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Sydney Airport Realizes Gain In Quarterly Earnings

Southern Cross Airports Corp. Holdings announced a 6.9 percent increase in earnings (excluding specific non-recurring expenses) for Sydney Airport for the three months ended Sept. 30.

SACL Executive Chairman and CEO Max Moore-Wilton said the first quarter of 2006 was another period of continued growth for Sydney Airport.

"Growth in aeronautical revenue based on increasing passengers, strong retail performance, growth in car parking revenues based on expanded capacity and further strong property portfolio performance all contributed to the quarter's good results. This consistent growth ensures that SACL is well placed to implement a range of initiatives to upgrade the airfield and terminals going forward," Moore-Wilton said.

Sydney Airport is spending over \$A100 million to prepare the airport for the arrival of the A380 next year, with airfield and terminal works ahead of schedule, Moore-Wilton said. In addition, a significant enhancement of security is underway with \$A90 million committed to implement 100 percent checked baggage screening by December 2005 at the international terminal, and at a later date at the T2 terminal.

NavCanada Posts Improved Fiscal Year 2005 Results

NavCanada released its financial results

Upcoming Events

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

for the fiscal year ended Aug. 31, 2005, and stated that efforts in cost management and higher than anticipated revenues contributed to a \$70 million improvement in the company's financial position during the year.

This is in addition to the \$84 million improvement that was achieved in fiscal 2004, the company said.

"These results demonstrate our employees' continued success in delivering safe, efficient and sustainable air navigation services while continuing to enhance our financial foundation," said President and CEO John Crichton. "Our rate stabilization account improved significantly during the year, reaching a balance of \$38 million at year-end. We are ahead of schedule in meeting our objective of replenishing the rate stabilization account to a \$50 million positive balance."

The company's revenues for fiscal 2005 were \$1.1 billion, compared with \$1 billion for the previous year. The higher revenues stemmed from a 5 percent year-over-year increase in air traffic and increases in customer service charges that were implemented Sept. 1, 2004, averaging 7.9 percent, Crichton said.

U.S., European Union Work Toward Aviation Agreement

The European Union and the U.S. ended five days of aviation negotiations on Oct. 21 with the goal of drafting a U.S.-EU agreement to replace the separate bilaterals now in place with EU countries.

In a joint statement, the two sides said they made "substantial progress on the key elements of such an agreement," and promised to seek "early and successful results" in the next round of talks beginning in Washington, D.C., on Nov. 14.

IATA Addresses Aviation Development In India

The International Air Transport Association (IATA) said it has identified five challenges for the successful development of air transport in India (1) enhancing safety, (2) urgent infrastructure improvement, (3) reasonable taxation, (4) commercial freedom and (5) simplifying the business through effective use of technology.

"The Indian air transport sector is among the most vibrant and fastest growing in the world, but it could be a much greater catalyst for economic growth if critical bottlenecks in the system are removed. The most urgent is infrastructure, particularly Mumbai airport. Government policy is moving in the right direction. Now we need to see some results urgently to keep pace with rapid growth. We need results fast, or a great start could turn into a disaster," said IATA Director General and CEO Giovanni Bisignani at a recent meeting hosted by the Confederation of Indian Industry in New Delhi.

IATA forecasts for India indicate average annual growth of 8.4 percent in international traffic between 2004 and 2009. Combining domestic growth increases this to an average annual growth rate of 12 percent to 2009 against Gross Domestic Product (GDP) growth of 7.2 percent. "Normally we would expect air transport to grow at twice the rate of GDP, so we should be expecting growth in the 15 percent range," said Bisignani.

"The challenges that face India are enormous. Urgent decisions on infrastructure, liberalization, safety oversight and taxation are critical. And we must move quickly. IATA has strengthened its presence in India to help both its members and the government at this

time of great potential. The stakes are high, but the rewards for our efforts will be enormous,” said Bisignani.

Hungary To Reopen Airport Privatization Process

Hungary is to reopen the tender process for Budapest Airport and intends to complete the sale by the end of the year, according to published reports.

“The government via the finance minister commissions the privatization agency to seek an investor for 75 percent minus one share in Budapest Airport via a tender by invitation to those five bidders who made it onto the shortlist in the previous tender,” government spokesman Andras Batiz was quoted as saying.

