Thank you and Selamat Pagi, good morning, ladies and gentlemen!

It’s a great honour for me to be here today to take part in the opening session of this 19th ACI World Annual Assembly.

I would like to begin by thanking my good friend and colleague, Tan Sri Bashir, and his team at Malaysia Airports, as well as our folks at ACI and our many valued partners for their excellent work in helping to put this important conference together.

It’s wonderful to see so many familiar faces here this morning and to know that everybody has survived this past year, certainly one of the most challenging ever for our industry! It’s also a very special occasion for me since this is my last opportunity to address you all as Chair of ACI World. I can’t believe how quickly my two-year term has gone!

The past two years have indeed been turbulent. But the tough times we’ve all been experiencing have also offered an invaluable opportunity for all the key players in the aviation industry to pull together and forge closer ties.

I had just such an opportunity about five months ago when I was asked to confront the dark side of the force and address the IATA AGM. At that time, in this same beautiful city, I said that there’s nothing like an economic crisis to immediately remind us that we are all part of the same industry and share the same customers! At that meeting, I noted that airlines and airports are both being brutally affected by the current traffic downturn and need to cooperate more than ever to weather the turbulence.

I thought I would share with you today my closing remarks during my address at that conference which I think are equally appropriate today.

I was very inspired by our last conference in Boston and particularly our visit to the John F. Kennedy library. In June I ended my address to IATA, by recounting a short anecdote about President Kennedy during his first visit outside the U.S. as President which brought him to Canada in May of 1961. This occurred in the middle of the cold war and during a particularly low point in Canada-U.S. relations. As I told our airline
colleagues in June, what he said that day had a profound impact on cross-border relations and may well have some particular relevance to what have sometimes been difficult dealings between airlines and airports. He said:

“Geography has made us neighbours,
History has made us friends,
Economics has made us partners,
And necessity has made us allies.
Those who nature has so joined together,
Let no man put asunder.
What unites us is far greater than what divides us.”

If there was ever an industry and if there was ever a time, it is the players in this industry at this time that should take this advice to heart for the benefit of the passengers and communities we jointly serve.

And that is precisely what we have been doing.

Today, ACI’s voice is better received, and better acknowledged, in the industry.

ACI has rebuilt relations with IATA and our member airports have been actively participating in IATA working groups on issues where collaboration really counts. These include safety, security, recommended practices and the introduction of IT technologies, among others.

I should note that ACI staff is pushing for even more airport recognition on these panels since we still feel our voice is not always sufficiently taken into account.

While this new level of cooperation between the two organizations is beginning to produce results, we need to maintain the momentum and continue to make efforts to develop a truly constructive working relationship with airlines. This is essential to the success of our industry.

I think it’s fair to say that ACI has also become more respected and recognized at ICAO, a development for which we should be especially proud.

ACI’s comments are taken into account as never before at ICAO. We have increased our presence within the regulatory body and the influence and the role of airports are better understood at the world organization.

In short, it is my opinion, that we are entering a new era of cooperation in aviation, to the mutual benefit of all parties involved.

And, for the record, I said cooperation, not capitulation!

While we are working more harmoniously with these organizations, we have never shied away from defending our position on such issues as airport charges and the privatization and commercialization of airports.

I think we’ve done a good job of fending off suggestions that governments should increase regulations regarding the allocation of our costs, the levels of our charges, or our profits.
This would be a step backwards in an era when many governments have voluntarily withdrawn from the management, operation and development of airports in favour of autonomous organizations that are private, publicly listed or community based.

We’ve effectively defended the increasing commercialization of airports and explained how it serves the interests of all our partners, although there’s still a great deal of work to be done in this regard.

Almost all non-aeronautical profits get reinvested in airport infrastructure, which benefits users and their customers.

Higher profits make for better credit ratings, hence cheaper credit and lower cost of debt, resulting in a lower cost base to be recovered. Everyone wins in the end!

As you all well know, this current economic crisis could not have come at a worse time. Many of our member airports had just shifted into high gear in terms of airport capital expenditure to meet an anticipated long-term growth in air traffic. Now they are seeing their revenues decline in all areas.

It’s been a painful mix of misfortune. Fewer aircraft, smaller and lighter aircraft, fewer passengers, lower overall sales and declining sales–per-head… it’s all added up to revenue drops of between 10 and 20%. At the same time, airport operating and capital costs have remained high, leading inevitably to lower or erased profits. In response to this, airports have been cutting their staff and cost levels as well as reducing their costs and risk exposure.

Now, obviously airlines have also been badly affected by the downturn. Their difficult situation generally receives far more attention than ours. IATA has estimated the industry will lose a whopping USD$9 billion this year alone – double what it had estimated just last March.

Admittedly, airlines are affected more immediately by sudden spikes and drops in the economy than airports. But they can also react more quickly by cutting flights, changing routes and cancelling aircraft orders, for example. Airports always have to take the long-term view. We cannot simply cancel construction projects in mid-stream! Ours is a capital intensive business and we need to plan with at least a 10, 20 or even a 30 year, horizon.

This being said, some airports have been doing better than others during the current economic crisis, for varying reasons. Those with a stable carrier customer base, good government support, available capacity to take on new entrants, and low debt loads have been weathering the storm rather well. Those with weak carriers and costly capital projects underway have been finding it a great deal more difficult.

Certain airport models have also shown more resilience than others. Some are actually in a position to help their airlines by lowering their airport charges. But these are few and far between. Thankfully, despite the difficult economic situation we’ve all been experiencing, there are signs that things will begin to stabilize in 2010. But it’s increasingly clear that, unlike past cycles, we will not bounce back as quickly as we used to and may not see real growth until 2011 at the earliest.

However, I’m an eternal optimist and believe we will come out of this thing alive and kicking. Hopefully, we will be able to look back at the current downturn as just a blip that dampened the industry’s growth trajectory by a few years.
I couldn’t leave you today without mentioning another major challenge that is really just beginning: the environment and climate change. Clearly, there will be increasing pressures on all industry stakeholders to do their share in reducing greenhouse gas emissions and again, we need to work as never before with our partners to make progress in this key area, especially as we develop capacity to meet future demand.

I’m very proud of what the ACI members have done so far in this regard, including making real commitments to reduce their carbon footprint and move towards carbon neutral airports.

We need to continue to work amongst ourselves, as well as with other stakeholders, to accommodate growth in an environmentally sustainable framework.

So while the theme of this conference is *Sustaining Business Excellence*, we need to remember that **Sustainability** is a critical component of Business Excellence, and will be for a very long time.

On that note, I want to wish you all a very productive and enjoyable annual assembly and thank you again for your tremendous support over the past two years. It’s been a real pleasure!

*Terima Kasih Berbanyak-Banyak* Thank you for your attention.