



## **Skål International presents its position on the Aviation Market**

The world aviation market is one of the toughest businesses to be in at the present time. The industry is not only slowly recovering from the global financial crises that saw a dramatic downturn in passenger numbers and traffic in 2009, it is also faced with continuing fuel price increases. The introduction of the recent US budget will see cuts to air traffic management and at the same time the increase in the UK's Air Passenger Duty on 01 April this year, (now making it the world's highest aviation tax) will cut deeply into the projected 1.6% net profit margin for the 2013 year.

In spite of this the industry is leading the charge in the development and introduction of new and innovative design, route management systems and fuel saving concepts that are not only producing one of the greenest industries, but also one of the safest and most efficient.

Skål International, whose 18,000 members make up the world's largest organisation covering all sectors in the travel and tourism industries, including a majority of the major airlines, want to support the aviation industry in its move to continue to be one of the safest, most efficient and environmentally sound industries in the world, without undue interference from individual governments introducing adhoc regulations, that at best can be seen as revenue gathering, and at worst major impediments to the aviation industry achieving these goals.

States Mok Singh, World President Skål International, "It is vital that an organisation such as Skål International, that covers all facets of the travel and tourism industry, has a clear and concise position on an industry as important as aviation. It is our intention to make it clear to governments, both local and national, that adhoc regulations such as cuts to air traffic management systems and the introduction of localised airline taxes have a dramatic effect on the whole travel and tourism industry, and in some cases see the loss of employment, not just in the immediate industry but via a flow on effect in an entire economy. It is also important to note that the footprint of aviation goes beyond the stakeholders in the aviation industry alone, particularly in developing countries. This often includes education and growth in skillsets which offer opportunities for foreign employment impacting inward remittances and economic upliftment of subsets of the population."

It is Skål's contention that the aviation industry continues to move towards a safer and environmentally sound footing by working holistically with international bodies such as the International Air Transport Association (IATA), the Intergovernmental Panel on Climate Change and the leading safety boards. However the aviation industry also needs to work more closely with national and regional tourism boards when planning and realigning routes and timetables. On too many occasions short term revenue pressures have seen airlines remove services from destinations that result in great financial and economic harm for that region. In some cases regions have never recovered from these situations. While airlines must manage their businesses to ensure they meet their shareholder charters, it is also vital that they and their shareholders also take a wider view of the travel and tourism industry when making major route change decisions.

It is also the responsibility of airport companies to act not only in their shareholders interests but in the wider travel and tourism industry's interests when they set higher landing and handling fees. Adhoc increases can have a dramatic effect on airline profitability and ticket pricing, the latter being very consumer sensitive. Such taxes

provide a strong source of revenue for tourism-heavy countries, but ongoing focus must be centred on the purpose of these taxes. It is simply not good enough for tourists to be taxed for the simple aim of raising revenues, which potentially decreases tourist interest in nations with higher taxes. Rather, these taxes should be used, either fully or with a large percentage, to fund tourism related projects – be those infrastructure, public events, hospitality training, or security.

The aviation industry is not just airlines, it consists of all those industries that directly effect the airline industry – airport companies, air traffic management, national and local tourism organisations as well as international bodies (IATA, UN, EC etc).

States Mok Singh “Skâl calls on all these sectors to ensure they work together to ensure that the consumer is provided with the best possible service in terms of safety, efficiency and environmental concerns. This can only be done if all parties work towards this goal and are prepared to closely audit their own positions when making decisions that affect the industry.”

## **ENDS**

*About Skâl International:*

### **VISION STATEMENT:**

*Be a Trusted Voice in Travel and Tourism*

### **MISSION STATEMENT:**

*Through our leadership, professionalism and friendship, work together to enhance our Vision, maximise networking opportunities and develop a Responsible Tourism Industry.*

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