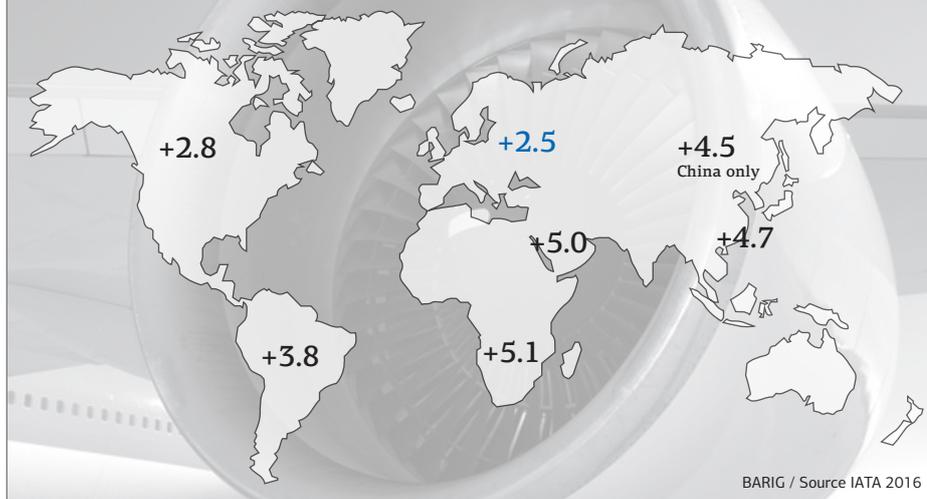




Annual passengers' growth in regions

IATA forecast until 2035



Dear members,



BARIG is a competent representation of the airline industry and an appreciated business partner. Many congresses and forums in the past year, viewed by BARIG as ideal opportu-

nities to present the association's perspective on contemporary issues to a broad audience, have once again proven this. One of the outstanding occasions in 2016 was definitely the celebration of BARIG's 65th anniversary with more than 250 invited guests. They attended a high-quality event based on decades of tradition and even more importantly the mutual goal of future-oriented dialogue.

Among our duties is the continuous mission to strengthen and expand relations to economy, politics and the public, all on behalf of our member airlines. The successful completion of this task however requires the participation of BARIG in meaningful global events at which the future of aviation is contemplated and discussed under consideration of various aspects. Besides the IATA Air Cargo Symposium in Berlin in spring, the IATA World Passenger Symposium in Dubai this autumn was of great importance. The event's core was the discussion of perspectives and chances of our industry in the coming decades and an evaluation of requirements in order to promote air traffic as one of the major economic branches and bring innovation to the people.

The following is a short summary of significant insights. Firstly, we in Europe and especially in Germany have to do everything necessary in order to compete with the global development in air traffic. Our federal republic in particular is challenged here as world champion of travel and number one export nation. Also in the coming year of 2017, BARIG and its members pledge to fully support our industry at all levels. In this spirit I wish you all the best for the holidays ahead and the New Year.

With kind regards,

Michael Hoppe
General Secretary

Global air traffic estimated to almost double until 2035 Germany and Europe behind development

In the next 20 years, global air traffic is expected to nearly double from 3.8 billion passengers in 2016 to then 7.2 billion passengers. These estimated figures were published in the IATA's most recent global market analysis. The prediction until 2035 is driven by an approximated yearly growth rate of 3.7 percent, provided that more and more people choose to use aircraft for private and business trips. By 2029, China will probably have overtaken the USA as largest market, followed by India with its rapidly increasing demand. The particular global regions will develop as follows according to IATA calculations:

Asia-Pacific: This part of the world offers the largest growth potential. Already today the market has a registered 3.1 billion passengers. Until 2035 a plus of 1.8 billion passengers is expected. **Europe:** The European countries will presumably display the percentage-wise smallest expansion of 2.5 percent per year to a total of 1.5 billion passengers in 2035. Nevertheless, this means an additional 570 million passengers. **North America:** For this region an annual growth rate of 2.8 percent is predicted. This amounts to a total of 1.3 billion passengers in 2035 which means an additional 535 million passengers within the next 20 years. **Latin America:** This market is estimated to increase from 345 million passengers today to then 658 million passengers, an annual growth rate of 3.8 percent. **Middle East:** A presumed growth rate of approximately 5 percent per year will bring an additional 258 million passengers within two decades, leading to a total number of 414 passengers. **Africa:** An expected number of 303 million passengers in 2035 presupposes an annual growth rate of 5 percent. Today, Africa counts roughly 111 million passengers (2015).



