



**Airport Charges Comparisons
and
Submission to Hong Kong SAR
Legislative Council
Economic Services Panel**

Dated 29 April 2005

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Executive Summary

The Economic Services Panel (ESP) of the Legislative Council (LegCo) of the Hong Kong Special Administrative Region (SAR) questions on airport prices and charging comparison mechanisms is similar to the Economic Development and Labour Bureau (EDLB) request for IATA, the Board of Airline Representatives (BAR) and the Airport Authority of Hong Kong (AAHK) to develop an airport cost comparison model. This comparison and submission seeks to answer both party's questions and provides recommendations for LegCo in their deliberations.

This study has found that there have been three archetypal comparisons.

- Airport initiated reviews that generally focus on airport revenue.
- Airline reports some of which focus on airline costs. and
- An international study of averages that is a broad indicator of global airport costs but is not relevant for regional or airport-to-airport comparisons.

Minor differences between the reports have occurred due timing and exchange rate variations. Medium size differences have occurred because of variation in the type and or model of aircraft chosen in the studies. For example, in late 2003, IATA chose the B737-400 medium weight (64 tonne) aircraft. In early 2005, EDLB/AAHK used the now more common medium weight A320 (73 tonne) aircraft. Both studies use the B747-400 as their heavy weight aircraft. The global study of the TRL Laboratories UK uses an average of 10 passenger jetliners that vary from 52 to 397 tonnes, some of which are negligible or even non-existent in Hong Kong International Airport (HKIA) operations. The IATA updated comparison study in this report establishes parity with EDLB/AAHK by using the medium weight A320 aircraft as well as the standard heavy B747-400.

A significant difference between the IATA and EDLB/AAHK studies has occurred because the latter does not include the then HK\$80, now HK\$120 per passenger departure tax at HKIA. Whilst the Tax may not be part of AAHK's income and may well be a fiscal policy decision of the Hong Kong Government, it non-the-less directly influences the passenger and the market. The broad responsibility of LegCo's study is that of relativities for the passenger, the market and the future of the SAR economy. To exclude such an impost is to deny the real cost of airport operations and its affect on market competition and future growth of the airport.

The elasticity of demand of air travel in the Internet era is such that any threat of charges increases, let alone actual rises, will stifle growth and will affect the market. The initial call

for the Partial Privatisation of AAHK was made after the 1997-1998 East Asian economic crisis when the SAR economy had suffered prolonged stagnation. It was in context with the Government's decision to recover HK\$6bn in capital from their airport investment. It was more than likely the fiscal reasoning for raising the airport departure tax by 50% to HK\$120.

In addition to adverse market levels, IATA has found that the structure of imposts at HKIA does not fully reflect the international policy of transparency of charges and the user pays principle. IATA is calling for a change in the structure of the charges to reflect these ideals.

When the Government announced its intention to investigate an IPO of AAHK, their financial advisors immediately announced that HKIA would need substantial increases in aeronautical charges for a successful IPO. The justification was a spot analysis of a less than 2% return on investment on AAHK's last (2003) reported financial statement. LegCo should bear in mind that an extremely young airport declared the 2% return when it had high depreciation amounts in what was the regions worst financial crisis.¹

Financial advisors to EDLB and AAHK are still touting the need for Charges increases at HKIA. There has been some moderation in their calls with the latest statement saying HKIA *may not need substantial increases in charges* but none the less leaving and/or giving the impression that increases are still required. Yet, statements as recent as 17 February this year indicate that AAHK will declare a profit of around HK1bn year-end 31 March tripling the last years SARS affected profit and doubling the earlier quoted return to around 4%.²

Given that such a young airport as Chep Lap Kok with;

- An AAHK/IATA agreed growth rate of 5% to 6% per annum for the next decade,
- in an economy that grew at 8.1% last year and with only a 1.5% inflation rate,
- in a region with double digit growth and increasing passenger access to more China Mainland cities,
- with decreasing depreciation amounts and no major aeronautical investment due for at least five years, and

with a Government who,

- has advised that it is prepared to accept a lower return on the aeronautical assets of AAHK, and who has
- requested that LegCo empower it to compensate investors should there be a requirement to retake/resume the aeronautical assets of the company,

it strains incredulity that the financial advisors had completed an in-depth analysis at the time of their provocative statement that aeronautical charges need to rise. Nor it would appear, given the increase in growth of the economy and HKIA passengers, have they gone back to EDLB and AAHK to review their statements.

In B747-400 operations, HKIA's costs are still 34% more expensive than at Incheon, 64% more than Taipei, 84% more than Singapore and Bangkok, and 199% more than at Kuala Lumpur. For A320 it is 41% (ICN), 105% (TPE), 73% (BKK), 112% (SIN) and 129% (KUL) respectively. The challenge is to address HKIA's competitiveness.

¹ Five years into the asset life of infrastructure at an airport, that varies from 25 to 50 and up to 100 years.

² AAHK CFO Dr Raymond Lai, Capital Markets Forum, Hong Kong 17 February 2005

“...The good signs in the Hong Kong economy are equally evident. After the 1997-98 East Asian economic crisis, the economy had suffered prolonged stagnation. It was showing signs of bottoming out in 2003 when along came the SARS crisis. But, from late 2003 on, the economy has recovered strongly.

The economy grew by a staggering 8.1 per cent last year. This is real Asian tiger growth. For an advanced and rich economy such as Hong Kong's, it is not sustainable, but it indicates a sharp and healthy recovery from recession.

This year, the economy is expected to grow between 4.5 and 5.5 per cent, which will still put it at the top of the growth rates for rich economies. Inflation is expected to be about 1.5 per cent, but given the deflation of the past few years, the markets will be delighted with a positive inflation number.”³

The economic background, potential growth and Government willingness to accept aeronautical returns with a community focus as well as a willingness to underpin investors assets clearly demonstrates that EDLB could agree a 10% reduction in aeronautical Charges before the IPO. Given the massive change in direction of the SAR economy post the Asia Financial and SARS crises the Government should also consider reducing the Departure Tax back to HK\$80 per passenger. This is necessary, especially if the Government wishes to make HKIA a more competitive airport in the region.

IATA policy is to support any Governments right to decide ownership of its aeronautical assets and will support airport privatisation as long as it:

- is not just about raising money,
- brings efficiencies and savings, and
- supports all stakeholders including passengers, the airlines, the airports, the investors and the people with a long-term economic point of view.

The above recommendations, detailed in the submission, Will allow:

- Industry to conclude an agreement and have a three-year pricing mechanism in place before the Government finalises its submission to LegCo for an IPO of AAHK.
- A three-year pricing agreement that will be good governance and a more transparent manner in which to go the public to seek funds. and
- Investors to have more certainty to their investment both in pricing terms and in the knowledge that IATA and the airline industry were working together with Government and AAHK for maximum achievement and efficiency in HKIA operations.

This will then allow, together with an AAHK/industry agreed infrastructure investment plan, service level agreement and regulatory regime, the best possible internal outcome for the Partly Privatised airport company the opportunity to grow. Such agreements will increase investor dividends and give the best possible return for the Government and people of the Hong Kong SAR.

³ Hong Kong: “Downtime to Boomtime”, The Australian, 20 April 2005;
http://www.theaustralian.news.com.au/common/story_page/0,5744,12837945%255E39918,00.html

Introduction

IATA is a worldwide association of international airlines whose some 270 members carry nearly 95% of the world's internationally scheduled air traffic under the flags of some 135 nations. Because of this unique position, IATA is often called upon for comparisons of airport and Air Navigation Service provider charges. When asked to do specific comparisons such as for the Legislative Council Economic Services Panel (LegCo ESP), IATA takes the airports own published charges figures plus significant other charges, taxes and substantial or unique airport fees to complete the study.⁴

Where there are significant differences that may be outside of normal airport charging methodologies then they may also be included. Such a review is necessary to obtain a true cost comparison for both the airlines and passengers. Total cost is relevant where users are considering competitive pricing of airports relative to others rather than more specific questions of what the airlines pay or what an airport receives in income. For market relativity, IATA compares total cost using the two most common medium and heavy international aircraft types that operate in that region and/or to those airports. IATA uses the exchange rates valid at the time of the assessment. IATA believes that this kind of comprehensive study is what the LegCo ESP is seeking to understand and review. IATA understands that LegCo requires a total picture of the Hong Kong International Airport's (HKIA) position viz-similar studies of other airports in the region.

Other Agencies and Studies

Other agencies may take a different view. For example, the well-known and respected Transport Research Laboratory (TRL) Review of Airport Charges of 50 of the largest airports takes a necessarily different view. It attempts to cover the entire globe in one simple synopsis. Every charge in the TRL report is what is generally common to all 50 airports; it does not record the extraordinary even if they are significant and/or relevant. It also has a predominance of European, North American and Australasian airports so it may not always be relevant to any one particular market. The TRL methodology is:

"...The Index of Charges is calculated from the charges which would be imposed on a sample of eight different aircraft types making one landing and one departure at each of fifty airports worldwide. The aircraft vary in size from around 110 seats (the B737-500) to around 400 seats (the Boeing 747-400), and the sample is intended to cover a range of types commonly used on international services around the world."⁵

The TRL aircraft types currently vary from 52 tonnes to 397 tonnes and from an assumed average capacity of 85 to 271⁶. TRL also varies the types with time. Each aircraft Maximum Take Off Weight (MTOW) and assumed average passenger numbers for the eight types are then added. The totals are then costed for one landing and one take off and placed in the comparison. There is no allowance for either the varying numbers of each aircraft type at any particular airport nor is there an allowance for the total weights of the classes of aircraft that may operate at each individual airport. The TRL study contains some aircraft that are irrelevant to HKIA operations. The TRL study is an average of averages and only a broad

⁴ As reported in Department of Civil Aviation Aeronautical Information Publications and listed in the IATA Airport and Air Navigation Services Charges Manual

⁵ TRL *Review of Airport Charges 2003, The Index and Our Methodology*, Page 1. Dated September 2003

⁶ *ibid.* Table 16, page 9.

indicator of relative differences over some very different economies. It is not definitive enough for direct airport-to-airport comparisons, especially if it involves discussions on pricing. It is aggressively used if any one particular airport is lower in the order than its comparator.

A true economic comparison of airport charges would most likely use Purchasing Power Parity (PPP) of the costs, especially if the comparison was between varying economies. The TRL report uses Special Drawing Rights (SDR) after converting local currencies to either Euro or US Dollars. This is very reasonable considering the worldwide scope of their studies. IATA uses US Dollars (outside Europe) for reasons of commonality within the airline industry. This includes; aircraft leasing costs, foreign loan borrowings and fuel and passenger travel costs in different countries that are all significantly influenced by and/or pegged to the US Dollar. This is especially valid in Asia and in any comparison between Hong Kong and Singapore. Re-conversion to a base currency e.g. Hong Kong is instantly available.

As indicated above, the TRL report covers 50 of the major international airports of the world. It is an average of averages and should not be used for direct airport-to-airport comparisons.⁷ It does not cover any exceptional costs that an airport or country may use as an additional income, levy or rent collection mechanism. "Taxes" levied by Governments as opposed to passenger "fees" or "levies" can also vary between public, corporatised and private airports, yet they are all imposts that affect the aviation market and each airports relative position.

Some airports can have restrictive trade practices that do not allow on-airfield competition of ground handling services or fuel supply companies thereby driving up airline costs. Others have competition among the suppliers but charge relatively high airport access, franchise or fuel throughput levies, fees and charges. None, of these extraordinary imposts are recorded in the TRL study, nor are they included in all but a full economic study. But once again, these additional costs are passed onto to airlines and passengers.

