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Fuel Allocation Plan Set For London Heathrow

The International Air Transport Association (IATA), BAA, HHOpcO (supplier of fuel to London Heathrow) and the Airline Operating Committee (AOC) have agreed to an IATA-brokered agreement on voluntary fuel allocation at London's Heathrow Airport following the Dec. 11, 2005, fire at Buncfield Fuel Depot.

The IATA-led agreement results from intense negotiations among airlines and ensures the integrity of Heathrow operations and distributes scarce fuel supplies as equitably as possible, officials said.

"The first priority of all concerned was maintaining operations at Heathrow with 35 percent less fuel supply. Airline cooperation was critical and we have achieved a great and historical result," said Giovanni Bisignani, IATA's director general and CEO.

A voluntary fuel-allocation plan was implemented immediately following the destruction of the Buncfield facility to

make up for the 35 percent reduction in fuel supply. The initial plan differentiated between base carriers and visiting carriers, with base carriers being given higher fuel allocations. Through BAA effort, improvements in supply have since increased the fuel capacity to 78

percent of the normal 20-21 million liters per day, officials said.

The new agreement took effect on Feb. 20 and eliminates differential treatment for ultra-long haul, long haul and medium haul flights. A differential will be maintained for short haul flights.

Registration Now Open For European-U.S. Airport Environmental Issues Conference June 28-30 in Brussels

The 2006 European-U.S. Airport Environmental Issues Conference will be held June 28-30 in Brussels and is organized and hosted by Brussels International Airport Co., FAA, the European Commission, the European Civil Aviation Conference, ACI-Europe, the Association of European Airlines, AAAE, ACI-NA and the International Association of Airport Executives.

The international airports community is experiencing record growth in passenger and air traffic. Projections by both U.S. and European policy analysts continue to forecast enormous growth in the air transportation industry, both commercial and cargo operations. And both European and U.S. policymakers are considering future plans for increasing capacity in their respective portions of the globe.

Airports continue to be an integral part of these capacity increases—whether it is the construction of a new airport, or the expansion of a current airport. Further, environmental issues—noise, air and water—will continue to be a hurdle that airport proprietors must be prepared to address. For the first time, an international conference is bringing together European and U.S. aviation policy officials and airport executives to examine the environmental challenges posed by an ever expanding capacity demand.

The conference's comprehensive agenda will examine both the policy considerations from the European and U.S. perspective, as well as the response by the airport community to address these issues. A key part of the agenda is the dialogue between the U.S. and European airports leadership to look at best practices in addressing the environmental challenges of today and how those challenges will be addressed in the future. Senior executives from the U.S. government, the European Union, and recognized industry leaders in airports and other aviation businesses are expected to participate in the program.

All sessions will take place at the Conrad Brussels Hotel in Brussels, Belgium. The conference will begin with an evening reception at 19:00 on Wednesday, June 28, and end at approximately 13:00 on Friday, June 30. For further program information, contact Tom Zoeller, AAAE, in the U.S. at (703) 824-0500, Ext. 174, or e-mail tom.zoeller@aaae.org, or contact Luc Laveyne, Brussels International Airport Co., in EU, at +(32) 4-727-0605, or e-mail luc.laveyne@biac.be or luc.laveyne@skynet.be.

For further registration and hotel information, contact the AAAE Meetings Department, in the U.S., at e-mail AAAEmeetings@aaae.org.

Upcoming Events

2nd Annual International Airport Security Conference—London, U.K. (May 31–June 2, 2006)

U.S./Europe Airport Environmental Best Practices Symposium—Brussels, Belgium (June 28-30, 2006)

International Airport Technology Conference—Prague, Czech Republic (July 9-11, 2006)

12th Annual Central Europe/U.S. Airport Issues Conference—Dubrovnik, Croatia (Oct. 24-26, 2006)

International Airport Geographic Information Systems Workshop—Madrid, Spain (Nov. 15-17, 2006)

Equity remains the guiding principle and the short haul differential will be progressively eliminated as supply increases, officials said.

"BAA is pleased that the airlines have reached an agreement under IATA leadership. With 186,000 passengers using Heathrow everyday, this workable solution is beneficial for all. BAA is convinced that this solution is a positive step forward and will continue working on options toward a long-term return to a fully robust supply." said Mick Temple, managing director of Heathrow.

