

# CAPADAILY

74<sup>th</sup> IATA AGM AND WORLD AIR TRANSPORT SUMMIT

ISSUE THREE - 05-JUN-2018



IATA's Board of Governors

## **GHAITH AL GHAITH**

flydubai becoming one of the world's top ten airlines by fleet order backlog

## **TONY DAVIS**

Seeing LCC opportunities in Latin America; infrastructure and charges as challenges

## **CHRISTINE OURMIÈRES-WIDENER**

Flybe talks Brexit, partnerships, social media, data and new digital strategy

## **ENRIQUE BELTRANENA**

Volaris on yield sustainability; managing capacity

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**Richard Quest CNN Anchor**



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# Freedom and the business of aviation



**When Alexandre de Juniac, IATA's Director General describes aviation as the "business of freedom", he describes a phenomenal industry that has transformed the world in ways that were unimaginable when modern aviation's forefathers sat down in Chicago to lay out a framework for the airline industry.**

But the last thing most of them had on their minds was freedom – freedom of access, that is. In November 1944 the world was still at war and very few countries could even contemplate the nature of civil aviation that would emerge even a couple of years hence. Protection and risk avoidance were core to their philosophies, not just in aviation but in every aspect of their lives.

Only the US, which had a relatively massive passenger aircraft fleet, favoured absolute open skies. The UK meanwhile, which had focussed its wartime capability on building bombers, not transport aircraft, saw things very differently. The British Empire was still at the core of international commercial travel and the UK had no intention of giving away access to the rights that its territory entitled it.

As a consequence, all the Chicago Convention provided was a (re)statement of each member state's absolute sovereign rights in the airspace above their territory; that was complemented by a nationality requirement – one that was mainly directed at the need for safety oversight in this fledgling and dangerous industry. The only concession to the airspace access issue was contained in another, supplementary agreement – the so-called two freedoms agreement.

Parties to that agreement, and most Chicago adherents signed it, agreed to permit overflight rights and technical stops, but without any right to carry commercial traffic. The residual problem was therefore that no one country's airline

A year later the US and the UK sat down in Bermuda to try to remedy to provide a lasting, compromise model. This was vague enough to allow interpretations that allowed a modest departure from the rigid capacity and frequency controls that had previously filled the vacuum.

That was 73 years ago. Not much has changed since. The US introduced open skies agreements some years ago; but the fundamentals of national ownership and control rules and intrinsic protectionism contain all the anti-freedom notions of three quarters of a century ago. Cross border ownership is not permitted, at least without using strenuous fictions.

So, it's against those massive handicaps that the airline industry has managed to deliver freedom to the world.

No small feat. But just imagine how much more effective it could be with a sane regulatory structure that was genuinely designed to deliver freedom – rather than one designed 73 years ago with the main aim of preventing it.



**PETER HARBISON**  
EXECUTIVE CHAIRMAN  
CAPA – CENTRE FOR AVIATION



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# On the Record



## Emirates

*ON CHALLENGES OF PARTIAL OWNERSHIP IN FOREIGN AIRLINE*

“Management time being soaked up in the M&A activity and the subsequent on-going management of these airlines to protect your investment was disproportionate to the return.” Sir Tim Clark, President



## CityJet

*ON WANTING TO ENCOURAGE CUSTOMERS TO ‘STAY LOYAL’*

“The next best customer is the one I already have... I want everyone in the cabin to know [that passenger] has flown 17 times this year.” Patrick Byrne, CEO



## Norwegian

*ON UNCERTAINTY IN AVIATION SECTOR*

“In an airline life you will always go up and down...You cannot always avoid risks.” Bjørn Kjos, CEO



## Ryanair

*ON BREXIT AND LACK OF COMMON SENSE*

“On balance you would think common sense will prevail...But the Brexit discussions have not been characterised by a lot of common sense so far.” Michael O’Leary, CEO



## Air Canada

*ON NAVIGATING THROUGH PERIODS OF INSTABILITY*

“When your back is against the wall, that’s when we see the greatest creativity, the greatest strengths, and the greatest commitment from the people that need to participate in the transformation... Have a clear vision for the future, and be capable of explaining it in bite-size pieces.” Calin Rovinescu, CEO



