

# INTERNATIONAL AIRPORTREPORT

Volume 15 Number 1

January 2007

## **Airports Group Considers Sale Of Birmingham International**

Australia's Macquarie Airports (MAp) announced that Macquarie Airports Group (MAG) and Dublin Airport Authority plc, which indirectly hold an interest in the U.K.'s Birmingham International Airport, intend to explore the disposal of their combined 48.25 percent interest by way of a joint sale process.

MAp, through its investment in MAG, holds a 15.5 percent interest in the airport.

## **Upcoming Events**

**U.S.-India Aviation Summit...**New Delhi, India, April 23-25, 2007

**U.S.-European Aviation Security Policy Summit...**Brussels, Belgium, July 1-3, 2007

**Second Bi-Annual North American Senior Airport Managers Conference...**Toronto, Canada, July 8-11, 2007

**Airports Conference of the Americas...**Cancun, Mexico, July 15-17, 2007

**AAAE/IAAE International Airport Security Technology Conference...**St. Petersburg, Russia, Aug. 26-28, 2007

**U.S.-Europe Airport Commercial Development Conference,** Wroclaw, Poland, Oct. 14-16, 2007

**AAAE/IAAE 13th Annual Central Europe/U.S. Airport Issues Conference...**Bucharest, Romania, Nov. 4-6, 2007

Any decision to proceed with a divestment of the combined interest will be dependent upon the quality of the offers that might be received, MAp said.

## **CAAC Purchases Runway Monitoring System For Beijing**

The Civil Aviation Administration of China has signed two agreements to deploy ERA's MSS wide area multilateration technology to provide parallel runway monitoring, as well as surface management for Beijing International Airport.

The selection of ERA is believed to be the first time that wide area multilateration technology will be used for a parallel runway monitoring system, the company, a unit of Rannoch, said. Previously, only specially designed electronically scanned radar has been deemed acceptable for use in guiding aircraft on approach to parallel runways.

Both the surface surveillance solution and the parallel runway monitoring are provided by a network of ERA's MSS ground stations. The surface multilateration sensors encompass all maneuvering areas with the ability to cover a future undeveloped fourth runway.

Beijing International has experienced a period of unprecedented growth. In 2005, the airport was the world leader in passenger growth, with a staggering 17.5 percent upswing in passenger traffic. Beijing is preparing for these numbers to rise even further as it hosts the 2008 Summer Olympics.

## **Canadian Airports Welcome Blue Sky Talks With EU**

The Canadian Airports Council

welcomed the European Commission's proposal to open negotiations with Canada to reach an Open Aviation Agreement across the North Atlantic, and urged the government to make concluding an agreement a priority for the coming months.

"Canada has signaled to the world that it is ready to embrace air service liberalization with its new Blue Sky policy, and now the European Union has answered our call," said Canadian Airports Council President and CEO Jim Facette. "An Open Aviation Area with our second biggest trading bloc and source of tourists is a natural next step and would be a boon for Canadian communities and the traveling public by allowing for more choice and competition."

The EU is Canada's second biggest trading partner after the U.S., with some \$70.1 billion in imports/exports. Traffic between Canada and the EU has doubled between 2000 and 2005 and the EU is Canada's second largest source of tourists. More than half of Canada's overseas tourists originate in Europe.

An Open Aviation Agreement with the European Union would replace individual bilateral agreements between Canada and 17 individual members of the 25-member EU and would pursue a regime consistent with the vision of Canada's recently announced Blue Sky policy, Facette said. As many of Canada's individual bilateral agreements with individual EU members contain heavy restrictions, an Open Aviation Agreement also would liberalize Canada's air regime with all of the EU's 25 member states at one time.

According to a study by the European Commission, the number of passengers between the EU and

Canada would increase from eight million now to 14 million by 2011 under an Open Aviation Area, while the accord would generate consumer benefits of at least \$110 million and could create 3,700 jobs in the first year.