A committee comprised of IATA, BAA, HHOpcO and the AOC will be formed to agree on remaining issues, including the handling of summer peak season demand, conflict resolution and adjustments as supply increases.

Moody's Completes Review Of NavCanada Ratings

Moody's Investors Service has upgraded the rating of NavCanada's senior secured debt issued under its Master Trust Indenture (MTI) to Aa2 from Aa3.

This concludes the review that was initiated in February. Moody's also assigned a rating of Aa3 to NavCanada's planned issuance of unsecured notes under its new General Obligation Indenture (GOI). The rating outlook is stable.

The upgrade of the MTI debt reflects improvements in NavCanada's traffic volumes and financial position that are expected to be sustainable, Moody's said. The improvements result from rate increases, cost control measures, and the recovery of Canadian air traffic volumes, as measured by NavCanada in weighted average charging units, to a level that exceeds pre-9/11 volumes. The most important underpinning of NavCanada's credit strength is its status as the monopoly air traffic navigation provider under the Civil Air Navigation Services Commercialization Act, the ratings firm said.

NavCanada's most recent financial statements as of Nov. 30, 2005, show

continuation of a modest debt reduction trend, and the replenishment of its rate stabilization account to a balance of approximately \$49 million, Moody's said. This progress is well ahead of the company's original target date, which entailed an increase in the rate stabilization account to a balance in excess of \$50 million by the end of fiscal 2008.

The assignment of a rating of Aa3 to the planned issuance of GOI notes reflects the GOI notes's explicit subordination to the existing debt under the MTI and the lack of any security, the ratings firm said. The GOI notes will rank equally to general and unsecured obligations of NavCanada, subject to prior payment of operating and maintenance expenses. The GOI notes benefit from rate and liquidity covenants, negative pledge provisions and additional indebtedness restrictions similar to those which exist in the MTI. In addition, provisions in the GOI prohibit the issuance of additional obligation bonds under the MTI, Moody's said.

Mexican Airports Show Impact Of Hurricanes

Grupo Aeroportuario del Sureste, S.A. (ASUR) announced that total passenger traffic for the month of January 2006 decreased by 23.5 percent when compared with January 2005. ASUR operates nine airports in the southeast of Mexico.

ASUR's management said it believes that the lower passenger traffic numbers to Cancun and Cozumel during the period were largely the result of the reduction in available accommodations caused by Hurricane Wilma, which struck the region in October 2005 and caused widespread damage to the hotel infrastructure in the region.

Cancun's Municipal Tourism Authority estimates that of the 27,484 rooms available in Cancun prior to the hurricane, 13,233 or 48.1 percent were in operation as of Jan. 31, 2006.

The Trust for the Promotion of Tourism in the Mayan Riviera estimates that of 25,170 rooms available in the

region, 24,923 or 99 percent were in operation at the end of January 2006.

At this time ASUR said it cannot estimate the impact that these events will have on passenger traffic for fiscal year 2006.

Carriers Select Airbus Planes For Fleet Expansion

GoAir, based in Mumbai, India, has signed a Memorandum of Understanding (MOU) for 10 Airbus A320 Family aircraft, plus 10 options to expand services to major business and leisure destinations across the country.

GoAir launched services with two leased A320s in November 2005, with an additional four leased A320s scheduled to enter the fleet during 2006.

In related news, Adam Air, a rapidly growing Indonesian low-cost carrier, has selected the Airbus A320 for a complete fleet modernization by initially leasing six aircraft and confirming the intention to buildup a fleet of 30 aircraft over the next five years. The long term A320 fleet will comprise of both leased and purchased aircraft and will be used to totally replace the existing fleet of old generation Boeing 737s. The A320s will

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be deployed on Adam Air's domestic and international network that currently extends to 30 destinations in Indonesia and neighboring Southeast Asian nations.

U.K. Won't Block Takeover Of BAA

The U.K. Department of Transport said it would not block a foreign takeover of BAA on nationality grounds, as long as safety and security standards are met.

Spain's Grupo Ferrovial is reportedly considering making a bid for BAA, which owns seven airports, including Heathrow, Stansted and Gatwick.