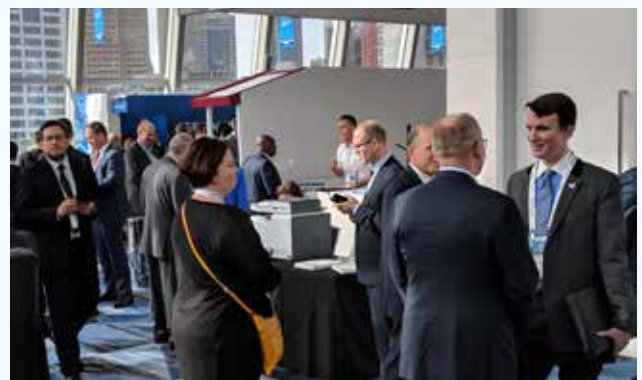
## Gol

*ON HOW TURBULENCE IN BRAZIL HAS LESSER IMPACT NOW ON ITS OPERATIONS*

“The company is less impacted now by the macroeconomics...There’s an impact because of the consumer’s preference - our market share is higher - that makes our results more resilient.”

Paulo Kakinoff, CEO

# Photos from 74th IATA AGM and World Air Transport Summit Day 2: 04-Jun-2018







# Photos from 74th IATA AGM and World Air Transport Summit Day 2: 04-Jun-2018



# FLYDUBAI CEO GHAITH AL GHAITH UPDATE:

Network and fleet growth and the need for industry collaboration



## What does flydubai's recent aircraft order mean for growth and extending the network?

With up to 295 aircraft on order flydubai becomes one of the world's top ten airlines in terms of order backlog. Since we launched operations in 2009, we have created a network of 95 destinations. During the first half of 2018 we have announced the start of flights to seven destinations including Kinshasa and Krakow and from June we will see the launch of our first operations to Italy and Greece with flights Catania and Thessaloniki. These aircraft will play an important role over the next 10 years as we further expand our network within our flying radius and frequency on existing routes.

**flydubai and Emirates now transfer thousands of passengers onto each other's networks. But the majority of flydubai passengers travel only on FZ-operated flights. Does this mean flydubai has a strong and unique customer base that should be maintained under the flydubai brand rather than merged entirely with Emirates?**

There are many compelling reasons behind the decision for Emirates and flydubai to forge a close partnership but passenger experience sits at the top of that list. Today, with the codeshare passengers can now travel around the world on a single ticket. From an operational point of view, it will help both airlines to optimise schedules and enhance efficiency and improve the overall performance of our fleets.

Our partnership with Emirates will offer customers of both airlines significantly expanded travel options across a global network. With a combined network expected to reach 240 destinations by 2022 passengers can enjoy the unique characteristics of each airline.

**Many of flydubai's destinations did not have prior service to Dubai. Some destinations may have had only a few flights from all other airlines. What benefits have communities seen since flydubai started service?**

70 destinations on our network did not previously have direct air links to Dubai or were served by a national carrier from the UAE. flydubai has four values 'Dynamic, Efficient, Reliable and Human' that run through each interaction the airline has with their customers, their employees and the communities they serve.


flydubai's strong community ethos sees it playing an active role in several charitable causes across its network including the UAE, Africa and Asia, benefiting many people in need both at home and overseas.

The airline helps colleagues and charities on a number of different initiatives including:

- In 2017, flydubai joined forces with the Emirates Red Crescent to distribute 40,000 food boxes to children of low-income families across the UAE, in Ajman, Al Ain and Sharjah.
- 400 kilogrammes of tents and medical equipment was flown by flydubai to Zanzibar in 2017 as part of a UAE humanitarian mission to Tanzania. These tents are now being used as mobile clinics to treat sick children and the elderly in the local community.

flydubai is committed to give back and helping communities wherever it can.

**What aviation industry collaboration is needed to ensure best practices and safety standards are met in emerging markets?**

Central to flydubai's route network expansion is its approach to engaging with key stakeholders. The airline works closely with the respective Governments on matters relating to the freedom to travel by improving visa facilitation and processes. This helps to increase passenger flows contributing to the growth of tourism sector, an increase in visitor numbers, job creation and economic benefits including opportunities to import or export goods and services. 