Additional costs do affect airline behaviour despite repeated statements by airports and Governments as to the insignificance of airport and ATC charges to airline operations. The most recent example was when British Airways and Qantas changed their Asian hub from Bangkok to Singapore citing extraordinary costs as a significant factor in their decision. The additional costs were not necessarily the nominal listed costs but many hidden imposts of which just a few have been included at Enclosures 2 and 4.

IATA Submission to EDLB January 2004

The IATA submission to EDLB of 14 January 2004 listed a regional comparison of the airport landing fees charged to airlines at Bangkok (BKK), Singapore (SIN), Taipei (TPE), Incheon (ICN) and Kuala Lumpur (KUL) that were valid in late 2003. The relevant paragraphs are:

"...The Airline industry is of the view that privatisation of the airport should benefit not only the Government of Hong Kong SAR and the new owners of the privatised entity, but also the airlines, passengers and shippers. The industry is also of the firm conviction that in

⁷ An airport supporting long range aircraft destinations and/or to vastly different markets will have on average heavier versions of each aircraft type and different opportunities for duty free etc.

privatising such strategic infrastructure, the public utility nature of the airport and the role it plays in the development and air transport's contribution to Hong Kong SAR's overall economy should be given due consideration.

The airline industry is opposed to the conversion of a public monopoly into a private monopoly, which will result in the abuse of its position by its owners. The airlines are also concerned that privatisation could be taken as an opportunity for raising charges to the airline users. This concern does not simply relate to aeronautical charges. The concern covers other related fees that the AAHK charges e.g. franchise fees, the level of which are already rather exorbitant. Making these fees too punitive would only serve to push up the costs to the airlines operating at HKIA; this would have the same effect as an increase in aeronautical charges.

Such concern is not without cause because the current charges at HKIA are already quite high. If we compare HKIA with other major airports in the region, which is more relevant than comparing with airports elsewhere in the world, the airport charges of HKIA are higher than Taipei, Seoul, Bangkok, Singapore, and Kuala Lumpur by 45%, 33%, 59%, 123% and 352% respectively. Obviously, any attempt to adjust charges at HKIA should be for reduction rather than increases.

As a result of severe competition and market demand for lower airfares and better quality of service, the yield (revenue per unit of activity) to the airlines has been declining over the past decade or more. During the past five years, the decline in yields to the IATA Member airlines on their international scheduled operations has been around 3.4% per annum. This need for reduced airfares is further demonstrated by the rapid growth of the "No frills" carriers.

Therefore, the airlines need to continuously improve efficiencies and reduce operating costs. In this effort, all providers of services to the industry also have to ensure that they in turn improve their efficiencies and quality of service while reducing charges to the airlines.⁸

⁸ IATA Submission to the EDLB of the Hong Kong SAR on the Need for Economic Regulation of the Hong Kong International Airport, 14 January 2004

Table 1 – Historical, January 2004

In USD	Charge 737-300						Charges 747-400					
	BKK	KUL	SIN	HKG	TPE	ICN	BKK	KUL	SIN	HKG	TPE	ICN
Total Per Flight	2,036	1,647	1,753	3028	1,668	2,496	5,179	4,450	5280	8,307	5847	7172
HKIA is Higher by %	49	84	73	0	82	21	60	87	57	0	42	16
Paid by Pax	1,487	1,485	1,488	1,811	1,138	1,813	3,320	3,315	3,321	4,041	2,551	4,046
HKG is Higher by %	18	29	18	0	20	0	22	22	22	0	58	0
Paid by Airline	549	162	265	1,218	530	684	1,859	1,135	1958	4,266	3,296	3,126
HKG is Higher by %	55	199	139	0	61	27	129	276	118	0	29	36
Landing Charge	154	140	265	639	385	448	1,165	1,113	1,958	3,312	2,890	2,693
HKG is Higher by %	315	358	141	0	66	43	184	198	69	0	15	23

The above-abbreviated report dealt with a summary of the Landing Charges. Enclosure 1 provides a graphical chart that compares charges in four separate groupings; Landing Charges, Charges Paid by Airlines, Charges Paid by Passengers and Total Charges per Flight. The airports chosen are the five other Asian regional airports of the previous report; Kuala Lumpur, Incheon, Singapore, Chinese Taipei and Bangkok. The pages have been drawn from the IATA Airport and ANS Charges Manual. The table shows that there is not one category where is HKIA competitive. This means that the constant public pronouncements of the need for charges to rise to have a successful IPO of AAHK, if enacted, can only damage HKIA's competitive position even further. It is why IATA says that if this IPO is only about raising money then we cannot see why industry should support such a short-term measure. Currently only Japan and China are more expensive than HKIA. IATA is currently negotiating with Narita for charges reductions and China is going to review charges as their traffic grows.

Enclosure 2 gives the background spreadsheet analysis of the detail of all the charges, taxes, fees and levies that were valid at that time. The spreadsheet supports the graphical presentation. Enclosure 3 has the relevant Airport and ANS Charges Manual pages for your reference. There are some differences in the inclusion of Noise Charges and the fact that we have had to estimate the date of the exchange rates chosen at the time because the original spreadsheet was built up over a month. Never the less, the orders of magnitude are the same as the original report to EDLB in January 2004. Using the total charges comparison at the time then the relative differences of Hong Kong International Airport is as listed in the Enclosure and shown in Table 1 above.

Since the January 2004 IATA report to EDLB, the increased cost of fuel and the spread and addition of new Government imposts have affected the airline industry even more. In response the airline industry has not stood still, it has continued to achieve non-fuel/tax cost efficiencies of 3% per annum. In addition, IATA is leading an aggressive drive to reduce costs even further by simplifying the business and eliminating paper cost from tickets and cargo waybills by 2007 and 2010 respectively. All IATA and the international airline industry is asking for is that our airport and air navigation service provider partners achieve the same level of efficiencies on an ongoing basis. Lowering costs will expand the size of the business creating a far healthier market for all. This is especially pertinent for aviation dependant cities and regions such as the Hong Kong SAR.

Reported Study Differences

Differences will occur if for example the load factors, aircraft variants, survey dates and the anchor currency are not exactly the same. But these are minor variations compared to the absence of a particular charge, tax, levy, fee or cost. Other than the TRL study, IATA is not aware of the methodologies of the other studies LegCo may have obtained. We can say that the EDLB/AAHK cost comparison of Singapore and Hong Kong airports using the B747-400 and the A320 aircraft as compared to the IATA study, has:

- Minor differences because of the timing of the studies and the exchange rates.
- A reasonable difference because IATA used a two-hour gate parking time whereas EDLB/AAHK uses four hours for the B747-400. (Airports that allow up to four hours gate parking, especially at peak periods, are not driving efficiencies and may cause an over investment in gates.)

- A slightly bigger difference because IATA has used the (then) regional predominate B737-400 at 64 tonnes whereas EDLB/AAHK have used the Hong Kong predominate A320 at 73 tonnes. And
- While both studies use the B747-400, the major difference is that the EDLB comparison in the January 2005 LegCo submission does not include the current HK\$120 Airport Departure Tax paid by the passenger.

One other reason that the HKIA “landing charges” are so high compared to others in the region is that the Government includes the Terminal Navigation Charges (TNC) in the landing charges. Either other Governments include the charges in a Single Till arrangement, do not levy such charges or they are billed directly by the Air Navigation provider to the airlines thereby listing the costs separately and complying with ICAO ideals of transparency and fee for service cost recovery. The TRL study does show the differences within their coloured bar charts but it is not evident when copied into black and white submissions. IATA, while believing they should be separated, has included TNC in all “Landing Charge” summaries to ensure the comparisons are equitable.

Passenger Based Charging

Passenger based charging, especially for the provision of monopoly services, creates many opinions not only in Hong Kong. It is often beset by both emotional and genuine economic arguments.

Arguments against include:

- It complicates cost structures if it creates a number of charges; and
- There is no long-term benefit to airlines because competition between airlines is all about net rather than listed or regulated airfares and the purported benefits are “washed-out” with airline competition and time.
- They affect the market in the same way as Government Taxes.

Arguments for include:

- It supports the user pays principle, especially in terminal charges where the passenger is directly using the product.
- It is based on a fee for service ideal.
- It supports ICAO principles of transparency.
- Airports and airlines share traffic risk and rewards.⁹

Passenger or Terminal Building Charges are common in Europe and in Australia and a number of governments and airports support such regimes. While passengers are regularly surveyed on their opinions of their airport experience, and HKIA is currently rated highest in the world in two separate surveys, they are not asked what they think of the cost of the service. Having a visible Ticket Charge allows the passenger to assess the value of the service provided.

In 2001, Canberra airport stated:

⁹ ICAO Document 9082/6 *Policies on Charges for Airports and Air Navigations Services*, para 15

“...The move to a passenger based charge also served to align airport revenue with airline revenue. The risk of passenger number downturns is therefore shared with airlines thereby allowing an airline’s exposure to airport charges to become a variable factor.”¹⁰

In 2003, the Transport Department when discussing Sydney airports move to an even more extensive scheme than envisaged for HKIA;

“...SACL’s passenger-based charge provides access to airside services on reasonable terms and conditions that are more efficient than the previous tonnage based charging arrangements.”¹¹

Ground Transportation Costs

There have been no comparisons of ground transportation costs in any of the recent Hong Kong studies. Yet they are normally paid directly by the majority of passengers or are included in many tourist travel packages. While passengers may share transport or be driven to an airport, such charges and journey times are most clear in the passengers mind. Therefore, they need to be an essential part of any competitive comparison associated with airport costs. The differences in average downtown to airport journey costs can be significant. Especially at a time when competition between airlines is forcing the airline fare component of a journey cost ever downwards. The comparison is a clear reminder of why Governments, airports and airlines need to take into account all the relevant costs, levies, fees, rents, charges and taxes over the long term and not just for a one term IPO benefit nor just for a three year return on the investment.

It is significant that AAHK has experienced a dramatic drop-off in the number sightseers and passengers’ “visiting relatives and friends” to the airport since the move to Chep Lap Kok. This has meant that virtually all persons (including shoppers and contributors to non-aeronautical income) are passengers and or airline related business and staff. It strengthens the IATA/BAR claim to a broadening of aeronautically related business to the regulated till. It also confirms that the time and cost of ground travel does affect the market.

It is presumed that ground transportation costs were taken into account when Lantau Island was selected for the new HKIA site. LegCo Members may wish to compare the different ground transportation costs for Singapore and Hong Kong under the following broad groups:

- Business and High Premium Tourists – Taxi and Limousine
- Business and Tourists – Airport Shuttle and Train (Hong Kong)
- Budget Tourists and Backpacker – Public Bus and Train (Singapore)

City/Airport	Taxi	Public Bus	Hotel/Shuttle Bus	Rail
Hong Kong	HK\$400	HK\$40	HK\$140	HK\$100
Singapore	HK\$85	HK\$9	HK\$33	HK\$9

¹⁰ Capital Airports Ltd (Canberra, Australia) *Submission to the Productivity Commission Nov 01*

¹¹ Department of Transport and Regional Services (Australia) *Submission to the National Competition Council, 15 Aug 03.*

Dispelling Myths about the Claimed Unimportance of Airport Fees and Charges

“...Airport Charges account for less than 4% of airlines operating costs¹²...” (and are therefore unimportant.)