IATA's Director General and CEO, Alexandre de Juniac, in discussion with Michael Hoppe, General Secretary of BARIG, at the IATA World Passenger Symposium in Dubai.

According to BARIG, this forecast shows that Europe with its estimated 1.5 billion passengers will remain one of the most important source markets for airlines. "Especially in regard to Europe however, the fiscal and bureaucratic barriers for airlines must be consequently and sustainably dismantled. The continuous addition of new restrictions on the other hand is not target-aimed. This ultimately also underlines the importance of a successful implementation of a Single European Sky," the association states in a comment to the IATA's prediction.

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Fraport demanded to reduce charges for all airlines

Following the announcement that in the future Ryanair will offer flights from Germany's largest airport in Frankfurt, the Board of Airline Representatives in Germany (BARIG) claims an equal treatment for both newcomers and airlines that are already operating in Frankfurt. According to the mutual representation of interests of around 100 national and international airlines any implemented abatements regarding airport charges must apply to all and shall not favour individual players.

"Frankfurt evidently belongs to the by far most expensive airports in Europe. In consequence of the immense charges burden many airlines are forced to re-evaluate the profitability of their routes to Frankfurt," BARIG Secretary General Michael Hoppe explains. For many years BARIG and its airlines are urging the airport operator Fraport to finally put an end to spiralling costs and rather begin relieving airlines from overpriced charges.



In regards of landing fees, Fraport must provide equal treatment towards all airlines.

Michael Hoppe states: "When an airline like Ryanair, which is obviously extremely cost-sensitive, is lured to the location Frankfurt then there must very well be significant scope regarding charges cost. Without limitations all other airlines operating in this location must be able to benefit from this. We are therefore expecting them to experience the corresponding relief very soon."

No restrictions for BER before opening

The new Berlin airport, whose opening is stalling for the past five years, might be burdened with restrictions even before its

launch, thereby leading to immediate and severe limitations in terms of operations and work processes. In this context the Berlin senate is planning a night flight ban ranging from midnight to 5 a.m. "Such operational constraints attribute a high economic risk to the regional market in the Berlin area which already has to cope with difficulties in terms of demand," BARIG describes in a letter to Berlin's governing mayor.



BER is not even operating yet, but politics already claim a ban on night flights which has not been existing for Berlin so far.

Airlines must be able to develop their flight schedules individually according to consumer demands and in consideration of certain economic aspects. Furthermore, the diversity of charter airlines and low cost airlines, European and intercontinental traffic is to be maintained in Berlin. Each newly arising risk endangers jobs and opportunities in the greater area of Berlin-Brandenburg and thereby impairs the whole economic state in the capital region. BARIG wants to contribute to the successful future of BER with its expertise in cooperation with the management of the Berlin airport, although even until today the airport's official opening date is not clear. An intense cooperation could help prevent that airlines disregard the new airport in their plans for the future.

Hainan Airlines welcomed as new BARIG member

As of now Hainan Airlines is a new member of the Board of Airlines Representatives in Germany (BARIG). The new BARIG member currently operates a fleet of 260 aircraft, including Boeing 787 and Airbus A330 long-haul jets. The corporation has around 13.000 employees and belongs to the HNA Group which is engaged in aviation, tourism and the hotel business. The group has 18 further airlines at command that are mainly serving destinations in China. Furthermore, Hainan Airlines holds shares in prominent hotel chains such as Hilton Hotels & Resorts, NH Hotels, Carlson Rezidor and the service company SWISSPORT. Regarding European air traffic the HNA Group holds a participating interest in the Portuguese TAP, among others.

The flight destinations of Hainan Airlines are predominantly located in China but international destinations in Europe, North America and Australia are also served. The largest private Chinese airline with hubs in Peking and Haikou on the southern Chinese island Hainan is thereby the only provider of a direct connection between Berlin-Tegel and the Chinese capital city Peking.

Yulong Yang, General Manager of Hainan Airlines for Central Europe explains, "Hainan airlines, as Chinese airline belonging to a highly branched corporation of the travel industry, has great interest in cooperating with BARIG in Germany and Europe. We wish to contribute our prospects beneficially to the association, the air traffic community and of course our passengers."

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