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# IRELANDIA AVIATION TONY DAVIS UPDATE:

LCC market in South America has great potential, but there are regional issues



**T**ony Davis, member of Irelandia Aviation's advisory group discusses opportunities for ULCCs and LCCs in South America and challenges taxation and infrastructure those airlines face in spreading the model across the region.

#### LCC and ultra LCC opportunities in South America

Well I think South America generally is very attractive for low cost carriers. We've been established in Colombia now for over five years. Recently we've set up Viva Peru. I think the potential is just amazing. It's clear that there's a lot of demand from consumers. People want to be able to travel affordably. Historically it's been very expensive to get around South America. The opportunity is clearly there. There are some challenges executing the model. It's still quite new to South America but we're absolutely confident it's going to be a very, very big market for low cost airlines and the Viva Group in particular.

#### Taxation and infrastructure challenges in Latin America

So the low cost model in South America is still quite

new. I think that's meant that some of the other stakeholders haven't yet adapted some of the models they've worked with historically for the legacy carriers. I think particularly with airports the pricing mechanisms are very rigid and bluntly, quite expensive. We come with a different proposition. We come with high volume, a lot of passengers. We need to help take the airports on that journey to understand that there are other revenue streams beyond just charging the airlines that they're going to see as we bring a lot more passengers through the airport.

I think airport charging some of the issues with bringing parts and things into the country, the customs process is quite cumbersome. There's lots of operational challenges that we need to stakeholder on the journey and make sure they know the benefits for their country and for their travellers. We need their help to make sure the process can work as swiftly as possible. CAPA

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# FLYBE CEO CHRISTINE OURMIÈRES-WIDENER UPDATE:

Bombardier Q400 Forms Backbone  
Of Future Fleet



**F**lybe CEO Christine Ourmières-Widener highlights how a recent fleet strategy study has found that the Bombardier Q400 turboprop remains the best aircraft for the business and will see the departure of some of its larger Embraer regional jets. She remarks on the ongoing right-sizing of the business, the performance of its domestic routes into London Heathrow, a move from a demand-driven rather than capacity-led strategy, Brexit and the implications of Stobart Air's takeover interest in the company.

#### **Flybe outlines strategic plan to reduce fleet**

So a fleet decision is, as you can imagine, a very big decision for an airline. If it's not the biggest decision, so we took time. Took for Flybe process a little more than one year. I joined Flybe a little more than one year ago. From the beginning it was the most important decision. So we want to analysis and compare different scenarios, and we came to a conclusion that, in fact a fleet with components. A main component was our triple prop Q400, and another one was a jet, a E175, was the best fit for our network and our business. So, we are still with

our strategy reducing our fleet from 85 aircraft to 70 aircraft into 2020, and we are on track with the strategy.

#### **Performance of turboprop routes into Heathrow**

Well, we just celebrated a one year anniversary for our Heathrow operation at the end of March. I must say it has been a great experience. We started the project, it was a project also with NATS, it's a very good project because it was a first operation into London Heathrow. The operation is doing very well, on the operating side I think we are being also able to reduce elapsed time because in fact it's going very well and the cooperation with NATS and Heathrow are showing fantastic results. And on the revenue side, trading, we are ahead of forecasts, so all in all a fantastic experience.

#### **Importance of partnerships to Flybe moving forward**

We have today a core business with our region to region network for domestic crew. We are in fact, the only real UK domestic airline, and we have in addition to that 11 codeshares with partners, Aer Lingus, Virgin Atlantic etc. And these codeshare have been going year after year. Why? Because we work better with our partners, we optimise a network, our frequencies, our schedule. And also our tools are better, we interconnect



our fares. So, one of the reasons why we are also migrating this year, we have a big investment in IT. We are migrating our commercial platform into Amadeus, to be even more standout. To be easy to work with for big partners, such as legacy airlines.

#### **Changes to GDS only beginning of Flybe's new digital strategy**

So, the changes to the GDS is only the first step because we need to get from a standoff platform. So, more we can get from, and that's the foundation of our new platform. Flybe is already a digital airline because in a way more than 84% of our bookings are coming through our website. So, our customers are used to having an interaction, digital interaction, with Flybe. That's quite different from other airline profiles. We want to connect better with them, pre-booking, during the booking, after booking, and to have a connection with them. So, when something wrong is happening because they want to stay connected. It could be different channels, it could be social media, it could be on their mobile. So, we want to offer to our customer, any platform they want to connect to. So, standoff platform will improve this connectivity, so we will have product for disruption, improving disruption management with our customer. We are investing social media, we are strong on social media. We are investing also in data strategy and big data. Today, we have so much data, but we don't really use our data. And using data to improve the customer experience.