This is a commonly held myth, based on using published ICAO or IATA global data on airport charges without any examination of the hidden costs. However, use of this data is misleading for several reasons. As listed above other regions heavily bias the global data. It is also biased by the US carriers, which benefit from very low airport charges at airports that are funded by Federal ticket taxes. Excluding U.S. carriers, airport charges are a higher portion of airline costs than the nominal 3-4%. For a hub air carrier operating out of a high cost airport, landing and other charges are a much higher portion of total costs than the global average. Hub carriers compete with other hubs for connecting traffic. A hub with higher airport charges make all connecting services more costly to provide than the competitor. The ‘landing fee charges’ account does not include all charges by airports. In addition to landing fees, airlines pay terminal charges; land rent, rent for space in terminals for offices, lounges, etc., and various other airport charges such as charges for telecommunications services.¹³

Why high airport charges paid by airlines do matter!

When considering new routes, or additional frequencies to a hub airport such as HKIA, airlines consider marginal costs and marginal revenues. That is, they estimate the additional revenue that mounting the extra flight will generate. They then calculate the additional costs incurred in operating that flight. These costs will include the cost of the aircraft, the crew, and all the operational costs, which of course include the charges they pay for landing, parking and other aeronautical costs.

If the additional revenue is greater than the additional cost, the extra flight will be mounted, unless there is a more profitable use for the aircraft and crew. An extra flight will have a beneficial effect on any airport that aspires to be a hub, because one extra flight produces a large number of connections to other flights and destinations. It is therefore in HKIA’s interest to make itself as attractive as possible to airlines contemplating adding services to, and or from, Hong Kong.

While airport charges levied on airlines may constitute a small proportion of an airline’s total cost, they can represent a very large percentage of the marginal cost of an additional flight, especially the short-haul services which are an essential element of a successful hub. If these charges are too high, an airline will wait until traffic grows sufficiently to cover their cost on top of all its other operating costs of a new service at that time.

Thus, high charges will lead airlines to delay the introduction of new services. In the meantime, the traffic, which would have been carried, and the additional income that could have been earned, will flow across other competing hubs. High charges thus have a

¹² EDLB, *Consultation Document on Partial Privatisation of the Airport Authority*, November 2004

¹³ InterVISTA. *The Case for a Regulatory Mechanism for Airport Charges at Hong Kong International Airport*. October 2003

disproportionate impact on the pace of development of an aspiring hub airport such as HKIA.

The Sensitivity of demand for Air Travel to Price

Elasticity of demand is the subject of many market studies and aviation is no exception. It is true to say that; demand elasticities have altered recently with the exposure of charges and pricing to the Internet and especially in aviation where the entry of low frills carriers has fundamentally altered the market. Most Governments, airports and the traveling public readily accept that low frills carriers with lower ticket prices stimulate and grow the total market where ever they operate. However, most Governments and airports have not grasped or accepted the reverse responsibility for the results of the increases in charges that will decrease the size of the market.¹⁴

The constant, unjustified talk by financial advisors of a necessary increase in charges for HKIA will affect the market, the viability of the airport as a hub and Kong Kong's economic future. Despite the possible self interest of financiers in the lead up to an IPO, it is the lack of denial or a public statement of position by the Government and AAHK that only fuels the expectation of an increase among potential investors and drives the industry further from an agreement. It is why IATA says that prices must restructured and come down. The industry cannot support privatisation if the IPO is just about a short term one off sale price.

Airline Fares

The biggest component of airline travel cost has hitherto been the airline fare component. This is still valid for long haul flights although some regional flights are being obtained for less than the ground transportation costs of getting to/from the airports. Airline fares have reduced significantly over the last 40 years and the world's international airlines continue to reduce non-fuel costs by 3% per annum. Airlines are extremely conscious of the marginal cost pricing of travel and practice cost disciplines on a daily basis. The most obvious examples have been the recent attempts for inclusion of fuel levies on tickets where airlines have only attempted to recover partial increases in fuel costs and only to the economic point that they estimate the market will withstand. Even then, in a number of markets the airlines have had to withdraw the fuel levies and absorb all of the increases in their own bottom line to look for even further efficiencies.

Competition between airlines keeps air ticket prices coming down. The balance between stimulating the market and maintaining a viable aviation centre and hub with an accompanying local industry with support facilities, training establishments, employment and a technological base is a responsibility of Government. In the Hong Kong SAR, EDLB has maintained such a balance in an exemplary manner.

Hong Kong – Singapore

The next part of the EDLB question was related to the cost comparison between HKIA and Singapore as submitted by EDLB on 31 January this year. Above are the minor differences because of the exchange rate and date variations, the slightly bigger difference of the medium weight aircraft choice and the relatively major difference because of the exclusion from the EDLB report of the HK\$120 Airport Departure Tax that is paid by the passenger on

¹⁴ IATA Economics Briefing – *The Sensitivity of Demand for Air Travel Price*, Geneva March 2005

the ticket. As outlined above, some have argued that such a Tax should not be included in an airport comparison because it is a government fiscal measure. However, whether a Government and/or an airport collects revenue through fees, charges, or taxes, they are all viewed by passengers, along with ground transportation, as a cost of their journey, all imposts will affect airport competitiveness.

If a private company was undertaking an analysis on where to locate a business or its Headquarters then the accountant would need to assess all airport related costs in the comparison. Any increase in a Government Tax, airport levy or airline fare directly affects the market through the elasticity of demand and for that all three parties, Government, the airport and the airlines, are equally responsible.

The problem that LegCo Members are seeking to address is the question of the IPO of HKIA, i.e. how to look at the total cost, possible winners and losers, as well as the long-term economic future of the economy of the SAR. If LegCo recommends or endorses a price increase for an IPO of AAHK then they must also share in that responsibility.

Such questions are also regularly raised in other countries and in particular, Singapore, the other Regional airport in EDLB's comparison. A recent speech by Mr Boon Swan Foo, Chairman of CHAMPS, a wholly owned subsidiary of the Civil Aviation Authority of Singapore on the subject, "Airports as National Economic Drivers" said that airports are economic entities in their own rights "they generate employment at airport and associated industries" but he also said "the biggest challenge was how to balance the public service role and to be a viable business in its own right".¹⁵

Given that aviation is one of the largest single industry employers in the SAR, LegCo must address the public service role and the economic performance of Hong Kong as well as recognizing the need for AAHK to remain as a viable business. Since the LegCo meeting, the Singapore Government has issued a renewal of their "Air Development Fund", it is the most recent outcome of its holistic approach to the airport positioning as an economic driver of the country's future. The aim is to attract new airlines, new routes to/from Singapore and to assist established customers to grow their existing business. Although the details of the three-year HK\$1.5bn support package is yet to be finalised the airlines have proposed a continuation and possible further reduction of the existing published landing and parking charges. A report of the Minister's Parliamentary statement is at Attachment I. The key background points to the Singapore Government Minister's statements are:

- The announcement comes as a result of the Singapore Government strategy of viewing Changi Airport, along with the Port, as the economic driver of the country. And that it is
- A wholly owned Government company that is run on strictly commercial lines on a Single Till basis.

Included below is an extract of the EDLB January 2005 comparison to which has been added the Airport Departure Tax to achieve a more relevant "New Total" of comparative airport costs and go part way to equalizing the IATA study. Please note that the ground transport costs are yet to be added.

¹⁵ Air Traffic Controllers Guild (India) Seminar, Siri Fort Auditorium II, New Delhi 1-2 Nov 04

Table 2 – EDLB Report January 2005

Airport Charges for a typical passenger aircraft movement	Changi				HKIA			
	B747-400		A320		B747-400		A320	
	(HK\$)	(% of total)	(HK\$)	(% of total)	(HK\$)	(% of total)	(HK\$)	(% of total)
Landing Charge	15,955	35%	2,507	18%	25,961	60%	5,612	43%
Parking Charge ⁽¹⁾	1,028	2%	-	0%	2,496	6%	1,248	10%
Aerobridge Charge	2,998	6%	773	5%	-	0%	-	0%
Terminal Charge paid by airlines ^{(2) (3)}	-	0%	-	0%	6,233	14%	2,530	19%
Total paid by airlines	19,981	43%	3,280	23%	34,690	80%	9,390	72%
Terminal Charge paid by passengers ^{(2) (4)}	19,042	41%	7,729	55%	-	0%	-	0%
Security Charge ^{(2) (5)}	7,617	16%	3,092	22%	8,943	20%	3,630	28%
Total received by airport operator	46,640	100%	14,101	100%	43,633	100%	13,020	100%

Notes:

⁽¹⁾ Assume 4 hour and 2 hour turnaround for B744 and A320 respectively⁽²⁾ Assume seat capacity 371 and 151 for B744 and A320 respectively (73% load factor)⁽³⁾ Terminal charge paid by airlines at HKIA is HK\$23 per passenger⁽⁴⁾ Terminal charge paid by passengers at Singapore Changi Airport is S\$15 per passenger⁽⁵⁾ Security charge at HKIA is HK\$33 and that at Singapore Changi Airport is S\$6 per passenger

Source: IATA Airport & Air Navigation Charges Manual, 28 Sept 2004 (exchange rate as of Nov 1, 2004)

Table 2 – EDLB Report (Corrected)

	Changi		HKIA	
	B747-400	A320	B747-400	A320
Charges Total (as above)	46,640	14,101	43,633	13,020
Airport Departure Tax	-	-	44,520	18,120
New Total	46,640	14,101	88,153	31,140

Perhaps the most surprising part of the above comparison is that the Government is collecting more per flight from the passengers than AAHK is collecting from the airlines and the passengers combined. This is without the other obvious Government revenue that it receives in the form of other taxes and excise.¹⁶

Current Charges Comparison

Enclosures 1, 2 and 3 are purely historical. They address LegCo's question of the IATA (Jan 04) and EDLB/AAHK (Jan 05) submission comparisons. Enclosures 4 and 5 address today's issues in the same manner using the updated data at Enclosure 6. In addition, IATA has

¹⁶ Exchange rates IATA (Jan04) and EDLB submissions (Jan 05) only minor differences:

Friday, December 12, 2003 - 1 Hong Kong Dollar = 0.22120 Singapore Dollar

Wednesday, January 12, 2005 1 Hong Kong Dollar = 0.21028 Singapore Dollar

changed the medium weight aircraft in the study to the A320 and used the same load factors as EDLB/AAHK to assist LegCo in its deliberations. You will note from Table 4 that Hong Kong International Airport is still the most expensive airport in the region for Landing Charges, for Charges paid by the airlines, for Charges paid by the Passengers and consequently for the Total Charges per Flight. It is more expensive whether it be for the Medium weight short to immediate range A320 and for the heavy weight long range B747-400. AAHK, EDLB and LegCo need to take a very long hard look at HKIA's financial projections as well its competitive position in the region and decide whether exposing the airport to unfettered shareholder dividend needs at the expense of other stakeholders is really the way to proceed.