The Department of Transport said several British airports are already controlled by foreign companies and the nationality of their owners had not been an issue.

According to published reports, Australia's Macquarie Bank may be poised to team up with Grupo Ferrovial to launch a hostile bid for BAA.

Sydney Airport Weighs Views On Retail Development

Sydney Airport Corp. said it is giving detailed consideration to concerns expressed by the state government and a number of local government bodies concerning the two major options for retail and outlet store development at the airport.

Sydney Airport Chairman Max Moore-Wilton said that the corporation is giving consideration to revising its plans prior to submission of a major development proposal to the Federal Minister for Transport and Regional Services.

Moore-Wilton said that he has held constructive discussions with Frank Sartor, the minister for planning, on the scope for limiting the size of the proposed development. In particular, the viability of developing a specialized "bulky goods /volume retailing or factory outlets" facility similar to those approved and operating at a number of other major airports, including Brisbane and Adelaide, is being assessed.

Such a facility would not impact on local and regional general retail facilities and would be expected to involve reduced parking and local traffic impacts when compared with the current proposals, Moore-Wilton said. He added that, following the completion of this financial and technical evaluation, a decision will be made on submitting a firm proposal to the federal government later in the year.

Venezuela Delays Suspension Of U.S. Flights

Venezuela has delayed a suspension of some U.S. passenger and cargo flights until March 30 while the government holds talks with U.S. carriers over the restrictions.

Venezuela earlier said it would suspend on March 1 the operating rights of Delta Air Lines and Continental Airlines and restrict flights by American Airlines until the U.S. lifts restrictions placed on Venezuelan carriers years ago.

"The date was extended to March 30 to allow the proper authorities to communicate and guarantee fair opportunities in air operations for both Venezuelan and U.S. carriers," Venezuela's aviation authority said in a statement.

Jazz Air Halts Service To Toronto City Centre Airport

Jazz Air has lost a legal battle to overturn its eviction from the Toronto City Centre Airport and said it will discontinue service at the airport on March 1.

Air Canada Jazz operated five weekday round trips to Ottawa. This service termination leaves the Toronto City Centre Airport without commercial air service, the carrier said.

"We apologize to the many loyal Toronto City Centre Airport customers who will be impacted by this situation," said Bill Bredt, Air Canada Jazz's senior vice president and COO.

The carrier said that on Jan. 31, 2006, City Centre Aviation Limited, controlled by Robert Deluce, served a 30-

day Notice of Termination to Air Canada Jazz, ending the lease agreement at Toronto City Centre Airport.

Separately, Deluce on Feb. 28 announced the senior management team for its wholly-owned subsidiary, Porter Airlines Inc., that will operate out of Toronto City Centre Airport.

Deluce described Porter Airlines as a regional passenger carrier that will begin scheduled service this year to short-haul Canadian and U.S. destinations.

Ryan Family Said To Plan New Carrier For Mexican Markets

The Ryan family, founders of Ryanair, will join with one of Mexico's largest bus companies to launch a new, no-frills air carrier targeting travelers with families in the U.S., according to published reports.

Depending on the timing of government approvals, the airline could institute service in September, carry 1.5 million passengers during the first year of operation, and include U.S. cities among its destinations, reports said.

Initial routes could include San Diego, Los Angeles, Las Vegas, Houston and Chicago.

WestJet, Pilots Reach New Contract Agreement

WestJet announced that its pilots have voted overwhelmingly to accept an agreement devised by the WestJet Pilots Association (WJPA) and WestJet's Flight Operations Leadership. This new agreement is for three years and will allow the carrier to maintain its low-cost structure while addressing a number of challenges put forth by the WJPA, WestJet said.

"This was a very collaborative process from the start and went as smoothly as possible," said Tim Smith, president of WestJet's Pilot Association.

"Our pilots are pleased with the outcome, which is reflected in the strong vote results," said Ken McKenzie, WestJet's vice president, operational development.

News From Around The World

Copa Airlines said it will begin service to three new destinations in Latin America from Panama's Hub of the Americas. The new destinations are **Manaus, Brazil; Santiago de los Caballeros, Dominican Republic, and Port of Spain, Trinidad & Tobago.**

NavCanada announced that traffic in November and December increased by an average of 1.8 percent and 2.3 percent, respectively, compared with the same months in 2004. Fiscal year-to-date traffic was 3.7 percent higher than in fiscal year 2005, the company said.