#### **Preparing the airline for uncertainty of Brexit**

Well, I don't think that anything really changed. We are still waiting for our final decision. We are trying to explain to the government our critical decision at timing. We are preparing ourselves. Flybe compared to other airlines is a little bit different. We don't see any risk for us for traffic rights because we don't have intra-European routes. So, we always fly from one point in the UK to our destination, and back is the same. But, we have so many questions about regulations. So, uncertainly never good for any business. We are of course looking at backup solutions, risk management, but we need a decision as soon as possible.

#### **Stobart Group no longer interested in Flybe**

From a CEO perspective, it's a big distraction when you have something like that happening to any public company. So, I'm going to say I'm very happy to be back managing 100% of my time, my business. Let's see when you take a distance when something like that is happening, and the message to my team, and to all the Flybe employees is a very good indication that there is value in our airline. Because some of the players in the market here saw an opportunity in Flybe. I think it is a good message for the employees, but at the same time you need to reinforce your strategy, to explain your strategy even more. It's about communication, communication increase on your part. **CAPA**

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# VOLARIS CEO ENRIQUE BELTRANENA UPDATE:

Volaris on 'dramatically' deteriorating Mexico domestic yields; 'sustainable' Mexico-US yields amid 'decently managed' capacity



**V**olaris CEO Enrique Beltranena provides insight on the US transborder market, the Mexican domestic market and the upcoming codeshare partnership with Frontier Airlines.

#### Early results of Volaris's subscription model

Well it's too early to say. I think the subscription model we launched in reality in December, we today have about 1000 customers, so it's not that big yet, and we like to keep it like that. I mean, I would like to keep it small enough, maybe get to 10,000 customers by the end of this year, but keep it controlled so we understand that it really works. But what we're seeing is, the market it's already getting it. And I think something which we are probably the first one, the pioneers doing it in the world. It's something that may be expanded later on, since it's something very new. I mean, we're seeing a mixture of customers, business to corporate kind of traffic getting mixed with some other people that are doing leisure activities. And I think that that's going to mature much more as we grow.

#### Current pricing and demand between the US and Mexico

The US traffic recuperated slowly and keeps on recuperating slowly between Mexico and the US. Yields are sustainable and are decent, and capacity has been, I

would say, decently managed among every player in the market. It's not dramatically good, but it's sustainable.

#### Pricing and demand in the domestic Mexican market

There we have seen a deterioration of yields, which is very dramatic. And I mean, I don't know if you are aware, but consumption in Mexico is kind of going down, so you see a lot of pressure on yields which is happening as we speak.

#### Demand in Volaris Costa Rica's new US routes

It's doing well. I think it's ... We only started in Los Angeles on March 16th, and we're starting San Salvador, Washington, San Salvador, New York on April 17th. But the bookings look well. It's a small operation. It's two, three times a week, with A319s so it's small enough that we can manage the capacity, but the bookings are pulling very well.

#### Update on the new codeshare with Frontier

Look, as of today, what I think is we need to get this done. We're still in the phases of getting authority approvals and everything. So I strongly think that we need to pass through this process, launch the project, see the results of the project, and then see what happens, okay. It's too early to say that we will take some more partners. CAPA

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**2018 GLOBAL EVENT CALENDAR**