Table 3 – Current Charges Comparison

In USD	Charge A320						Charges B747-400					
	BKK	KUL	SIN	HKG	TPE	ICN	BKK	KUL	SIN	HKG	TPE	ICN
Total Per Flight	1,935	1,456	1,574	3,339	1,631	2,373	5,200	4,361	5,184	9,561	5,817	7,150
HKG Higher by %	73	129	112	0	105	41	84	119	84	0	64	34
Paid by Passengers	1,309	1,307	1,310	2,157	1,006	1,595	3,225	3,220	3,226	5,315	2,481	3,930
HKG Higher by %	39	85	53	0	36	17	65	65	65	0	114	35
Paid by Airline	626	150	265	1,181	625	778	1,976	1,141	1,958	4,246	3,336	3,220
HKG Higher by %	47	165	118	0	49	21	115	272	117	0	27	32
Landing Charges	178	127	265	639	439	511	1,171	1,119	1,958	3,312	2,890	2,693
HKG Higher by %	258	402	141	0	45	25	183	196	69	0	15	23

Pricing

In addition to the need to restructure Charges, IATA/BAR are working towards a reduction of AAHK Charges and the Government passenger tax. This is the first full year back from the post SARS era when HKIA was down to 27m passengers. AAHK expects to exceed 40m passengers per annum in 2006. Traffic is now ahead of pre-SARS targets and both IATA and AAHK believe that growth will continue at between 5% and 6% for the next 10 years giving ever-increasing rates of return even with future long-term capital investment that will be required in the next five to 10 years. Now is the time to advance HKIA's position in the region, further stimulate traffic growth and reach a pricing agreement before an IPO. The year ended 31 March will see AAHK profit rise towards or above HK\$1bn indicating that a charges reduction of 10% is easily achievable.¹⁷ A three to five year pricing agreement with industry will insert an extra level of certainty into an IPO with a pricing, service, regulatory and charging regime in place *before* investors make a decision to participate in the airports Partial Privatisation.

Airport Charges Structures

¹⁷ AAHK CFO Dr Raymond Lai, Capital Markets Forum, Hong Kong 17 February 2005

IATA has submitted to EDLB that we would like to see a restructure of the Charges at HKIA along strict lines of transparency and the user pays principle. It includes:

- **Landing Charges (LC).** An immediate 10% reduction in LC but no change to the current tonnage basis.
- **Terminal Navigation Charges (TNC).** Separation from the Landing Charges and a commitment to transparency and efficiency. While the amount and methodology may be frozen for the initial three-year period it should be exposed to cost reduction mechanisms. While the TNC may continue to be collected by AAHK, it should be on a fee for service basis and not be part of the airport's charges. Desirably, DGCA would also recommend a 10% cut in TNC. However, as industry has no ability to examine or analyse the charges structure we can only rely on their public protestations as to the rationality and reasonableness of the TNC and their overall claims of efficiency.¹⁸
- **Security Charges (SC).** SC should be a responsibility of Government. If not then they should be calculated on a pass through, cost recovery methodology and charged on a per passenger basis. Cargo operations should continue on a per tonne basis.
- **Terminal Building Charges (TBC).** TBC costs should be on a per passenger basis and recovered from through the Ticket Tax system.
- **Airport Departure Tax (ADT).** No change in the ADT structure but the Tax should also be subject to efficiency measures and be included in any HKIA cost/market study comparisons. Given that the Government is now in a better financial position than in 2003, consideration should be given to returning the ADT to HK\$80 per departing passenger.
- **Parking Charges (PC).** No change in the PC at this stage but with a possible restructure of charges if HKIA experiences congested aprons. AAHK and industry would examine a cost benefit analysis balancing efficiency and new apron investment costs.

Conclusion

Previous airport and airline reports, in presenting their own studies to show the relativity of their respective positions, have created differing opinions that have led to confusion. LegCo members must necessarily take a much broader and comprehensive view of the existing cost relativities that is more akin to the passenger's reality. In addition, in the lead up to the Partial Privatisation of AAHK, LegCo Members must also bear in mind the threatened impact of the continual financiers' advice to the market that HKIA charges will need to increase to achieve a successful IPO when increasing returns each year demonstrates otherwise.

Reality suggests that it is the total of all airline and airport related charges and costs that affects the competitiveness of HKIA, its passengers and the economic future of the Hong Kong SAR economy. IATA believes that it is growth encouraged by competitive economics and efficiency encouraged by open, fee-for-service rational pricing that will ensure a long-term sound and reasonable return for the Government, the people and investors.

The airline industry is in open competition, vigorously driving costs from the business. We request that our partners recognise all imposts imposed on the market and similarly

¹⁸Hong Kong SAR DGCA to ICAO Planning Costing Symposium Bangkok January 2005.

undertake to drive efficiencies in their own businesses. This process can be started at HKIA by agreeing to an efficiency dividend for aeronautical and Terminal Navigation Charges and a restructuring and reduction of Charges of 10% and a reversion to a HK\$80 Departure Tax.

Attachment: In Parliament, Another S\$300m for Airlines at Changi dated 4 March 2005

Enclosures:

1. Charges Comparisons IATA Submission to EDLB, Jan 04, Graphical Presentation
2. Charges Comparisons IATA Submission to EDLB, Jan 04, Spreadsheet Analysis
3. Airport and ANS Charges as at Jan 04 (HKG, ICN, SIN, TPE, BKK, KUL)
4. Charges comparison IATA Submission to LegCo Apr 05, Graphical Presentation
5. Charges Comparisons IATA Submission to LegCo, Apr 05, Spreadsheet Analysis
6. Airport and ANS Charges as at Apr 05 (HKG, ICN, SIN, TPE, BKK, KUL)

IN PARLIAMENT

Another \$300m for airlines at Changi

The fund is meant to strengthen the airport's hub status and partnerships

By Alexandra Ho

THE Air Hub Development Fund, introduced in 2003, has proven so effective in attracting airlines to operate or expand their services here that the government will launch a new one next year when the existing fund expires at the end of the year.

The new \$300 million fund is meant to strengthen Changi Airport's hub status and its partnership with airlines, Transport Minister Yeo Cheow Tong said during the committee of supply debate in Parliament yesterday.

'About \$100 million will be set aside each year to fund traffic development and cost reduction initiatives,' he said. The fund will be disbursed over three years, though details are not available just yet. A Ministry of Transport spokesperson said more details would be out later this year.

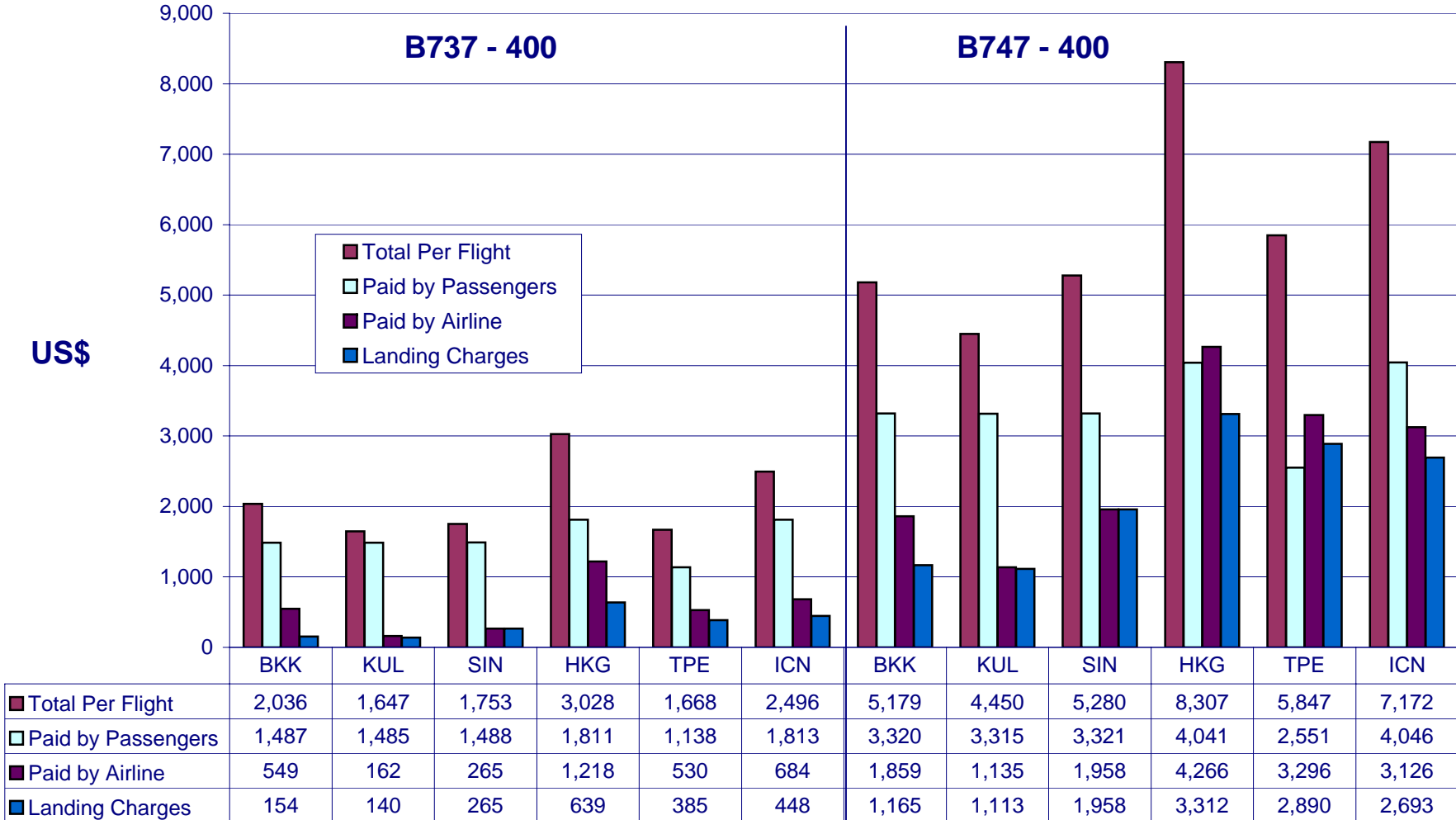
Mr Yeo told Parliament that the existing \$210 million fund had facilitated airlines' growth and reduced their operating costs. This, in turn, resulted in a record 30.4 million passengers and 1.8 million tonnes of cargo handled last year. Changi's network has also expanded to more than 170 cities. Under the scheme, airlines enjoy a 15 per cent discount on landing fees at Changi and Seletar airports. Rental charges at both airports and Changi Airfreight centre are also slashed by 15 per cent, benefiting shops and other tenants. Other measures include incentives for airlines to expand their network out of Changi.

A Civil Aviation Authority of Singapore spokesperson told BT that to date, \$110 million of the fund has been given out. Asked about the impact of low-cost carriers (LCCs), Mr Yeo said traffic growth on key routes served by LCCs exceeded Changi's overall traffic growth. 'For the Singapore-Bangkok route, year-on-year traffic for the last quarter of last year grew 18 per cent,' said Mr Yeo.