### Japan Airlines To Drop Unprofitable Routes

Japan Airlines announced that it would restructure its international flights to concentrate on more profitable routes, in an effort to increase profits by \$58 million annually.

The carrier also said it would introduce Boeing 737-800 aircraft on some of its China and Vietnam routes to increase fuel efficiency.

Carrier Chief Executive Haruka Nishimatsu held a news briefing Jan. 17 in which he said the company would adopt a policy of reviewing the profitability of each route annually and shift to more profitable routes from less profitable ones.

### November 2006 Traffic Figures Demonstrate Healthy Gains

The International Air Transport Association (IATA) reported that November 2006 international passenger traffic gained 6.7 percent over the same month in 2005, the highest growth rate recorded since May 2006. International freight traffic growth for the same period remained sluggish at 3.1 percent, IATA said. For the first 11 months of 2006, passenger traffic is up by 5.8 percent and freight traffic by 4.8 percent. The average passenger load factor remained strong at 73.9 percent in November.

"While year-to-date traffic growth is slower than the buoyant rates seen in 2004 and 2005, it is in line with the long term industry average growth rate and has been a key factor behind the industry's improving bottom line," said Giovanni Bisignani, director general and CEO of IATA.

The Middle East remains the fastest

growing region, posting an increase of 18.3 percent in passenger traffic in November. However, for the second consecutive month the rise in capacity (20 percent) outstripped demand in that region. Africa recorded a 7.5 percent increase, followed by North America (7 percent), Europe (6.1 percent), Asia Pacific (5.6 percent) and Latin America (-2.4 percent).

International freight traffic in the Middle East rose sharply in November (17.3 percent), followed by Africa (3.9 percent). Asia Pacific (3.2 percent) and European (1.4 percent) posted relatively low growth rates despite the improvement in underlying economic factors, IATA reported.

"A positive revenue environment helped the industry reduce losses to just \$0.5 billion in 2006," said Bisignani. "We expect traffic growth to slow in 2007. Airlines must continue to keep load factors high by carefully managing capacity and by finding further efficiency gains to achieve the \$2.5 billion industry profit that we are projecting for 2007."

### Continental To Launch Service To Athens, Greece

Continental Airlines announced it will launch daily nonstop flights between New York/Newark and Athens, Greece, effective June 7, 2007 (east-bound), subject to government approval.

Greece is the leading economy in southeast Europe and one of the fastest-growing economies in the European Union, Continental noted. Tourism accounts for 10 percent of the country's GDP.

Continental's New York/Newark-Athens flights will be operated with 174-seat Boeing 767-200ER aircraft.

### Washington Dulles Named As New China Gateway

The U.S. Transportation Department tentatively gave rights to United Airlines for a new, nonstop route

between Washington Dulles International and Beijing, China, effective March 25.

In its decision, DOT said that United's Washington-Beijing proposal has the potential to benefit the greatest number of passengers. More people travel to China from the Washington metro area than from any other U.S. city that currently does not have nonstop U.S.-China service, the department said.

Also applying for the daily service were American, which bid for a route between Dallas Fort Worth and Beijing; Continental, which applied for service between Newark and Shanghai, and Northwest, which applied for Detroit-Shanghai rights.

### Unisys Wins IT Contract For New Luxembourg Terminal

Unisys Belgium announced that lux-Airport, the operator of the new airport terminal to be opened in the first half of 2008 in the Grand Duchy of Luxembourg, has awarded Unisys a five-year outsourcing contract to build and manage an IT infrastructure to support the airport's operations.

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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.

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The IT infrastructure is intended to be operational to coincide with the launch of the new terminal. The Luxembourg airport will then be able to accommodate about three million passengers a year.

“The Luxembourg airport is an important hub for the national and regional economy,” said Marc Faber, CEO at lux-Airport. “That’s why we definitely want to make sure that the operations are fully available at all times. Through our collaboration with Unisys, we are confident that our IT is in good hands.”