Mumbai, India  
30-31 January 2018

**CAPA India  
Aviation Summit**



Mumbai, India  
1 February 2018

**CAPA India Airport &  
Airspace Summit**



Singapore, Singapore  
1-2 March 2018

**CAPA Global LCC  
Summit**



Houston, United States  
16-17 April 2018

**CAPA Americas  
Aviation Summit**



Dubai, UAE  
7 May 2018

**CAPA Global Airport  
Leaders' Forum**



Dublin, Ireland  
17-18 May 2018

**CAPA Airline  
Leader Summit**



Sydney, Australia  
5-6 June 2018

**CAPA Airline CEOs in  
Sydney**



Seoul, South Korea  
11-12 June 2018

**CAPA LCCs in North  
Asia Summit**



Sydney, Australia  
1-2 August 2018

**CAPA Australia Pacific  
Aviation & Corporate  
Travel Summit**



Cartagena, Colombia  
10-11 September 2018

**CAPA Latin America  
Aviation & LCCs  
Summit**



Seville, Spain  
4-5 October 2018

**CAPA Low Cost  
Long Haul Global Summit**



Singapore, Singapore  
8-9 November 2018

**CAPA Asia Aviation &  
Corporate Travel  
Summit**



Berlin, Germany  
27-28 November 2018

**CAPA World Aviation  
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# SAUDIA ARABIA FLEET: flyadeal, flynas, rapid LCC growth

The Saudi Arabian airline market is poised for rapid growth over the next few years as the kingdom relies on aviation and tourism to diversify its economy.



**L**CCs are particularly well positioned as low fares stimulate demand among a youthful population that is eager to travel more.

Saudia Arabia's two LCCs, the privately owned flynas and Saudia subsidiary flyadeal, are planning rapid expansion. flynas has placed orders for 80 A320neos, enabling the airline to triple its fleet over the next eight years, while flyadeal plans soon to place an order for 30 new generation narrowbody aircraft.

The passenger aircraft fleet in Saudi Arabia has grown by 15% over the past year, driven by rapid expansion at Saudia and flyadeal. The Saudia Group now accounts for approximately 80% of the fleet and 75% of domestic fleet capacity. The group's new two-brand strategy should enable it to maintain strong market share as competition intensifies and the market doubles in size over the next few years.

## Summary

- Saudia Arabia's passenger aircraft fleet has grown by 25 aircraft or 15% over the past year, driven by expansion at Saudia and the launch of its new LCC subsidiary flyadeal.
- flyadeal plans to operate a fleet of eight leased A320s by the middle of 2018 and is close to placing an order for 30 aircraft.

- flynas, the second largest airline in Saudi Arabia, has not grown its fleet over the past year but plans to resume fleet expansion later this year as it take delivery of the first of 80 A320neos on order.
- flynas follows a hybrid model, whereas flyadeal is the only airline following a pure LCC model in Saudi Arabia and perhaps the entire Middle East region.
- The total fleet in Saudi Arabia will likely double in size over the next few years, reaching 200 aircraft.

## Saudia still dominates its home market 12 years after liberalisation

Government-owned Saudia still dominates the Saudi Arabian market, which was opened to private competitors for the first time in 2006. Saudia currently accounts for approximately 68% of domestic seat capacity and 36% of international seat capacity, according to CAPA and OAG data.

flynas, one of two original private competitors, is the second largest airline with nearly a 20% domestic share and a 5% international share. Three recent start-ups account for the remaining 13% share of the domestic market, led by Saudia's new LCC subsidiary flyadeal. flyadeal has been able to quickly secure more than a 7% share of domestic capacity, lifting the Saudia Group total to a powerful 75%.



### flynas is no longer a pure LCC

flynas, formerly known as nasair, commenced operations in 2007. Nasair and Sama, which also launched in 2007, were Saudi Arabia's first two private sector competitors. Both initially followed relatively pure LCC models.

Sama struggled, hindered by a regulatory environment that made it challenging for LCCs, and ceased operations in 2010. Nasair adjusted by adopting a hybrid model which enabled it to survive and expand. The airline rebranded as flynas in 2013 and at the same time moved further from the LCC model by introducing a business class product.

flynas experimented with long haul operations in 2014 by wet leasing A330s. flynas has since focused entirely on short haul services using A320 family aircraft, but is considering the relaunch of long haul flights and a potential acquisition of widebody aircraft. Its current network consists of 15 domestic destinations and 21 international destinations in Africa, the Middle East, Turkey and Pakistan (based on OAG data for Apr-2018).

The flynas fleet currently consists of 26 156-seat two-class A320s and two 128-seat two-class A319s, according to the CAPA Fleet Database. All 28 aircraft are leased and are five to 14 years old, with an average age of 11 years old.