The five companies that made it to the second round are Germany’s Hochtief AG, Frankfurt Airport operator Fraport AG, Britain’s BAA Plc, Denmark’s Copenhagen Airports A/S, and Australia’s Macquarie Airports Holdings.

Frankfurt Airport Posts Traffic Gains In 2005

Following two successful vacation months when the five million passenger mark was exceeded for the first time, Frankfurt Airport (FRA) almost reached this monthly record again in September when 4.9 million passengers used the airport, officials said.

This represents a 2.6 percent increase compared to the same month of the 2004 record year and establishes a new peak figure for the month of September, according to officials.

European traffic generated the most noticeable increase again. Intercontinental traffic also achieved above average growth. In particular, routes to and from South Africa and the Middle East drove this growth, officials said.

In September the airport’s airfreight tonnage grew even more briskly than passenger traffic, jumping by 9.7 percent over the previous year to 161,989 metric tons.

The airport handled 39.7 million passengers during the first nine months of this year, a 2.5-per cent increase compared to the first nine months of 2004.

The other German airports in the Fraport Group also registered steady traffic growth during the reporting period, officials said. Frankfurt-Hahn Airport served 2.3 million passengers from January through September 2005, an increase of 11.6 percent. Traffic at Hanover Airport grew in the first three quarters of the year by 7.4 percent to 4.3 million passengers. Saarbrücken Airport served 385,069 passengers, or 6.5 percent growth for the same time period.

Lima Airport in Peru experienced traffic growth of 12.4 per cent to 4.2 million passengers. Antalya Airport in Turkey registered 4.3 million travelers, a 55.3 percent drop compared with 2004.

OzJet To Add Passenger Service To Sydney Airport

Sydney Airport has signed an agreement to bring OzJet passenger services into the airport.

The airline is in the final stages of its application for an air operator’s certificate from the Civil Aviation Safety Authority (CASA).

The first of OzJet’s fleet of Boeing 737s was recently registered by CASA - a significant step towards the airline gaining its license.

OzJet is planning to begin services between Sydney and Melbourne using 737 equipment with eight flights a day in each direction.

In other news, self-service check-in will be available for international travel at Sydney Airport as early as next year due to a Memorandum of Understanding between the International Air Transport Association (IATA) and Sydney Airport Corporation Limited (SACL).

This agreement sets the stage for the test of 16 Common Use Self-Service (CUSS) kiosks at Sydney Airport’s international terminal followed by a staged rollout that could lead to significant growth in self-service availability,

airport officials said.

SACL Executive Chairman and CEO Max Moore-Wilton said self-service check-in is an important initiative in a range of projects being undertaken to maintain and improve high standards at Sydney Airport.

“CUSS addresses some very practical needs for the 40 international airlines operating here and the 28 million passengers that pass through our doors every year. Passengers and airlines alike will benefit from the convenience and efficiency the enhanced check-in procedure provides. It also allows Sydney Airport to boost check-in capacity without the requirement for additional space,” Moore-Wilton said.

Currently at Sydney International, self-service check-in is limited to domestic operations. The pilot project for international check-in is scheduled to begin in January 2006.

The second phase of the trial is slated for mid-2006. It will involve additional kiosks and a rollout to more airlines.

Changi Airport’s Passenger Traffic Grows by 8.7 Percent

A total of 2.65 million passengers used

INTERNATIONAL
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Singapore's Changi Airport in September, an increase of 8.7 percent over the same month last year. Between January and September 2005, Changi Airport received 23.8 million passengers, representing a 7.5 percent gain over the corresponding period last year.

The airport handled 160 thousand tons of airfreight in September, an increase of 2.8 percent compared with September 2004. For the year so far, Changi handled 1.34 million tons of air cargo, or 2 percent more than the same period last year.

Delta Air Lines Seeks Transatlantic Dominance

Delta Air Lines announced that it will become the world's largest airline across the Atlantic by mid-2006, with the launch of nonstop, widebody service from Atlanta and New York's Kennedy International to 11 new markets in Europe and the Middle East.