Through its decision to outsource, lux-Airport has been able to project its IT costs over the next five years and establish business operations that are available and secure, Faber said. Initially, the scope of the contract will include implementation of the network, the airport database, Flight Information Display Systems, stand and gate allocation and the entire back office, with integrated data delivered in real time.

Unisys will also build common-use infrastructure, including self-service kiosks, for use by multiple airlines to issue tickets, route baggage and generate boarding passes. Unisys will work closely on this with specialist software supplier RESA. Unisys will also provide technical management, support and help desk services for the next five years.

### **NavCanada Reports Improvement In Quarter**

NavCanada reported that for the three months ended Nov. 30, 2006, growth in air traffic contributed to an improvement in the company’s financial position during the first quarter of its 2007 fiscal year.

“The first quarter was positive for our customers as they saw service charges decline by 1.8 percent on average, effective Sept. 1, 2006,” said John Crichton, NavCanada president

and CEO. “At the same time, we continued to deliver on our essential safety services mandate while enhancing our financial position.”

### **Singapore Changi Posts Growth In 2006**

Singapore Changi Airport reported robust growth in passenger and cargo traffic in 2006.

The airport, which celebrated its 25th anniversary in 2006, achieved a new record of 35.03 million passenger boardings, while its cargo volume also hit an all-time high of 1.91 million tons.

In December 2006, Changi Airport handled some 3.42 million passengers to post an increase of 10.1 percent compared with December 2005.

During 2006, the airport completed the upgrade of Terminal 2, opened the Budget Terminal and a new luxury terminal for Commercially Important Persons (CIP). A new Terminal 3 will open for operations in early 2008 while renovations on Terminal 1 will commence in the third quarter of 2007.

### **Virgin America Addresses Airline Control Issue**

In a swift response to the U.S. Department of Transportation’s tentative rejection of its filing for a domestic U.S. operating certificate, Virgin America has volunteered changes to address the department’s concerns about the start-up carrier’s ownership and control.

Virgin America is designed to provide low-cost air service, flying into U.S. primary airports.

“Our investors have made key changes to the company that we feel demonstrably address DOT’s concerns so that we can get our airline up and flying as soon as possible,” said Virgin America CEO Fred Reid. “We are committed to creating the best airline possible and bringing much-

needed competition to the U.S. airline market.”

Key changes to the company include:

- Virgin Group is reducing its presence on the board of directors so the company holds only two of eight voting seats;
- Virgin Group has given up veto or consent rights regarding various aspects of Virgin America’s operations or decision making;
- Virgin Group has agreed to put all of its voting shares in a voting trust with a DOT-approved U.S. trustee;
- Both U.S. investment funds, Cyrus Capital and Black Canyon, will limit investors to only U.S. citizens, and,
- U.S. investors also have agreed to make an additional \$20 million investment in Virgin America.

### **Jetstar To Serve Sydney To Kuala Lumpur Route**

Jetstar said it would launch direct service from Sydney to Kuala Lumpur, Malaysia, three times weekly, effective Sept. 9.

The fully owned Qantas subsidiary will begin long-haul operations to Malaysia with 303-seat Airbus A330-200s offering two classes of service.

### **Asiana, Air China To Expand Code Share To Major Routes**

Korea’s Asiana Airlines and Air China have agreed to expand their codeshare agreement to cover 11 major China-Korea routes. Eventually, the carriers said they would extend their codeshare cooperation to cover all China-Korea routes.

The codeshare agreement will expand to cover nine cities in China: Beijing, Qingdao, Weihai, Tianjin, Dalian, Yanji, Chengdu, Chongqing, and Hangzhou. On the Korean side, the agreement will cover its two principal points, Seoul/Incheon and Busan.

# News From Around The World

**Amsterdam airport operator Schiphol Group** said passenger traffic in 2006 rose 4.6 percent but that growth in 2007 could be restricted by noise control laws. Amsterdam airport handled over 46 million passengers in 2006 and the number of landings and takeoffs totaled 423,000, a 4.5 percent increase compared with 2005.

