



ICAO AND THE WORLD BANK DEVELOPMENT FORUM

MAXIMIZING CIVIL AVIATION'S CONTRIBUTION
TO GLOBAL DEVELOPMENT



The World Bank

**Aviation Development
Focus on Asia — Pacific**

**Safe, Secure and
Sustainable Air Transport**

THE FUEL PRICE CRISIS

Legal and Regulatory Issues

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ICAO



2008 so far!!

- Rising fuel prices
- Liquidity tightening policies
- Inflation control policies
- Bailouts

SLOWING OF TRAFFIC GROWTH





Issues

- Rising consumption of fuel
 - 85 million barrels per day (40,000 gallons per second)
- Production of quality oil is slowing down
- Irreversible decline





Performance of Air Transport Industry (2007)

- 2,260 million passengers
- 41 million tonnes of freight
- Increase of PFM Tks by 5.5%





Performance in 2007 (cont.)

- Passenger load factor increase 77% as against 76% in 2006
- Stabilization of weight load factor





Consequences of Fuel Price Crisis

- Baggage charges
- No free beverages
- Downsizing of operations
- Downsizing of fleets
- Reduction in jobs
- More expensive travel





Affected Asian Airlines

- Thai Airways International
 - Second quarter loss: US\$274.7 million
- Malaysia Airlines
 - 65% second quarter decline in profits
- Virgin Blue: A\$97.7 million
- Cathay Pacific: US\$85.0 million





Profit Making Airlines

- Singapore Airlines
 - US\$ 283.5 million (up to 30 June 2008)
- Qantas
 - A\$1.41 billion (pre-tax)





Legal Issues

- Can airlines impose surcharges at will?
- Air Transport Association of America v. CUOMO (March 2008)

YES





However ...

- Not if a contract has already been concluded
- Clear and adequate notice has to be given
- Balance between trade practices and passenger rights





1. Contract of Carriage
2. Consumer Protection (Trade Practices)
3. Legislation on Consumer Protection
4. Passenger Expectations
5. Insurance





Regulatory Issues ICAO Initiatives

- Performance-Based Navigation (PBN)
- Air Traffic Flow Management (ATFM)
- Reduced Vertical Separation Minima (RVSM)
- Red Carpet Route



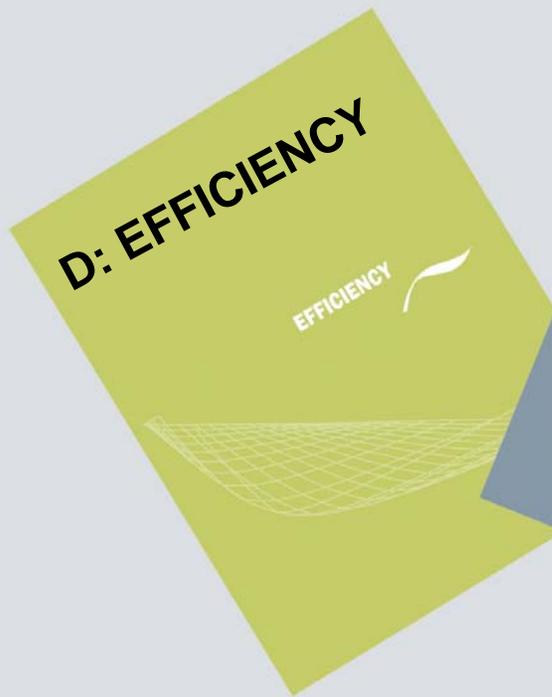


Regulatory Issues (cont.)

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Strategic Objectives

International Civil Aviation Organization
ANNUAL REPORT OF THE COUNCIL



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What can airlines do?

- Maximize load factors
- Optimize the centre of gravity of aircraft when loading
- Reduce taxi timing
- Optimize generator use
- Reduction of heavy material on board
- Use of smaller jets





- Reduction of non revenue-generating flights
- Use of smaller aircraft
- Use of simulators instead of test flights





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Thank you

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