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30 October 2008

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UNITED KINGDOM

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Dear Sir,

United Kingdom Office of Communications Consultation on Applying Spectrum Pricing to the Maritime and Aeronautical Sectors

The Association of Asia Pacific Airlines (AAPA) appreciates the opportunity to comment on the Spectrum Pricing consultation that discusses the proposal to introduce Administered Incentive Pricing (AIP) scheme on maritime and aeronautical spectrum above 75MHz and below 15GHz.

According to the Air Transport Action Group (ATAG), aviation provides the only rapid worldwide transportation network, which makes it important for global business and tourism. Air transport facilitates economic growth, particularly in developing countries. Aviation transports 2.2 billion passengers every year and the total value of goods transported represents 35% of all international trade. The industry generates, directly and indirectly, 32 million jobs worldwide, with a total economic impact estimated at USD 3,560 billion (7.5% of world GDP).

The AAPA is the leading trade association for scheduled international air carriers based in the Asia Pacific region. Its members collectively carry 17% of global passenger traffic and 32% of global cargo traffic.

AAPA strongly opposes the United Kingdom Ofcom proposal to include the aviation sector in an AIP scheme on public sector use of radio spectrum, for the reasons outlined below. In addition, AAPA supports the comments made by the International Air Transport Association (IATA) and the Association of European Airlines (AEA).

Notwithstanding the complexity of the analysis presented by Ofcom, the proposals are fundamentally flawed. Ofcom seems to have assumed that a problem exists, namely the inefficient allocation and use of radio spectrum. However, no evidence is presented to support such a belief. Further, Ofcom assumes that the root cause of such a problem lies in the lack of financial incentives to make the most efficient use of spectrum. Again, no evidence is presented in support. Finally, Ofcom goes to great lengths to explain how the introduction of incentive pricing will, according to a particular economic ideology, help to “solve” what may be an imaginary problem.

The use of spectrum is governed by international agreements and treaties, including International Civil Aviation Organization (ICAO), International Tele-Communication Union (ITU) and Regional European Tele-Community agreements to which the UK is a signatory. Ofcom’s references to such international obligations as “constraints” betrays a lack of understanding of the seriousness of those obligations. We believe that Ofcom’s proposals do not fully comply with the UK’s commitments under such agreements.

Another important aspect of the international context is that airlines are locked into the use of specific spectrum frequencies, technical standards and related electronic equipment in order to maintain international inter-operability, for important safety as well as operational reasons. In effect, airlines do not have a choice about the use of spectrum. Consequently, incentive pricing will be entirely ineffective. Indeed, under such circumstances, the imposition of spectrum pricing is simply another thinly disguised tax on aviation, aimed at raising revenue for the UK Treasury. The risk that other governments might follow suit would further jeopardise the high levels of international cooperation that underpin current usage.

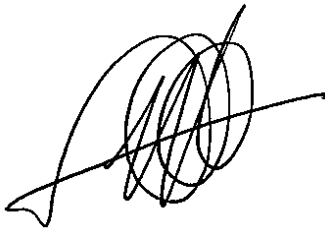
Furthermore, the UK Ofcom’s proposal is likely to conflict with and delay progress with the Single European Sky (SES) initiative, under which the EU has the competence for the coordination and allocation of the VHF spectrum.

Finally, we object to the way in which Ofcom has approached the current consultation, having failed to conduct a proper Impact Assessment, as required by Ofcom's own terms of reference and UK Government procedures.

In conclusion, we believe Ofcom's approach to this issue is fundamentally flawed. The proposed scheme would impose significant new charges on aviation, without any demonstrable benefit to industry or society at large. We urge Ofcom to withdraw the current proposals and rethink this entire issue. Any reconsideration would need to be based on a proper Impact Assessment and further stakeholder consultation.

Thank you for your consideration.

Yours sincerely,



Martin Eran-Tasker

Technical Director

Association of Asia Pacific Airlines