The new routes are: Atlanta-Tel Aviv (to begin March 27), Atlanta-Dusseldorf (to begin April 3), Atlanta-Copenhagen (to begin May 1), Atlanta-Edinburgh (effective May 4), New York Kennedy-Budapest (effective May 8), Atlanta-Nice (effective May 9), Atlanta-Athens (effective May 29), New York Kennedy-Dublin/Shannon (to begin May 15), New York Kennedy-Manchester (effective May 15), Atlanta-Venice (to begin June 6), and New York Kennedy-Kiev, (effective upon approval by both the U.S. and Ukrainian governments).

U.S., Russia Conclude New Aviation Bilateral

The U.S. and Russia have concluded an air services agreement that opens new routings and service opportunities to passenger and cargo airlines, according to the U.S. Transportation Department.

For the first time, U.S. cargo and passenger carriers will be able to transit Russian airspace on nonstop flights between the U.S. and India. U.S. carriers also will have expanded opportunities to

use Russia's cross-polar overflight routes on nonstop services to China, DOT said. In addition, the agreement expands opportunities for U.S. and Russian carriers to code share on services between the two countries by providing additional points to be served on a codeshare-only basis.

Airbus Launches New Long-Range Aircraft Series

Airbus formally has launched its new passenger long-range A350 aircraft, based on 140 firm order commitments from nine customers.

The manufacturer received approval for the launch from its shareholders, EADS and BAE Systems.

Scheduled to enter service in 2010, the A350 family will initially include the A350-800, which will carry 253 passengers at distances up to 8,800 nautical miles, and the A350-900, which will accommodate 300 passengers at distances up to 7,500 nautical miles.

Airbus said the A350 will be produced and assembled at the same facilities as the A330 and the A340. Production of the new aircraft type, however, will include additional risk-sharing partners and associates in China, Russia and other countries. Airbus forecast the market for aircraft in this size category at 3,300, including freighters, over the next 20 years.

New York Airports Receive Funds For Upgrades

The Port Authority of New York and New Jersey Board of Commissioners authorized \$17.1 million in capital improvements at John F. Kennedy International, Newark Liberty International and LaGuardia airports.

The investments at the three airports include:

- \$2.1 million to increase roadway safety and improve vehicular traffic flow at 10 locations at JFK.
- \$9 million to retain contractors to complete work as necessary at Newark

Airport.

- \$6 million for runway repairs at LaGuardia Airport.

United Plans Route Expansion Into Mexico

Under terms of the new aviation bilateral agreement between the U.S. and Mexico, United has applied for five new routes from Chicago and Los Angeles to Mexico. If approved, the service will begin this winter season.

The applications are all for peak-season service and include two new routes between Chicago and Mexico, including Ted service to Cancun 11 times a week and daily United service to Puerto Vallarta. In addition, United also applied for three new daily Ted routes from Los Angeles to San Jose del Cabo (Cabo San Lucas), Puerto Vallarta and Cancun.

U.S., Mexico Sign Accord To Facilitate Cargo Trade

U.S. and Mexican officials have signed an agreement to facilitate increased international cargo trade between the two countries.

The letter of intent establishes the mechanisms for moving air, rail and ground cargo principally from Asia and South America through Mexico and into the U.S. through KellyUSA, a multimodal port and industrial park created on the site of the former Kelly Air Force Base in Texas.

The Mexico/KellyUSA agreement will facilitate coordination of the various authorities and agents involved throughout distribution and supply chains and will play a fundamental role in the increase of interior and exterior trade competitiveness, U.S. officials said.

Within 30 days following the signing of the document, a representative will be named to create a work schedule for implementation of objectives outlined in the letter of intent and to begin making necessary arrangements for coordinating and facilitating the shipping of merchandise.

News From Around The World

Qantas announced it would add a fifth nonstop service operating Monday, Wednesday and Friday through Sunday between **Los Angeles and Brisbane**, beginning January 28, 2006. "Last year, the introduction of nonstop flights between Los Angeles and Brisbane was very successful," said Howard Goldberg, Qantas Airways vice president of sales and marketing, The Americas. "This growth reflects the confidence that Qantas has in further expansion in travel between the United States and Queensland."