### flynas to accelerate expansion with A320neos

flynas placed a landmark order for 60 A320neos in Jan-2017 and at the same time converted 20 A320ceo orders to A320neos. The first of its 80 A320neos is slated to be delivered late this year. On 10-Apr-2018

flynas signed a contract with CFM for 160 LEAP-1A engines to power the 80 new aircraft.


The A320neos will enable flynas to accelerate growth. flynas plans to have all 80 A320neos in service by the end of 2026, enabling it to triple the size of its fleet over the next eight years – even when the return of all its A320ceos is factored in. The A320neo will also enable flynas to expand its international network deeper into Africa, Asia and Europe without needing to invest in widebody aircraft again. flynas is evaluating conversion of some of its A320neo orders to A321neoLRs, which would provide even more range, as an alternative to potential widebody aircraft.

flynas has carried more than 38 million passengers since its 2007 launch but its rate of growth has slowed in recent years. flynas' passenger traffic increased by less than 2% last year – from 6.3 million passengers in 2016 to 6.4 million in 2017.

flynas has not expanded its fleet over the past year and has added a modest three aircraft over the past three years.

Over the same three-year period Saudia has added 36 aircraft, representing growth of 31%. Saudia currently operates 152 passenger aircraft, consisting of 63 A320 family aircraft and 89 widebodies, and has firm orders for 19 aircraft.

### Three start-ups launch within one year

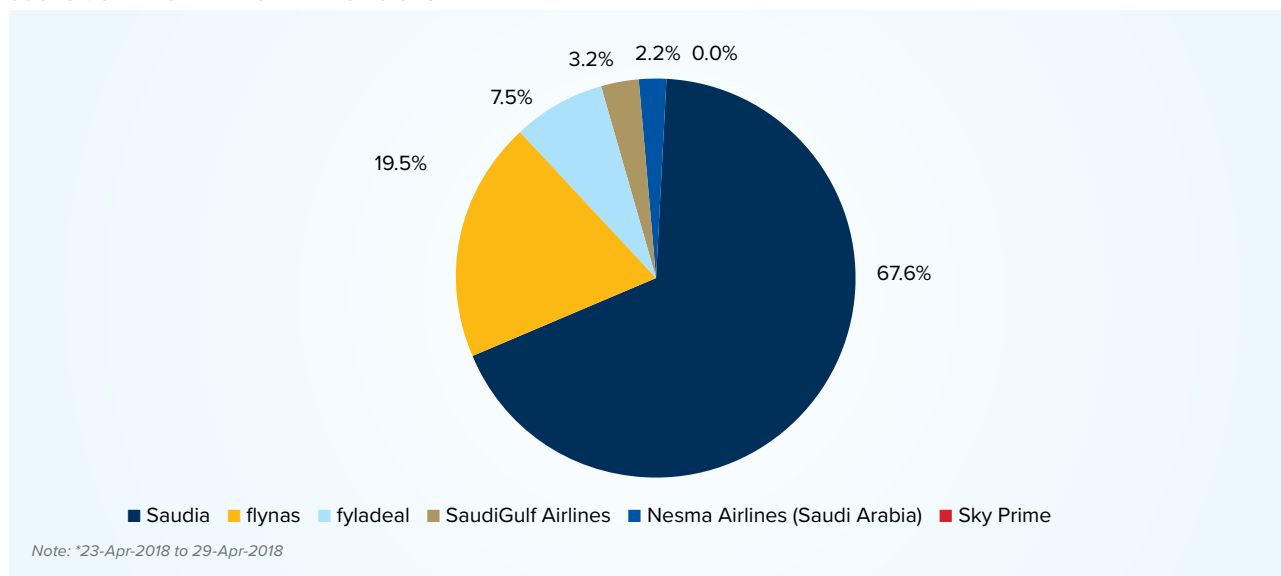
A new batch of three start-up airlines have also been expanding faster than flynas over the past year. 

### To read more go to:

<https://centreforaviation.com/IATA18/8>

## SAUDI ARABIA DOMESTIC CAPACITY SHARE (% OF SEATS) BY AIRLINE\*

SOURCE: CAPA - CENTRE FOR AVIATION & OAG





# INDONESIA DOMESTIC AIRLINE MARKET: rapid growth, rivalry intensifies

Indonesia has one of the world's largest and most dynamic domestic markets. Domestic traffic in Indonesia has more than tripled over the past 12 years, from less than 30 million in 2005 to almost 97 million in 2017.



