SOCIO-ECONOMIC FACTORS IN CIVIL AVIATION AND MALAYSIA’S CONTRIBUTION

Presentation by
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INTRODUCTION

- Civil aviation accommodates the travel needs of individuals and businesses
- Demand correlates with economic development
- Civil aviation acts as economic catalyst
  - $100 output triggers additional demand of $325
AVIATION IN ASIA PACIFIC

- Asia Pacific one of the most important markets in aviation

Total Traffic Volume Comprising Passengers, Freight & Mail 2007

30% by Asia Pacific Airlines
AVIATION IN ASIA PACIFIC

Forecast

International Passenger Traffic

5.3% per annum

Asia Pacific Passenger Traffic

5.8% per annum
AVIATION IN MALAYSIA

- Bridging Malaysia to the global market
- Increasingly industrialized and tourism dependent economy
- National integration and socio-economic agenda
- Link between West and East Malaysia
AVIATION IN MALAYSIA

Passenger and Cargo Movements in Airports

2008

47.45 million passenger
932,440 metric tonnes cargo

1999

29.47 million passenger
658,233 metric tonnes cargo
INDUSTRY OUTLOOK

- Airlines suffered losses $10.4 billion in 2008 and on track to lose $9 billion in 2009
- Loss estimate for 2009 lower because of reduced fuel prices
- Asian-Pacific airlines are expected to account for 30% of losses in 2009
- Passenger kilometers performed forecast for 2009 for Asia-Pacific is minus 4.5% compared to 2008
Malaysia - Passengers & Cargo Movements (January – May 2009)

Cargo

27%

January 2009

May 2009

Passengers

0.5%

May 2009

January 2009

*compared with corresponding period in 2008
CIVIL AVIATION PERFORMS A VITAL SOCIO ECONOMIC NEED

Visiting Friends and Relatives

- Industry always prone to ups and down but stayed aloft
  - positive growth despite periodic slumps
  - recovered within a year or two after September 11
- Growth as civil aviation industry has been performing a vital socio-economic need
  - visiting friends and relatives - VFR market
RECENT GROWTH & EMERGENCE OF LOW COST CARRIERS

- Low cost carriers have captured about a third of the market
- Asia Pacific - natural market
  - skeptics argument – travelers insist on being pampered and willing to pay
- Malaysia’s AirAsia proved skeptics wrong
- Low cost carriers are emerging all over Asia Pacific Region
  - will contribute to making the region the world’s biggest air travel market
RECENT GROWTH... cont’d

Air Asia

Air Asia X

15 domestic

38 international

7 international
RECENT GROWTH... cont’d

Low Cost Carriers

- Malaysia built Asia Pacific’s first low cost carrier terminal at KLIA in 2006
- Continuously reviewing plans to support low cost carrier operations
- New low cost terminal at KLIA with a capacity of 30 million passengers per annum will be operational in 2011
CIVIL AVIATION AND THE INTERNET

- The Internet had a significant social and technological impact on aviation
- Trend to use Internet to purchase tickets will continue
- Up-to-date information available electronically
  - Flights, a perishable commodity matched with best deals
Benefits for both airlines and travelers
- Provide consumers with information
- Offers airlines savings on marketing and distribution

Travel agents have to reshape business model
MALAYSIA AIRLINES (MAS)

- Socio-economic role since 1973
- Contribution to national integration
- Subsidiaries
  - Firefly – domestic and regional communities closer
  - MASwings – vital and reliable link within East Malaysia
MALAYSIA AIRLINES (MAS)

Achievements & Awards

- Accredited “5-star Airline” status by Skytrax, 2006-2009
- World’s Best Cabin Crew Award, six (6) times since 2001
One of main challenges is climate change and emission of greenhouse gases.
Aviation responsible for 2-3% of total carbon dioxide emissions.
IATA announced vision to achieve carbon-neutral growth.
Efforts made:
- Improve fuel efficiency
- Improve engine efficiency
- Introduce bio fuels
ICAO’s leadership in environmental protection

ICAO has its Program of Action on International Aviation and Climate Change

- Improving airport capacity can reduce emissions.
- Malaysia has an extensive and well developed airport network.
ENVIRONMENT AND CIVIL AVIATION... cont’d

Initiatives, Measures and Programmes by Malaysia

- Air Traffic Management Measures
- Fuel Efficiency Programme
- Newer Fuel Efficient and Environmentally Friendly Aircraft
- Reducing Waste and Encourage Recycling
- Staff Awareness Programme
- Strategic Partnership - Code Share
Malaysia’s Contribution to Civil Aviation

Continuous Descent Approach (CDA)

Malaysia Aviation Academy (MAVA)

IATA Secure Freight Programme (SFP)
Continuous Descent Approach (CDA)
Continuous Descent Approach (CDA)... cont’d

- Annual emissions reduced by 54k tonnes
- 280 arrivals per day
- Preliminary data from trials in KLIA
- $10 million saving
- 165 kg fuel saving per flight
Continuous Descent Approach (CDA)... cont’d

- Conducting CDA trials at the KLIA
  - three-phased implementation plan
  - first phase implemented January 2009, second phase expected to be implemented November 2009
Malaysia Aviation Academy (MAVA)

- Designated institution under MTCP
- Basic and advanced training in the field of Air Traffic Management
- Contributes to ICAO’s goal of upgrading human capital
Malaysia Aviation Academy (MAVA) ... cont’d

Aviation Personnel Sponsored

since 1984 trained 340
from 56 countries International Participants
Malaysia Aviation Academy (MAVA)... cont’d

- Commenced construction of a new campus in 2007
- Located 10km from KLIA
- Being developed in two phases
- Phase I
  - RM40 million
  - Scheduled to be completed August 2009
Malaysia Aviation Academy (MAVA)... cont’d

Separate procurement programme for simulators, solution and aids
Malaysia Aviation Academy (MAVA) ... cont’d

Long Term AIMS

Centre of Excellence in Aviation Training

To cater for local and international aviation industry
Secure Freight Programme (SFP)

- Working closely with IATA to be pioneer state for SFP for air cargo security

- Establish an air cargo supply chain security solution

- Certify secure operators on secure supply chains

- Establish a Secure Freight Quality Assurance System
CONCLUSION

- Ultimate socio-economic dynamics in civil aviation is to improve the air travel experience of the passenger
- Despite periodic slumps, trend in passenger traffic has been upwards

The industry will recover and growth will return
THANK YOU