Business Times - 04 Mar 2005

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Airport Charges Comparison December 2003



Airport Charges Comparison December 2003

Enclosure 2 to
IATA LegCo Subm
Dated 29 April 2005

ALL Charges in Local Currency

Item		UNIT						Quantity/Units		Charge 737-300						Charges 747-400						
		BKK	KUL	SIN	HKG	TPE	ICN	737-300	747-400	BKK	KUL	SIN	HKG	TPE	ICN	BKK	KUL	SIN	HKG	TPE	ICN	
Landing Charge	737-300	4850+115*over 50t	350+4.7 over 45t/500kg	(405+9.4 over 50t) -15%	(2210+63 over 20t)	205*t	8200*t	64		6460	529	467	4982	13120	524800							
	747-400	10600+130*over 100t	1250+5.7 over 135t/500kg	(875+10.5 over 100t)-15%	(2210+63 over 20t)	248*t	1.62m+7800 over 200t		397							48950	4214	3454	25835	98456	3156600	
Parking Charge		First 3hrs free	First 3hrs free	First 3hrs free	156 per 15 mins	100t 15t/24 hrs	First 3hrs free	64	395				1872	75					1872	247		
Terminal Navigation	737-300	5334	Not Specified		Included in Landing	Not Specified	Nil			5334												
	747-400	7823	Not Specified		Included in Landing	Not Specified	Nil									7823						
Lighting		Not Specified	Not Specified	None	Not Specified	Not Specified	106270 @ night							40000							40000	
Noise		Not Specified	Not Specified	None	Not Specified	1500/7500	Not Specified						1500							7500		
Power Supply & PC Air	737-300	2500+25% per 15 mins																				
	747-400	4800+25% per 15 mins																			14400	
Baggage Handling						1500		125	279						187500						418500	
Aerobridge			85	First 3hrs free		1728/2304	49317	3 hrs	3 hrs		85		1728	49317		85				2304	49317	
Security			Not Specified	6	13	1287/3218	Not Specified	125	279			750	1625	1287				1674	3627	3218		
Check In Counters		400 per 3 hrs			15 per 30 mins			3 hrs	3 hrs				270						270			
TV Displays		250 per ft																			250	
Flight Announcements		250 per ft																			250	
Ground Handling																						
Passenger Charge		500	45	15	20	300	17000	125	279	62500	5625	1875	2500	37500	2125000	139500	12555	4185	5580	83700	4743000	
Terminal Building Charge					19	1620/3780		125	279				2375	1620						5301	3780	
Airport Departure Tax					80			125	279				10000							22320		
Customs		103						ft	ft		103									103		
Customs Forms		0.31 per form						125	279		38.75									86.49		
Immigration		10 per arr/dep pax+200 per ft						125	279		2700									5780		
Immigration Forms		0.30 per form						125	279		37.5									83.7		

* Lighting Charge for night Operations KRW 106,270/ movement, 37.6% average Charge is KRW40,000

** Hangarage/Housing Charges not included

*** Ground Handling Charges not included, they are listed for TPE other airports use separate Ground Handling Companies under contracts

in local currency

	Charge 737-300						Charges 747-400					
	BKK	KUL	SIN	HKG	TPE	ICN	BKK	KUL	SIN	HKG	TPE	ICN
Total Charges Per Ft	85,573	6,239	3,092	23,624	56,830	2,926,617	217,626	16,854	9,313	64,805	199,205	8,407,417
Paid by Passengers	62,500	5,625	2,625	14,125	38,787	2,125,000	139,500	12,555	5,859	31,527	86,918	4,743,000
Paid by Airline	23,073	614	467	9,499	18,043	801,617	78,126	4,299	3,454	33,278	112,287	3,664,417
Landing Charges	6,460	529	467	4,982	13,120	524,800	48,950	4,214	3,454	25,835	98,456	3,156,600

Exch Rate to USD 42.02 3.79 1.76 7.80 34.07 1,172.30 42.02 3.79 1.76 7.80 34.07 1,172.30

in USD	Charge 737-300						Charges 747-400					
	BKK	KUL	SIN	HKG	TPE	ICN	BKK	KUL	SIN	HKG	TPE	ICN
Total Per Flight	2,036	1,647	1,753	3,028	1,668	2,496	5,179	4,450	5,280	8,307	5,847	7,172
%	49	84	73	1	82	21	60	87	57	1	42	16
Paid by Passengers	1,487	1,485	1,488	1,811	1,138	1,813	3,320	3,315	3,321	4,041	2,551	4,046
%	18	29	18	1	20	0	22	22	22	0	58	0
Paid by Airline	549	162	265	1,218	530	684	1,859	1,135	1,958	4,266	3,296	3,126
%	55	199	139	1	61	27	129	276	118	0	29	36
Landing Charges	154	140	265	639	385	448	1,165	1,113	1,958	3,312	2,890	2,693
%	315	358	141	1	66	43	184	198	69	1	15	23



AIRPORT & AND AIR NAVIGATION CHARGES MANUAL

HONG KONG

Hong Kong Int'l (HKG)

Feb-2003

AIRPORT CHARGES			
		<u>Effective</u>	<u>Verified</u>
1. LANDING CHARGE	MTOW (rounded to the nearest tonne)	01.01.00	Jan-03
Up to 20 tonnes	<u>Fixed Charge</u> + <u>Rate per tonne</u> HKD 2,210.00		
Over 20 tonnes	HKD 2,210.00 + 63.00 over 20t.		
2. LIGHTING SURCHARGE	Not Specified		
3. PARKING CHARGE (see Note 1)	No free time	01.01.00	Jan-03
<u>Parking Stand</u>	Rate per 15 minutes		
Terminal bldg. frontal parking stands	HKD 156.00		
Terminal bldg. remote parking stands	HKD 125.00		
Cargo apron parking stands	HKD 99.00		
Maintenance apron parking stands	HKD 80.00		
Minimum Charge	Equivalent to 1 hour parking time		
4. TERMINAL BUILDING CHARGE (see Note 2)	Payable by the airline	06.07.98	Jun-02
Exempt: transit	HKD 39.00 per departing passenger		
5. TERMINAL NAVAID CHARGE	Not Specified		
6. NOISE CHARGE	Not Specified		
7. SECURITY CHARGE	Collected from the pax. on ticket	07.05.02	Jun-02
Exempt: direct transit	HKD 13.00 per departing passenger		
<u>OTHER CHARGES</u>			
8. AIRPORT DEPARTURE TAX	Paid by the passenger on ticket	01.10.01	Feb-03
Exempt: children under 12, transit	HKD 80.00 per departing passenger	+	
<u>NOTES:</u>			
1.	For parking at all types of parking stands between 00:00 and 07.00 hours (local time), in the case where no ground handling services are required, the parking charge is the lower of a) the minimum charge, or b) three hours parking at maintenance apron parking stands.		Jun-02
2.	Of the HKD 39.00 Terminal Building Charge, HKD 20.00 may be collected on the ticket from departing and transfer passengers.		Feb-02
3.	The 15% discount introduced on 1 January 2000 on landing and parking charges is extended a further 12 months till 31 December 2003.	+	Feb-03
+ Denotes change			



AIRPORT & AND AIR NAVIGATION CHARGES MANUAL

KOREA, Rep. of

Seoul - Incheon Int'l Airport (ICN)

Dec-2002

AIRPORT CHARGES			
		<u>Effective</u> 29.03.01	<u>Verified</u> Jul-01
1. LANDING CHARGE	Basis MTOW		
	<u>Fixed Charge</u> + <u>Rate per tonne</u>		
Up to 100 tonnes	KRW 8,200		
100 – 200 tonnes	KRW 820,000 + 8,000 over 100t.		
Over 200 tonnes	KRW 1,620,000 + 7,800 over 200t.		
Midnight Landing (23:00 to 05:30 hrs) All-cargo Flights only	25% discount		
Minimum Charge	KRW 150,000		
2. LIGHTING SURCHARGE	Whenever landing area is lighted	29.03.01	Jul-01
	KRW 106,270 per movement per use		
3. PARKING CHARGE	First three hours free	29.03.01	Jul-01
	<u>Fixed Charge</u> + <u>Rate per tonne</u>		
<u>Per 30 minute period</u>			
Up to 100 tonnes	KRW 110		
100 – 200 tonnes	KRW 11,000 + 90 over 100 t.		
Over 200 tonnes	KRW 20,000 + 70 over 200 t.		
4. PASSENGER CHARGE	Paid by the passenger on ticket	01.12.02	Nov-02
International Service	KRW 17,000 per departing passenger		
Domestic Service	KRW 5,000 per departing passenger		
Exempt: infants, transit/transfer (24hours), crew			
5. TERMINAL NAVAIID CHARGE	See En Route Charges		
6. NOISE CHARGE	Not Specified		
7. SECURITY CHARGE	Not Specified		
<u>OTHER CHARGES</u>			
8. BAGGAGE HANDLING CHARGE	Per departing & transit passenger		Oct-02
Second year	KRW 1,500 (32% discount)	01.01.03	
Third year *	KRW 2,215 (no discount)		
* The rate for the third year will be used as an upper limit guide only.			
9. BOARDING BRIDGE CHARGE	Per movement (arrival & departure)	29.03.01	Mar-01
	KRW 49,317		
+ Denotes change			



AIRPORT & AIR NAVIGATION CHARGES MANUAL

SINGAPORE

Changi (SIN)

Apr-2003

AIRPORT CHARGES			
		<u>Effective</u>	<u>Verified</u>
1. LANDING CHARGE (see Note) Up to 50 tonnes 51 – 100 tonnes Over 100 tonnes Minimum Charge:	Basis: Taxi-weight of Aircraft <u>Fixed Charge + Rate per tonne</u> SGD 8.10 SGD 405.00 + 9.40 over 50t. SGD 875.00 + 10.50 over 100t. SGD 150.00	01.08.95	Apr-03
	<u>Rebate1:</u> A 15% discount on landing and rental charges will be granted for a period of 3 years effective from 1 January 2003.	01.01.03	Apr-03
	<u>Rebate2:</u> A 30% discount on landing charges and 10% rebate on rental charges will be in effect from 1 May until 31 December 2003.	01.05.03 +	Apr-03
	<u>Note:</u> An off-peak discount of 40% is given to flights meeting the following criteria: (i) the aircraft should arrive <u>and</u> depart between 02:00 and 06:00 LT (same day); and (ii) the aircraft used should meet the noise emission standards of ICAO Annex 16 Chapter 3.	23.04.98 (AIP date)	Aug-02
2. LIGHTING SURCHARGE	None		
3. PARKING CHARGE <u>Wingspan × length</u> Up to 1000 sq.m. 1001 – 1500 sq.m. 1501 – 2000 sq.m. Over 2000 sq.m.	First three hours free (except for designated freighter aircraft stands) <u>Rate per 24 hours</u> SGD 49.00 SGD 73.00 SGD 97.00 SGD 97.00 + 4.80 each addl. 100 sq.m.	01.08.95	Apr-03
4. PASSENGER CHARGE Exempt: transit/transfer, infants, crew	Paid by the passenger on ticket SGD 15.00	01.01.97 +	Apr-03
5. TERMINAL NAVAID CHARGE	None		
6. NOISE CHARGE	None		
7. SECURITY CHARGE Exempt: transit/transfer, infants, crew	Paid by the passenger on ticket SGD 6.00	01.03.02 +	Feb-02
<u>OTHER CHARGES</u>			
8. HANGAR CHARGE Hangar facilities at Changi Airport are managed by Singapore Airlines Ltd. Information on hangar fees may be obtained from Singapore Airlines (SIA).			Aug-02
9. BOARDING BRIDGE CHARGE <u>A/C seating capacity</u> Up to 150 seats 151 - 250 seats 251 - 350 seats Over 350 seats	Fee for first three hours plus <u>for each subsequent hour:</u> SGD 85.00 SGD 165.00 SGD 220.00 SGD 320.00	01.08.95	Apr-03
+ Denotes change			



AIRPORT & AIR NAVIGATION CHARGES MANUAL

TAIWAN, Rep. of China

All International, incl. Taipei (TPE)

