period in 2004. Most of the passengers used the airline's regular flights, but 487,490 passengers flew on chartered flights mostly to **Spain, Turkey, Tunisia** and **Egypt**, the carrier said in a statement.

China Southern Airlines said it has expanded its A320 service between **Vietnam** and its multi-million dollar hub at the new **Baiyun International Airport in Guangzhou, China**. The new service will increase the carrier's China-Vietnam service to 10 weekly flights.