Royal Jordanian Airlines will join the airline alliance oneworld. It is the first airline from the Levant, Middle East and Gulf region to be elected to any of the global airline groupings and the first airline accepted to join oneworld in more than five years, airline officials said. The oneworld alliance includes American Airlines, British Airways, Qantas, Iberia, Cathay Pacific, LAN, Finnair and Aer Lingus, plus their 12 affiliates. Hungary's Malev signed a memorandum of understanding in May 2005 as its first step toward joining the alliance.

Aeroflot has signed a contract with Airbus for the purchase of seven A321 aircraft for its medium-haul fleet modernization program. Deliveries of the aircraft are scheduled to begin in the fourth quarter of 2006.

Continental Airlines announced it has received final approval from the U.S. to begin daily nonstop flights between the airline's hub at George Bush Intercontinental Airport in Houston and the Ministro Pistarini de Ezeiza International Airport in **Buenos Aires, Argentina**. Flights to Buenos Aires will begin Dec. 14, 2005, subject to Argentinian government approval.

LAN Argentina will begin international service between Miami and **Buenos Aires, Argentina**, on Dec. 1.

American Airlines announced it has received antitrust immunity from the

U.S. Department of Transportation for a partnership with LAN-Peru. The immunity will permit a three-way alliance with **American, LAN-Peru and LAN Airlines of Chile**, allowing the companies to coordinate marketing, schedules and other elements of their service.

United Airlines said it has reached a codeshare agreement with **South African Airways**, expanding international destination options for customers of both carriers.

British Airways said it has become the first airline to offer online boarding pass capability on nonstop international flights from Atlanta, Baltimore, Washington, D.C., Philadelphia, Orlando, Tampa and Miami to London, enabling U.K.-bound passengers to print their boarding passes on their own personal computers at home when checking in online.

WestJet said that it has been acknowledged as having the most admired corporate culture in The 2005 Canadian Corporate Culture Study by Canadian Business magazine and Waterstone Human Capital Ltd. Waterstone's study took place over six months and included comprehensive interviews with Canadian executives at over 100 companies to determine the value executives place on corporate culture. WestJet's corporate culture was recognized for its "entrepreneurial spirit," "delivering what they promise" and its "winning attitude."

Turkish Airlines announced that it is applying new technology to achieve greater revenues from improved inventory management. The airline has signed a multi-year contract worth more than \$1 million with Sabre Airline Solutions for decision-support technology from the Sabre AirMax Revenue Management group of products. Turkish Airlines said it expects to boost total revenues by 5 percent as a result of the deal.

The United States and **Canada** will soon begin talks to revise their open skies agreement. According to an announce-

ment by the Canadian government, the goal will be to provide travelers with better prices and more choice.

InterContinental Hotels Group said it has added **Shanghai Airlines** and **Hainan Airlines** as Priority Club Rewards' newest airline partners. Priority Club Rewards is IHG's guest loyalty program. The hotel company said its partnership with the two Chinese carriers comes at the beginning of what is expected to be a tremendous period of growth in China's travel and tourism market. This market is projected to more than triple to \$300 billion by 2014, according to the World Travel and Tourism Council.

Brazil's Embraer said it delivered 41 airplanes in the third quarter, one more than the same quarter a year ago, as it works to sell a new line of larger passenger planes. Embraer kept its delivery forecast for this year at 145 airplanes and said it should deliver the same number of aircraft next year.

Northwest Airlines Cargo has joined **SkyTeam Cargo**, the first global airline cargo alliance. Effective immediately, NWA Cargo will begin offering the Equation express product.

Copenhagen Airports A/S said it has accepted an offer from **Macquarie Airports** to acquire a majority stake in the Copenhagen company.

FedEx Corp. said it will expand operations in **India** by introducing a new trucking network, increasing the number of employees, doubling the number of branded facilities and adding a new flight from Delhi.

Thai Airways predicted its revenue will grow by up to 7 percent in fiscal 2006, which started Oct. 1, up from a gain of 2 percent in fiscal 2005.

Gulf Air said it may try to raise capital within the next two years after **Abu Dhabi**, its part-owner, said it would pull out of the airline, according to reports.