Feb-2003

AIRPORT CHARGES			
		<u>Effective</u>	<u>Verified</u>
1. LANDING CHARGE	Basis MTOW	01.01.96	Jan-03
<u>International</u>			
Up to 50 tonnes	TWD 164.00 per tonne		
51 – 150 tonnes	TWD 205.00 per tonne		
151 – 250 tonnes	TWD 229.00 per tonne		
Over 250 tonnes	TWD 248.00 per tonne		
<u>Domestic</u>			
Up to 20 tonnes	TWD 66.00 per tonne		
21 – 50 tonnes	TWD 99.00 per tonne		
51 – 150 tonnes	TWD 121.00 per tonne		
Over 150 tonnes	TWD 135.00 per tonne		
<p><u>Note:</u> From 1 Jan. 2002 till 31 Dec. 2002, the landing charge rate levied on commercial domestic flights can be reduced to 75% of the tabulated rate.</p>			
2. LIGHTING SURCHARGE	Not Specified		
3. PARKING CHARGE	First two hours free	04.08.83	Jan-03
<u>International</u>			
Up to 100 tonnes	TWD 28.00 per tonne/24 hours		
Over 100 tonnes	TWD 15.00 per tonne/24 hours		
<u>Domestic</u>			
Up to 20 tonnes	TWD 23.00 per tonne/24 hours		
Over 20 tonnes	TWD 10.00 per tonne/24 hours		
4. PASSENGER CHARGE	Paid by the passenger on ticket	01.04.99	Jan-03
Taipei (TPE) and Kaohsiung (KHH)	TWD 300.00		
Exempt: infants, transit/transfer, diplomats			
5. TERMINAL NAVAID CHARGE	Not Specified		
6. NOISE CHARGE		01.01.96	Jan-03
Calculation: (TWD 17.00×MTOW) + (TWD 95.00×(EPNdB–73))			
7. SECURITY CHARGE		19.11.87	Jan-03
Up to 55 tonnes	TWD 644 per flight		
51 – 100 tonnes	TWD 1,287 per flight		
101 – 250 tonnes	TWD 1,931 per flight		
Over 250 tonnes	TWD 3,218 per flight		



AIRPORT & AIR NAVIGATION CHARGES MANUAL

TAIWAN, Rep. of China

All International, incl. Taipei (TPE)

Feb-2003, Page 2

<u>OTHER CHARGES</u>		<u>Effective</u>	<u>Verified</u>
8. HANGAR CHARGE	TWD 143.00 per sq.m./month	06.07.00 +	Jan-03
9. TERMINAL BUILDING SERVICES	International passenger flights	28.07.00	Jan-03
Up to 50 tonnes	TWD 1,080 per flight		
51 – 100 tonnes	TWD 1,620 per flight		
101 – 200 tonnes	TWD 2,700 per flight		
Over 200 tonnes	TWD 3,780 per flight		
10. GROUND HANDLING (User's fee for the ground handling area and facilities)	International passenger flights		Jan-03
Up to 50 tonnes	TWD 360.00 per flight		
51 – 100 tonnes	TWD 720.00 per flight		
101 – 200 tonnes	TWD 1,080.00 per flight		
Over 200 tonnes	TWD 1,800.00 per flight		
11. BOARDING BRIDGE CHARGE		19.11.87	Jan-03
<u>International</u>	<u>Single Use</u> <u>Dual Use</u>		
A/C up to 200 seats	TWD 1,728 3,024		
A/C over 200 seats	TWD 2,304 4,032		
<u>Domestic</u>	<u>Single Use</u> <u>Dual Use</u>		
A/C up to 200 seats	TWD 432 756		
A/C over 200 seats	TWD 576 1,008		
12. BAGGAGE HANDLING SYSTEM	International departures		Jan-03
Taipei/CKS Terminal 2	TWD 1,384.00 per flight		
+ Denotes change			



AIRPORT & AIR NAVIGATION CHARGES MANUAL

THAILAND

**Bangkok (BKK), Chiang Mai (CNX), Chiang Rai (CEI), Hat Yai (HDY)
Phuket (HKT), Samui (USM), Soukhothai (THS)**

Oct-2003

AIRPORT CHARGES			
		<u>Effective</u>	<u>Verified</u>
1. LANDING CHARGE	Basis MTOW	01.11.01	Apr-03
<u>International Flights</u>			
<u>BKK, CNX, HDY & HKT</u>	<u>Fixed charge</u> + <u>Rate per tonne</u>		
Up to 10 tonnes	THB 850.00		
11 – 50 tonnes	THB 850.00 + 100.00 over 10 t.		
51 – 100 tonnes	THB 4,850.00 + 115.00 over 50 t.		
Over 100 tonnes	THB 10,600.00 + 130.00 over 100 t.		
<u>CEI</u>			
Up to 50 tonnes	THB 85.00		
51 – 100 tonnes	THB 85.00 + 95.00 over 50 t.		
Over 100 tonnes	THB 4,835.00 + 105.00 over 50 t.		
<u>USM & THS</u>	THB – 100.00		
<u>Domestic Flights</u>	50% reduction		
2. LIGHTING SURCHARGE	Not Specified		
3. PARKING CHARGE	First three hours free	01.11.01	Apr-03
<u>International Flights</u>	<u>Charge per 24 hours</u>		
<u>BKK, CNX, HDY & HKT</u>	<u>Fixed charge</u> + <u>Rate per tonne</u>		
Up to 50 tonnes	THB 650.00		
51 – 100 tonnes	THB 650.00 + 10.00 over 50 t.		
Over 100 tonnes	THB 1,150.00 + 5.00 over 100 t.		
<u>CEI</u>			
15 – 35 tonnes	THB 500.00 + 6.00 over 15 t.		
36 – 50 tonnes	THB 620.00 + 2.00 over 35 t.		
51 – 100 tonnes	THB 650.00 + 10.00 over 50 t.		
Over 100 tonnes	THB 1,150.00 + 5.00 over 100 t.		
<u>USM & THS</u>	THB 100.00		
<u>Domestic Flights</u>	50% reduction		
4. PASSENGER CHARGE	Paid by departing passengers (collected by the airlines at check-in)	01.11.01	Oct-03
	<u>International</u> <u>Domestic</u>		
BKK, CNX, CEI, HDY, HKT	THB 500.00 THB 50.00		
Samui Airport	THB 500.00 THB 400.00		
Soukhothai Airport	THB 500.00 THB 200.00	01.04.03	
All other Airports	THB 500.00 THB 50.00	+	
Exempt: infants, transit			



AIRPORT & AIR NAVIGATION CHARGES MANUAL

THAILAND

**Bangkok (BKK), Chiang Mai (CNX), Chiang Rai (CEI), Hat Yai (HDY)
Phuket (HKT), Samui (USM), Soukhothai (THS)**

Oct-2003, Page 2

		<u>Effective</u>	<u>Verified</u>
5. TERMINAL NAVAID CHARGE	See En Route Charges		
6. NOISE CHARGE	Not Specified		
7. SECURITY CHARGE	None		
<u>OTHER CHARGES</u>			
8. BOARDING BRIDGE CHARGE	400 HZ Power Supply & PC-Air System	01.01.03	Dec-02
First 1 hour or fraction thereof	<u>Bangkok Airport</u>		
B727, B737, B757, IL62, A320, Concorde	THB 2,500.00		
B767, L1011, A300, A310, IL86, IL96	THB 3,500.00		
B747, B777, A330, A340, DC10, MD11	THB 4,800.00		
Every additional 15 min. or fraction	25% of base charge		
Using the service not more than 30 minutes for discharging passengers and the aircraft leaves the contact stand, is regarded as one service and shall be charged at half price.			
+ Denotes change			



AIRPORT & AIR NAVIGATION CHARGES MANUAL

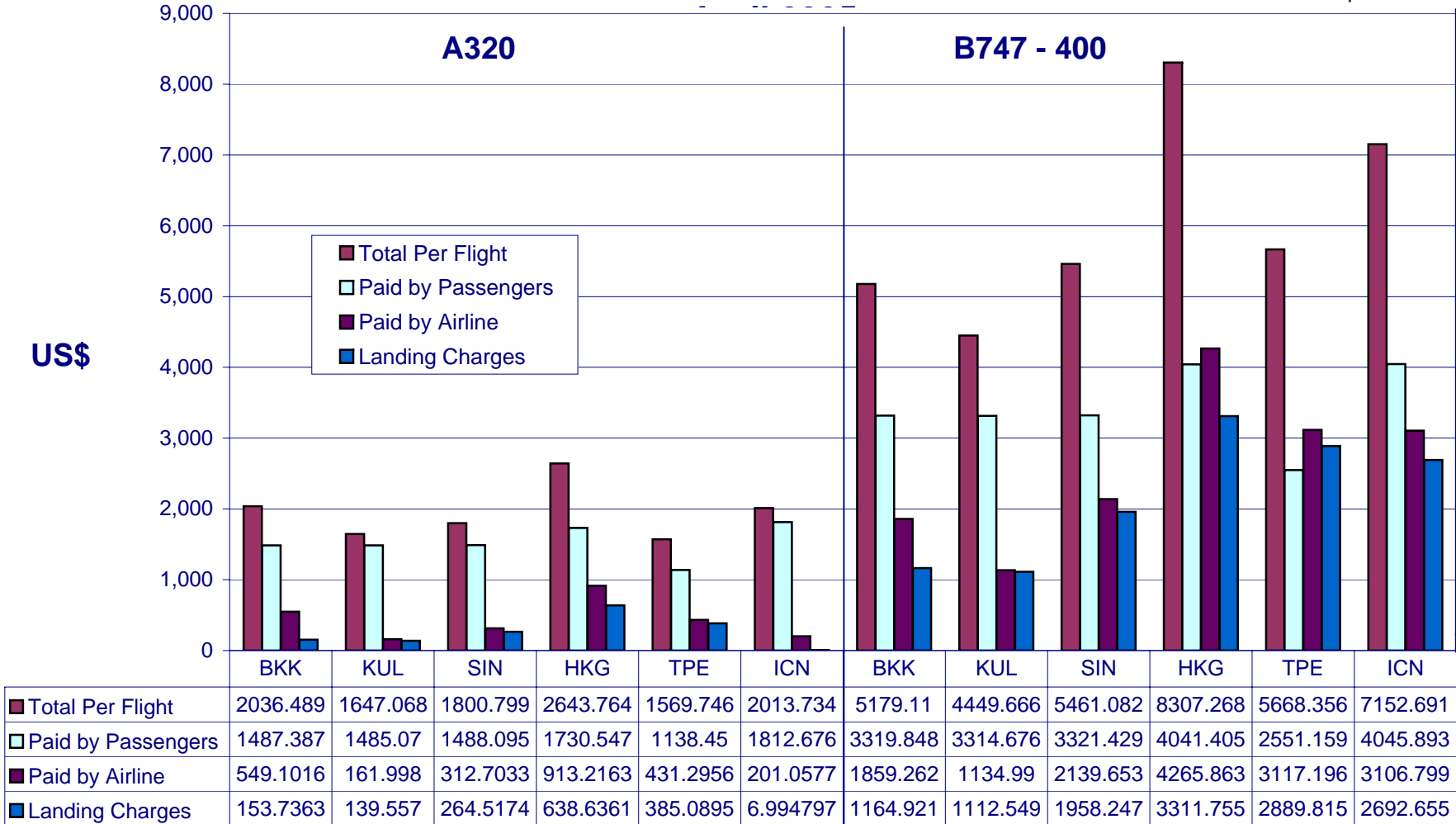
MALAYSIA

Kuala Lumpur (KUL), Sabah (SBV), Sarawak

Jun-2002

AIRPORT CHARGES			
		<u>Effective</u>	<u>Verified</u>
1. LANDING CHARGE	Basis MAW	01.05.92	Jul-00
	<u>Fixed Rate</u> + <u>Rate per 500 kg</u>		
Up to 5 tonnes	MYR 3.00		
5 - 45 tonnes	MYR 30.00 + 4.00 over 5t.		
45 - 90 tonnes	MYR 350.00 + 4.70 over 45t.		
90 - 135 tonnes	MYR 773.00 + 5.30 over 90t.		
Over 135 tonnes	MYR 1,250.00 + 5.70 over 135t.		
Surcharge outside normal hours Landing (except in emergency) Take-off (except within 1 hr of landing)	50% of Landing Charge 50% of Landing Charge	29.01.76	Jul-00
2. LIGHTING SURCHARGE	Not Specified		
3. PARKING CHARGE		01.05.92	Jul-00
First three hours free	MYR 0.50 per 10 sq.m. per 12 hrs		
4. PASSENGER CHARGE	Paid by the passenger on ticket	01.06.02	Jul-02
International	MYR 45.00	+	
Domestic	MYR 6.00	+	
Exempt: infants, direct transit, crew			
5. TERMINAL NAVAID CHARGE	Not Specified		
6. NOISE CHARGE	Not Specified		
7. SECURITY CHARGE	Not Specified		
<u>OTHER CHARGES</u>			
8. HOUSING CHARGE		01.05.92	Jul-00
	MYR 1.00 per 10 sq.m. per 12 hrs		
9. BOARDING BRIDGE CHARGE			Jul-00
	MYR 85.00 first three hours MYR 30.00 per hour thereafter		
+ Denotes change			