**T**he composition of the market has changed considerably. In 2005, the Indonesian airline sector was very fragmented with no single airline or group accounting for more than a 25% share.

The market today is dominated by the Garuda and Lion groups. Lion is the market leader and its share of Indonesia's scheduled domestic market exceeded 50% for the first time in 2017.

Garuda's share slipped last decade as Lion expanded, but Garuda was able to regain market share during the first half of this decade due partially to consolidation as several smaller airlines ceased operations. Garuda captured a 33% share of the Indonesian domestic market in 2017, a fall from 38% in 2015 but still significantly up from 19% in 2010.

## Summary

- Domestic passenger traffic in Indonesia has more than tripled since 2005.
- Domestic growth in Indonesia re-accelerated in 2016 and 2017 after three slow years.
- Lion Group has resumed market share gains, driven by rapid expansion at Batik Air, and exceeded 50% domestic market share for the first time in 2017.
- Garuda Group's market share doubled from 2010 to 2015 but has slipped again in the past two years, ending 2017 at 33%.

- Sriwijaya is the third main domestic competitor, with a 13% share; Indonesia AirAsia has only a 2% share and consolidation has left no other significant competitors.

## Indonesia is the world's fifth largest domestic aviation market

Indonesia's domestic passenger market grew by 8% in 2017, to 96.9 million passengers, according to Indonesia DGAC data. In 2016 domestic growth was faster at 17%.

Indonesia currently has the world's fifth largest domestic market after the US, China, India and Japan. Indonesia overtook Brazil in 2016 but India overtook Indonesia in 2015.

Indonesia could potentially overtake Japan in 2018. Japan had 101.8 million domestic passengers in 2017, according to Japan MLIT data. Brazil, the world's sixth largest domestic market, had 90.6 million domestic passengers, based on Brazil ANAC data.

Indonesian domestic growth has been sporadic

The Indonesian domestic market has more than tripled in size since 2005 but the growth curve has hardly been linear. The market expanded particularly rapidly in 2009 through 2012, nearly doubling in just four years with annual growth each year of between 16% and 20%.

However, growth was slow prior to 2009 and has again been relatively slow since 2013. Growth slowed to less than 5% in 2013 and to less than 1% in both 2014 and 2015. Growth has reaccelerated over the past two



years but over the past five years domestic air travel in Indonesia is up by a relatively modest 28%. The other five main domestic markets in Southeast Asia have grown faster in the past five years – in some cases much faster. In 2017, Indonesia had slower domestic growth than Myanmar and Vietnam but faster growth than Thailand, the Philippines and Malaysia.

### Indonesia impacted by unfavourable regulatory environment and overcapacity

The relatively slow domestic growth in Indonesia over the past five years is partially due to an economy that has been sluggish compared to most of its ASEAN peers. GDP growth was above 6% in 2010, 2011 and 2012 but has since been below 6%. Local demand has also been impacted by depreciation of the Indonesian rupiah.

In 2014 domestic growth was stunted by political instability in the lead-up to presidential elections. In 2015 domestic growth was stunted by the new government’s ill-advised imposition of a price floor in a knee jerk response to the 28-Dec-2014 Indonesia AirAsia crash. The price floor particularly impacted LCCs as they could no longer offer their cheapest fares, and demand suffered accordingly.

The market improved in 2016 and 2017, from a demand perspective. However, overcapacity has been a challenge, pressuring yields, profitability and load factors.

The average domestic load factor in Indonesia in 2017 was only 78%, representing a 10 year low. The average domestic load factor has declined for four consecutive years, bucking the overall trend of load factor increases in Southeast Asia, and globally. Competition between

Indonesia’s two main airline groups, Lion and Garuda, has intensified significantly in recent years, impacting load factors and profitability. Garuda has been competing more aggressively against Lion by rapidly expanding its LCC subsidiary Citilink while Lion began attacking the middle and high end of the market by pursuing rapid expansion at the full service subsidiary Batik Air.