**Grupo Aeroportuario del Pacifico** said that, in December 2006, total terminal passengers increased 8.9 percent at the group's airports compared with December 2005, driven by domestic passenger traffic, which grew 18.5 percent. Compared with December 2005, domestic terminal traffic gains were mainly driven by passenger traffic growth at the Los Mochis, La Paz, Guadalajara, Tijuana, Bajio, Aguascalientes, Hermosillo, Puerto Vallarta and Los Cabos airports. The Los Mochis and La Paz airports experienced growth in domestic passenger traffic of 63.4 percent and 48.7 percent, respectively, maintaining the traffic recovery following the decline experienced at the beginning of the second quarter of 2006 due to the suspension of Aerocalifornia's operations. Decreases in international traffic at the Los Cabos and Puerto Vallarta airports were due to the effect of Hurricane Wilma that took place in 2005, the company said.

Sensis Corp. announced that Luftfartsverket Air Navigation Services (LFV) has selected Sensis Multistatic Dependent Surveillance (MDS) to improve the capacity of traffic flow on the ground at **Stockholm-Arlanda Airport**. Sensis MDS will be integrated into the airport's existing SMGCS.

**The Association of European Airlines** reported that overall passenger traffic growth for its members in

November surpassed the 5 percent level for the first time since June, with a gain of 5.3 percent. With capacity growing by 5.1 percent in November, the load factor marginally increased over the previous year, by 0.2 points to 73.5 percent, with significant decreases on Middle East and North Atlantic routes offset by modest improvements on other routes.

In 2006 the total number of passengers in **Copenhagen Airports** increased 4.5 percent compared with 2005. In the month of December alone, the total number of passengers increased 1.4 percent compared with the same month in 2005. The number of scheduled international passengers increased by 1.2 percent, while the number of international charter passengers increased by 1.6 percent. The total number of domestic passengers increased by 6.5 percent compared with December 2005.

American Airlines has relocated to **Narita International Airport's** Terminal 2 and will begin operations on Jan. 17. The carrier noted that the move will improve convenience for travelers by housing American and four of its oneworld alliance airlines in the same facility.

European aircraft manufacturer **Airbus** fell behind **Boeing** in 2006 in the number of planes ordered. With 790 firm orders last year, Airbus trailed well behind Boeing, which announced 1,044 firm net orders for 2006. The 790 orders represented a list value of \$75.1 billion, a market share in earnings of 40 percent and of 43 percent in terms of aircraft ordered.

**Caribbean Star Airlines Ltd. and LIAT Ltd.** said they have taken another major step forward in anticipation of finalizing the merger between the two carriers. The latest development involves the publishing of the first schedule combining the flight opera-

tions of both carriers. The new schedule, which was made available for bookings as of Jan. 14, 2007, becomes effective Feb. 1, 2007, and maintains service to all 22 gateways previously served by both carriers.

**American Airlines** has applied to the U.S. Department of Transportation for authorization to begin codeshare cooperation with **Malev Hungarian Airlines**, effective March 25, 2007.

Delta Air Lines announced that its French-speaking customers in **Canada, Belgium, France, Switzerland and the Caribbean** wishing to book travel to, from and beyond the U.S. can now use the self-service functionality at delta.com in French for all travel information, booking, seat assignments, SkyMiles frequent flyer award ticket booking, refunds and more.

December 2006 was a record month for **Sydney Airport** with an increase in passengers of 7.2 percent over the same month in 2005. The airport said that Dec. 22 was the second biggest day for international travelers recorded at the airport. For 2006 as a whole, the number of domestic and regional passengers reached 20 million for the first time ever. The annual figure of 20 million is a record for any 12-month period, the airport said.

Delta Air Lines has filed an application with the U.S. Department of Transportation to operate daily nonstop flights between **Atlanta and Shanghai, China**, effective March 25, 2008. The application officially launched Delta's case for entry into the U.S.-China market under terms of the 2004 U.S.-China Air Services Agreement. The carrier said it would operate the service using Boeing 777 aircraft in a two-class configuration.