Airport Charges Comparison April 2005



Airport Charges Comparison April 2005

Enclosure 5 to
IATA LegCo Subm
Dated 29 April 2005

ALL Charges in Local Currency

Item		UNIT						Quantity/Units		Charges A320						Charges 747-400						
		BKK	KUL	SIN	HKG	TPE	ICN	A320	747-400	BKK	KUL	SIN	HKG	TPE	ICN	BKK	KUL	SIN	HKG	TPE	ICN	
Landing Charge	737-A320	5820+140* over 50t	350+4.7 over 45t/500kg	(405+9.4 over 50t) -15%	2210+63 over 20t	205*t	8400*t	73		7495	482	467	4982	14965	598600							
	747-400	10600+130*over 100t	1250+5.7 over 135t/500kg	(875+10.5 over 100t)-15%	2210+63 over 20t	248*t	1.66m+8000 over 200t		397							49210	4237	3454	25835	98456	3156600	
Parking Charge		First 3hrs free	First 3hrs free	First 3hrs free	156 per 15 mins	First 2hrs free, 0-100t 28t/24hrs, 100t 15t/24 hrs	First 3hrs free	73	397			1872	85					1872	248			
Terminal Navigation	737-A320	5334	Not Specified	None	included Landing	Not Specified	Nil			5334												
	747-400	7823	Not Specified		included Landing	Not Specified	Nil								7823							
Lighting		Not Specified	Not Specified	None	Not Specified	Not Specified	111584 @ night							40000							40000	
Noise		Not Specified	Not Specified	None	Not Specified	1500/7500	Not Specified						1500							7500		
Power Supply & PC Air	737-A320	2500+25% per 15 mins								7500												
	747-400	4800+25% per 15 mins													14400							
Baggage Handling						1384	1895	110	271				1384	208450					1384	513545		
Aerobridge		2500/4800	85	First 3hrs free		1728/2304	64,433	3 hrs	3 hrs	2500	85		1728	64433	4800	85			2304	64433		
Security		Not Specified	Not Specified	6	13	1287/3218	Not Specified	110	271			660	1430	1287			1626	3523		3218		
Check-in Counters		400 per 3 hrs			15 per 30 mins			3 hrs	3 hrs	400			270		400				270			
TV Displays		250 per flt								250					250							
Flight Announcements		250 per flt								250					250							
Ground Handling						***																
Passenger Charge		500	45	15	20	300	17000	110	271	55000	4950	1650	2200	33000	1870000	135500	12195	4065	5420	81300	4607000	
Terminal Buliding Charge					19	1620/3780		110	271				2090	1620					5149	3780		
Airport Departure Tax					120			110	271				13200						32520			
Customs		103						flt	flt	103					103							
Customs Forms		0.31 per form						110	271	34.1					84.01							
Immigration		10 per arr/dep pax+200 per flt						110	271	2400					5620							
Immigration Forms		0.30 per form						110	271	33					81.3							

- * Lighting Charge for night Operations KRW 111,584/ movement, 36% average Charge is KRW40,000
- ** Hangarage/Housing Chargwes not included
- *** Ground Handling Charges not included, they are listed for TPE other airports use separate Ground Handling Companies under contracts
- **** Fuel Facilities Charge are not included, similar to Grd handling Charge

in local currency

**Total Charges Per Flt
Paid by Passengers
Paid by Airline
Landing Charges**

	Charges A320						Charges 747-400					
	BKK	KUL	SIN	HKG	TPE	ICN	BKK	KUL	SIN	HKG	TPE	ICN
Total Charges Per Flt	81,299	5,517	2,777	26,044	55,569	2,781,483	218,521	16,517	9,145	74,589	198,190	8,381,578
Paid by Passengers	55,000	4,950	2,310	16,830	34,287	1,870,000	135,500	12,195	5,691	41,463	84,518	4,607,000
Paid by Airline	26,299	567	467	9,214	21,282	911,483	83,021	4,322	3,454	33,126	113,672	3,774,578
Landing Charges	7,495	482	467	4,982	14,965	598,600	49,210	4,237	3,454	25,835	98,456	3,156,600

Exch Rate to USD

42.02 3.79 1.76 7.80 34.07 1,172.30 42.02 3.79 1.76 7.80 34.07 1,172.30

in USD	Charges A320						Charges 747-400					
	BKK	KUL	SIN	HKG	TPE	ICN	BKK	KUL	SIN	HKG	TPE	ICN
Total Per Flight	1,935	1,456	1,574	3,339	1,631	2,373	5,200	4,361	5,184	9,561	5,817	7,150
%	73	129	112	0	105	41	84	119	84	0	64	34
Paid by Passengers	1,309	1,307	1,310	2,157	1,006	1,595	3,225	3,220	3,226	5,315	2,481	3,930
%	39	85	53	0	36	17	65	65	65	0	114	35
Paid by Airline	626	150	265	1,181	625	778	1,976	1,141	1,958	4,246	3,336	3,220
%	47	165	118	0	49	21	115	272	117	0	27	32
Landing Charges	178	127	265	639	439	511	1,171	1,119	1,958	3,312	2,890	2,693
%	258	402	141	0	45	25	183	196	69	0	15	23



AIRPORT & AND AIR NAVIGATION CHARGES MANUAL

HONG KONG

Hong Kong Int'l (HKG)

Sep-2004

AIRPORT CHARGES			
		<u>Effective</u>	<u>Verified</u>
1. LANDING CHARGE (see Note 1)	MTOW (rounded to the nearest tonne)	01.01.00	Sep-04
	<u>Fixed Charge</u> + <u>Rate per tonne</u>		
Up to 20 tonnes	HKD 2,210.00		
Over 20 tonnes	HKD 2,210.00 + 63.00 over 20t.		
2. LIGHTING SURCHARGE	Not Specified		
3. PARKING CHARGE (see Note 2)	No free time	01.01.00	Sep-04
	<u>Parking Stand</u>		
Terminal bldg. frontal parking stands	Rate per 15 minutes HKD 156.00		
Terminal bldg. remote parking stands	HKD 125.00		
Cargo apron parking stands	HKD 99.00		
Maintenance apron parking stands	HKD 80.00		
Minimum Charge	Equivalent to 1 hour parking time		
4. TERMINAL BUILDING CHARGE (see Note 3)	Payable by the airline	06.07.98	Sep-04
Exempt: transit	HKD 39.00 per departing passenger		
5. TERMINAL NAVAID CHARGE	Not Specified		
6. NOISE CHARGE	Not Specified		
7. SECURITY CHARGE	Collected from the pax. on ticket	07.05.02	Jun-02
Exempt: direct transit	HKD 13.00 per departing passenger		
<u>OTHER CHARGES</u>			
8. AIRPORT DEPARTURE TAX	Paid by the passenger on ticket	09.01.04	Jan-04
Exempt: children under 12, transit	HKD 120.00 per departing passenger		
<u>NOTES:</u>			
1. <u>New Destination Incentive Arrangement:</u> Rebates on landing charges are offered to airlines providing services to new destinations with the first flight taking place between 8 September 2004 and 7 September 2006. 50% Rebate on landing charges in the first year and 25% rebate in the second year will apply. It is necessary to submit an application to the Airport Authority to apply for the rebate. Please contact the Airport Authority for the detailed terms and conditions.		08.09.04 +	Sep-04
2. For parking at all types of parking stands between 00:00 and 07.00 hours (local time), in the case where no ground handling services are required, the parking charge is the lower of a) the minimum charge, or b) three hours parking at maintenance apron parking stands.			Sep-04
3. Of the HKD 39.00 Terminal Building Charge, HKD 20.00 may be collected on the ticket from departing and transfer passengers.			Feb-02
+ Addition			



AIRPORT & AND AIR NAVIGATION CHARGES MANUAL

KOREA, Rep. of

Seoul - Incheon Int'l Airport (ICN)

Apr-2005

AIRPORT CHARGES			
		<u>Effective</u>	<u>Verified</u>
1. LANDING CHARGE	Basis MTOW	01.04.04	Apr-05
	<u>Fixed Charge</u> + <u>Rate per tonne</u>		
Up to 100 tonnes	KRW 8,400		
100 – 200 tonnes	KRW 840,000 + 8,200 over 100t.		
Over 200 tonnes	KRW 1,660,000 + 8,000 over 200t.		
Midnight Landing (23:00 to 05:30 hrs) All-cargo Flights only	25% discount		
Minimum Charge	KRW 150,000		
2. LIGHTING SURCHARGE	Whenever landing area is lighted	06.01.05	Apr-05
	KRW 111,584 per movement per use	+	
3. PARKING CHARGE	First three hours free	01.04.04	Apr-05
	<u>Fixed Charge</u> + <u>Rate per tonne</u>		
<u>Per 30 minute period</u>			
Up to 100 tonnes	KRW 118		
100 – 200 tonnes	KRW 11,800 + 100 over 100 t.		
Over 200 tonnes	KRW 21,800 + 80 over 200 t.		
4. PASSENGER CHARGE	Paid by the passenger on ticket	06.01.05	Apr-05
International Service	KRW 17,000 per departing passenger	+	
Domestic Service	KRW 5,000 per departing passenger		
Exempt: infants, transit/transfer (24hours), crew			
5. TERMINAL NAVAIID CHARGE	See En Route Charges		
6. NOISE CHARGE	Not Specified		
7. SECURITY CHARGE	Not Specified		
<u>OTHER CHARGES</u>			
8. BAGGAGE HANDLING CHARGE	Per departing & transit passenger	01.01.05	Jan-05
	KRW 1,895		
9. BOARDING BRIDGE CHARGE	Per movement (arrival & departure)	01.04.04	Jan-05
	KRW 64,433		
+ Denotes change			



AIRPORT & AIR NAVIGATION CHARGES MANUAL

SINGAPORE

Changi (SIN)

