

Information

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AIRLINE CHIEFS CALL FOR JOINT INITIATIVES TO OVERCOME CRISIS

But recession will not divert us from consumer focus and commitment to safety, jobs and environmental protection, say AEA Presidents

Chief Executives of Europe's most important network airlines met in Brussels today, to debate the impact of the ongoing economic recession on the aviation sector. The Spring Presidents' Assembly of the Association of European Airlines, AEA, was chaired by Ivan Misetic, President and CEO of Croatia Airlines and AEA Chairman for 2009.

"The economic downturn is of unprecedented dimensions", said Dr. Misetic, "because all global economies are in deep recession, and we do not know when the downturn will bottom out. What we do know is that it has severe repercussions on all airline business models. Passenger volumes are in steep decline and the airfreight market has suffered what can only be described as collapse". While decreases in traffic volumes were unprecedented, he said, so was the additional effect of a dramatic decrease in average fare levels, as premium traffic was particularly affected.

The AEA CEOs agreed that current market conditions gave no indication of when and how the situation might recover; the consensus was that the downturn would have a profound impact on the market, extending well beyond 2009. "This is not a cyclical feature in an industry which is used to business cycles", said Ivan Misetic; "it is a structural upheaval, and we must adapt structurally".

The severity of the impact on the airline business, the Assembly agreed, had not registered with the industry's regulators, nor with other elements in the airlines' value chain. CEOs expressed concern that airports and air traffic service providers continued to increase their charges, while the industry was being subjected to a programme of costly and needless regulation of operational issues which would be unacceptably burdensome even at the best of times – which, the Assembly noted, was a view shared by the European Commission.

"We are not seeking State Aid", said Dr Misetic, "but when the regulators fully realise the implications of the crisis for this industry, for European consumers and for European business, they will recognise that there are areas in which they can provide support and relief". In this respect, the airport slot waiver was welcomed as a source of operational flexibility, but the decision not to extend it for the winter, when demand is lower, was inexplicable, he said. The Assembly agreed, and insisted that this should be addressed with the utmost urgency.

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- KLM
- LOT
- Lufthansa
- Luxair
- Malev
- Olympic Airlines
- SAS Scandinavian Airlines
- SWISS
- TAP Portugal
- TAROM
- TNT Airways
- Turkish Airlines
- Ukraine International Airlines
- Virgin Atlantic Airways

“Within the aviation sector, it is desperately important for stakeholders to face the downturn together, and find joint solutions”, explained the AEA Chairman. In this respect, the Assembly was pleased to welcome as guest Michael Kerkloh, Chief Executive of Munich Airport. Dr Kerkloh discussed the airlines’ concerns over stresses imposed on the airline/airport relationship by the crisis, and was in turn able to present the airports’ perspective. Airline CEOs and their guest agreed that the entire air transport sector should cooperate in identifying and securing efficiency gains.

However, Dr Misetic placed the current situation in perspective. “With the support of our staff and our industry partners we can emerge from this crisis more competitive than we were last year”, he said. “But our short-term action plan, and our drive for more efficiency, will not distract us from over-riding goals. We continue to be focused on consumer satisfaction and therefore take issue with the misperception within certain parts of the European Commission that this is not the case.”

Dr Misetic was adamant that irrespective of traffic levels in the short term, a key objective of AEA remained a “global solution to the global issue of environmental protection”. He said airlines were supportive of the Commission to drive the international political debate, but believed Europe should not be satisfied with a regional emissions trading scheme. “Other regional associations across the world agree with us that aviation must become part of a post-Kyoto Climate Change Programme; key for the success of such a scheme is to recognise that different markets have differing degrees of maturity. Including them all requires a common but differentiated approach”, said Ivan Misetic. “By the December Climate Change Conference in Copenhagen we could see broad support worldwide for a system which could deliver genuine environmental benefits with a minimum of competitive distortion”.

“The current crisis can be a catalyst for change,” concluded Dr Misetic. “Airlines, which are of paramount importance for European jobs and competitiveness, will only be sustainably competitive if they offer customers choice, remain environmentally sensitive and can be confident that the other elements in their value chain are equally market-driven and focused on the prosperity of the sector as a whole”.

For further information, please contact:

David Henderson

Manager Information

Phone : +32(0) 2 639 89 72

Email: david.henderson@aea.be

www.aea.be

Note to the Editor: The Association of European Airlines (AEA) brings together 34 European established scheduled network carriers. These collectively carry 370 million passengers and 7 million tonnes of cargo each year, operating 2,600 aircraft serving 615 destinations in 165 countries with 11,575 flights a day. They provide around 423,000 jobs directly, and generate a total turnover of €78 billion