Delta Air Lines has received approval from the U.S. Department of Transportation to start new service between Atlanta and two new destinations in **Ecuador—Quito and Guayaquil**—beginning June 8. The new service, subject to Ecuadorian government approval, will operate nonstop from Atlanta to Quito, continue to Guayaquil, and return nonstop from Guayaquil to Atlanta. Delta also said it is seeking the necessary government approvals to become the only U.S. airline to operate scheduled service between the United States and Africa. In a filing with the transportation department, Delta requested government approvals to begin the first ever Delta-operated service between Atlanta and the South African city of Johannesburg, with an intermediate stop in Dakar, Senegal, effective in December 2006.

Air Canada reported a system load factor of 78.1 percent in January. The mainline carrier flew 2.7 percent more revenue passenger miles in January 2006 than in January 2005, according to preliminary traffic figures. Overall, capacity increased by 2.2 percent, resulting in a load factor of 78.1 percent, compared to 77.7 percent in January 2005.

United Airlines and TACA Group filed with the U.S. Department of Transportation a codeshare agreement

expanding international destination options and frequent flyer opportunities for customers of both carriers. TACA Group serves 35 cities in 19 countries in the Americas, with hub operations in San Salvador, El Salvador; San Jose, Costa Rica, and Lima, Peru. United said that government approvals are expected by the second quarter of 2006.

Indian Airlines has ordered 43 Airbus A320 Family aircraft: 20 A319s, four A320s and 19 A321s. The deal marks the first time that an Indian carrier has selected the Airbus A321.

In January, the total number of passengers in **Copenhagen Airport** increased by 73,060 passengers (+5.7 percent) compared with January 2005. In January 2006, traffic was influenced negatively by bad weather, as well as a strike among the pilots at SAS causing cancellations of around 800 departures, the airport said.

Air Canada announced the introduction of the only nonstop flights between Fort McMurray and **Toronto**, with same plane service continuing to St. John's. Beginning April 8, 2006, Air Canada will operate Saturday service linking Northern Alberta and St. John's with the only direct service, ramping up to daily service starting June 17. Air Canada's new Fort McMurray-Toronto-St. John's flights will be operated with 93-seat Embraer E190 jet equipment.

The Association of European Airlines (AEA) expressed "regret at the French Government's decision to promote its proposal to fund development aid through an airline passenger ticket tax, at an international conference in Paris Feb. 28." AEA said it believes the proposal to be "fundamentally misguided. The airline industry is a lifeline for developing countries, it provides them with tourist revenues and an outlet to global markets. Any political move which could harm aviation will, inevitably, harm those economies which depend upon it."

The International Air Transport

Association said it welcomes Malaysia's leadership in becoming the 8th state to ratify the **Cape Town Convention** and its Aircraft Protocol. This ratification will bring the Treaty into effect from on March 1. "This will play a key role in helping airlines acquire modern aircraft using the most advanced financing and leasing tools. It really is a win-win situation. This could save the airlines billions in financing costs. And the modern aircraft that will be acquired will be more fuel efficient—helping the environment while reducing operating costs," IATA said.

Washington Dulles International Airport received a \$200 million pledge from the U.S. government to help build a fourth runway. The funds will help cover the cost of building the runway and associated taxiways at Dulles. The project will provide a third north-south runway at the airport. Once completed in 2008, it will allow the airport to handle up to 50 percent more flights per hour during the right conditions.

The U.S. Department of Commerce announced that three million international visitors traveled to the U.S. in November 2005, an increase of 8 percent over November 2004. Arrivals were also up 8 percent for the first 11 months of 2005 compared to 2004.

FedEx Express and the Australian Trade Commission (Austrade) have signed a two-year alliance agreement to expand trade between Australia and the United States, the companies said. The alliance calls for FedEx to promote to its customers the benefits of Austrade's worldwide export assistance network of 100 locations in more than 50 countries, including 18 cities within the U.S. The agreement also supports joint activities between FedEx and Austrade, including website links, joint export promotion, sales force training and direct marketing campaigns, FedEx said.