Apr-2003

AIRPORT CHARGES			
		<u>Effective</u>	<u>Verified</u>
1. LANDING CHARGE (see Note)	Basis: Taxi-weight of Aircraft <u>Fixed Charge + Rate per tonne</u>	01.08.95	Apr-03
Up to 50 tonnes	SGD 8.10		
51 – 100 tonnes	SGD 405.00 + 9.40 over 50t.		
Over 100 tonnes	SGD 875.00 + 10.50 over 100t.		
Minimum Charge:	SGD 150.00		
<u>Rebate1</u> : A 15% discount on landing and rental charges will be granted for a period of 3 years effective from 1 January 2003.		01.01.03	Apr-03
<u>Rebate2</u> : A 30% discount on landing charges and 10% rebate on rental charges will be in effect from 1 May until 31 December 2003.		01.05.03 +	Apr-03
<u>Note</u> : An off-peak discount of 40% is given to flights meeting the following criteria: (i) the aircraft should arrive <u>and</u> depart between 02:00 and 06:00 LT (same day); and (ii) the aircraft used should meet the noise emission standards of ICAO Annex 16 Chapter 3.		23.04.98 (AIP date)	Aug-02
2. LIGHTING SURCHARGE	None		
3. PARKING CHARGE	First three hours free (except for designated freighter aircraft stands) <u>Rate per 24 hours</u>	01.08.95	Apr-03
<u>Wingspan × length</u>			
Up to 1000 sq.m.	SGD 49.00		
1001 – 1500 sq.m.	SGD 73.00		
1501 – 2000 sq.m.	SGD 97.00		
Over 2000 sq.m.	SGD 97.00 + 4.80 each addl. 100 sq.m.		
4. PASSENGER CHARGE	Paid by the passenger on ticket SGD 15.00	01.01.97	Apr-03
Exempt: transit/transfer, infants, crew		+	
5. TERMINAL NAVAID CHARGE	None		
6. NOISE CHARGE	None		
7. SECURITY CHARGE	Paid by the passenger on ticket SGD 6.00	01.03.02	Feb-02
Exempt: transit/transfer, infants, crew		+	
<u>OTHER CHARGES</u>			
8. HANGAR CHARGE	Hangar facilities at Changi Airport are managed by Singapore Airlines Ltd. Information on hangar fees may be obtained from Singapore Airlines (SIA).		Aug-02
9. BOARDING BRIDGE CHARGE	Fee for first three hours plus <u>for each subsequent hour:</u>	01.08.95	Apr-03
<u>A/C seating capacity</u>			
Up to 150 seats	SGD 85.00		
151 - 250 seats	SGD 165.00		
251 - 350 seats	SGD 220.00		
Over 350 seats	SGD 320.00		
+ Denotes change			



AIRPORT & AIR NAVIGATION CHARGES MANUAL

TAIWAN, Rep. of China
All International, incl. Taipei (TPE)

Jul-2004

AIRPORT CHARGES			
		<u>Effective</u>	<u>Verified</u>
1. LANDING CHARGE	Basis MTOW	01.01.96	Jul-04
<u>International</u>			
Up to 50 tonnes	TWD 164.00 per tonne		
51 – 150 tonnes	TWD 205.00 per tonne		
151 – 250 tonnes	TWD 229.00 per tonne		
Over 250 tonnes	TWD 248.00 per tonne		
<u>Domestic</u>			
Up to 20 tonnes	TWD 66.00 per tonne		
21 – 50 tonnes	TWD 99.00 per tonne		
51 – 150 tonnes	TWD 121.00 per tonne		
Over 150 tonnes	TWD 135.00 per tonne		
2. LIGHTING SURCHARGE	Not Specified		
3. PARKING CHARGE	First two hours free	04.08.83	Jul-04
<u>International</u>			
Up to 100 tonnes	TWD 28.00 per tonne/24 hours		
Over 100 tonnes	TWD 15.00 per tonne/24 hours		
<u>Domestic</u>			
Up to 20 tonnes	TWD 23.00 per tonne/24 hours		
Over 20 tonnes	TWD 10.00 per tonne/24 hours		
4. PASSENGER CHARGE	Paid by the passenger on ticket	01.04.99	Jul-04
Taipei (TPE) and Kaohsiung (KHH)	TWD 300.00		
Exempt: infants, transit/transfer, diplomats			
5. TERMINAL NAVAID CHARGE	Not Specified		
6. NOISE CHARGE		01.01.96	Jan-03
Calculation: (TWD 17.00×MTOW) + (TWD 95.00×(EPNdB–73))			
7. SECURITY CHARGE		19.11.87	Jul-04
Up to 55 tonnes	TWD 644 per flight		
51 – 100 tonnes	TWD 1,287 per flight		
101 – 250 tonnes	TWD 1,931 per flight		
Over 250 tonnes	TWD 3,218 per flight		



AIRPORT & AIR NAVIGATION CHARGES MANUAL

TAIWAN, Rep. of China

All International, incl. Taipei (TPE)

Jul-2004, Page 2

<u>OTHER CHARGES</u>		<u>Effective</u>	<u>Verified</u>
8. HANGAR CHARGE	TWD 143.00 per sq.m./month	06.07.00	Jan-03
9. TERMINAL BUILDING SERVICES	International passenger flights	28.07.00	Jul-04
Up to 50 tonnes	TWD 1,080 per flight		
51 – 100 tonnes	TWD 1,620 per flight		
101 – 200 tonnes	TWD 2,700 per flight		
Over 200 tonnes	TWD 3,780 per flight		
10. GROUND HANDLING (User's fee for the ground handling area and facilities)	International passenger flights		Jul-04
Up to 50 tonnes	TWD 360.00 per flight		
51 – 100 tonnes	TWD 720.00 per flight		
101 – 200 tonnes	TWD 1,080.00 per flight		
Over 200 tonnes	TWD 1,800.00 per flight		
11. BOARDING BRIDGE CHARGE		19.11.87	Jul-04
<u>International</u>	<u>Single Use</u> <u>Dual Use</u>		
A/C up to 200 seats	TWD 1,728 3,024		
A/C over 200 seats	TWD 2,304 4,032		
<u>Domestic</u>	<u>Single Use</u> <u>Dual Use</u>		
A/C up to 200 seats	TWD 432 756		
A/C over 200 seats	TWD 576 1,008		
12. BAGGAGE HANDLING SYSTEM	International departures		Jul-04
Taipei/CKS Terminal 2	TWD 1,384.00 per flight		
13. FUELING FACILITIES CHARGE	TWD 0,26417 per liter	18.03.04 (AIP date)	Jul-04
+ Addition			



AIRPORT & AIR NAVIGATION CHARGES MANUAL

THAILAND

**Bangkok (BKK), Chiang Mai (CNX), Chiang Rai (CEI), Hat Yai (HDY)
Phuket (HKT), Samui (USM), Soukhothai (THS)**

Jan-2005

AIRPORT CHARGES			
		<u>Effective</u>	<u>Verified</u>
1. LANDING CHARGE	Basis MTOW	01.01.05	Jan-05
<u>International Flights</u>			
<u>BKK, CNX, CEI, HDY & HKT</u>	<u>Fixed charge</u> + <u>Rate per tonne</u>		
Up to 10 tonnes	THB 1,020.00	+	
11 – 50 tonnes	THB 1,020.00 + 120.00 over 10 t.	+	
51 – 100 tonnes	THB 5,820.00 + 140.00 over 50 t.	+	
Over 100 tonnes	THB 12,820.00 + 155.00 over 100 t.	+	
<u>USM & THS</u>	THB – 100.00	18.03.04	Jul-04
<u>Domestic Flights</u>	50% reduction		
2. LIGHTING SURCHARGE	Not Specified		
3. PARKING CHARGE	First three hours free	01.01.05	Jan-05
<u>International Flights</u>	<u>Charge per 24 hours</u>		
<u>BKK, CNX, CEI, HDY & HKT</u>	<u>Fixed charge</u> + <u>Rate per tonne</u>		
Up to 50 tonnes	THB 780.00	+	
51 – 100 tonnes	THB 780.00 + 12.00 over 50 t.	+	
Over 100 tonnes	THB 1,380.00 + 6.00 over 100 t.	+	
<u>USM & THS</u>	THB 100.00	18.03.04	Jul-04
<u>Domestic Flights</u>	50% reduction		
4. PASSENGER CHARGE	Paid by departing passengers (collected by the airlines at check-in)	27.11.03	Jul-04
	<u>International</u> <u>Domestic</u>		
BKK, CNX, CEI, HDY, HKT	THB 500.00 THB 50.00		
Samui & Soukhothai Airport	THB 500.00 THB 400.00		
All other Airports	THB 400.00 THB 50.00		
Exempt: infants, transit			
5. TERMINAL NAVAIID CHARGE	See En Route Charges		
6. NOISE CHARGE	Not Specified		
7. SECURITY CHARGE	None		



AIRPORT & AIR NAVIGATION CHARGES MANUAL

THAILAND

**Bangkok (BKK), Chiang Mai (CNX), Chiang Rai (CEI), Hat Yai (HDY)
Phuket (HKT), Samui (USM), Soukhothai (THS)**

Jan-2005, Page 2

<u>OTHER CHARGES</u>		<u>Effective</u>	<u>Verified</u>
8. BOARDING BRIDGE CHARGE	400 HZ Power Supply & PC-Air System	23.06.04	Jul-04
First 1 hour or fraction thereof B727, B737, B757, IL62, A320, Concorde B767, L1011, A300, A310, IL86, IL96 B747, B777, A330, A340, DC10, MD11	<u>Bangkok Airport</u> THB 2,500.00 THB 3,500.00 THB 4,800.00		
Every additional 15 min. or fraction	Charged at proportional		
Using the service not more than 30 minutes for discharging passengers and the aircraft leaves the contact stand, is regarded as one service and shall be charged at half price.			
+ Denotes change			



AIRPORT & AIR NAVIGATION CHARGES MANUAL

MALAYSIA

Kuala Lumpur (KUL), Sabah (SBV), Sarawak

Jun-2002

AIRPORT CHARGES			
		<u>Effective</u>	<u>Verified</u>
1. LANDING CHARGE	Basis MAW	01.05.92	Jul-00
	<u>Fixed Rate</u> + <u>Rate per 500 kg</u>		
Up to 5 tonnes	MYR 3.00		
5 - 45 tonnes	MYR 30.00 + 4.00 over 5t.		
45 - 90 tonnes	MYR 350.00 + 4.70 over 45t.		
90 - 135 tonnes	MYR 773.00 + 5.30 over 90t.		
Over 135 tonnes	MYR 1,250.00 + 5.70 over 135t.		
Surcharge outside normal hours Landing (except in emergency) Take-off (except within 1 hr of landing)	50% of Landing Charge 50% of Landing Charge	29.01.76	Jul-00
2. LIGHTING SURCHARGE	Not Specified		
3. PARKING CHARGE		01.05.92	Jul-00
First three hours free	MYR 0.50 per 10 sq.m. per 12 hrs		
4. PASSENGER CHARGE	Paid by the passenger on ticket	01.06.02	Jul-02
International	MYR 45.00	+	
Domestic	MYR 6.00	+	
Exempt: infants, direct transit, crew			
5. TERMINAL NAVAIID CHARGE	Not Specified		
6. NOISE CHARGE	Not Specified		
7. SECURITY CHARGE	Not Specified		
<u>OTHER CHARGES</u>			
8. HOUSING CHARGE		01.05.92	Jul-00
	MYR 1.00 per 10 sq.m. per 12 hrs		
9. BOARDING BRIDGE CHARGE			Jul-00
	MYR 85.00 first three hours MYR 30.00 per hour thereafter		
+ Denotes change			