Batik launched operations at the end of 2013 and has since been by far the fastest growing airline in Indonesia. Batik’s domestic passenger traffic grew by 35% in 2017, to 10.1 million, according to Indonesia DGAC data. Batik is primarily a domestic operator; it carried less than 500,000 international passengers in 2017.

Batik has quickly captured a more than 10% share of Indonesia’s domestic market. However, its parent Lion Air’s share has been on the decline as its traffic has been flat over the past five years. Lion Air carried only 2% more passengers in 2017 compared to 2013.

### Lion Group market share exceeds 50% for the first time in 2017

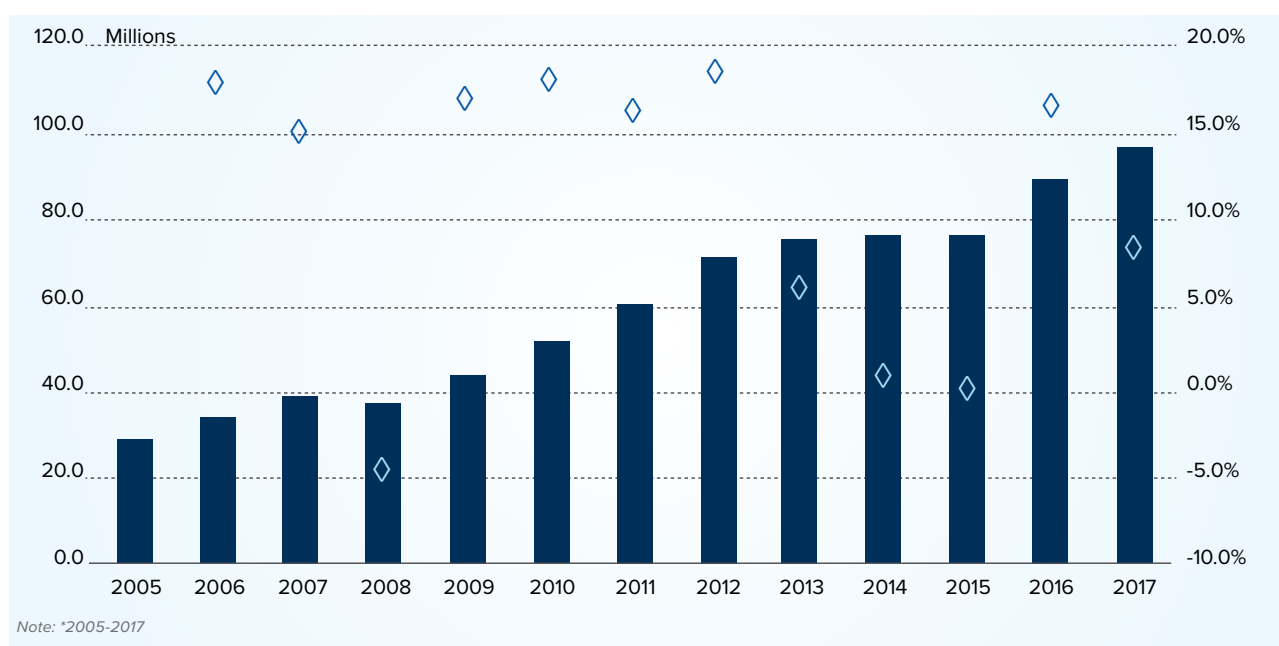
Lion launched operations in 2000 and in its first 13 years grew rapidly, becoming Indonesia’s largest domestic airline in 2008. It surpassed 10 million annual domestic passengers in 2009 and surpassed 20 million domestic passengers in 2011. It was the main driver of the rapid Indonesian domestic growth from 2008 to 2012, tripling in size from only 6.5 million passengers in 2008 to 29.4 million in 2012. CAPA

#### To read more go to:

<https://centreforaviation.com/IATA18/9>

## INDONESIA ANNUAL SCHEDULED DOMESTIC PASSENGER TRAFFIC AND YEAR-OVER-YEAR GROWTH (%)\*

SOURCE: CAPA - CENTRE FOR AVIATION & INDONESIA DGAC



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## OUTLOOK AND ECONOMICS

### IATA CEO & director general outlines AGM programme

IATA CEO and director general Alexandre de Juniac, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) "we have developed a programme that focuses on helping our industry to secure a future by addressing some of our most pertinent issues... looking for ways to make our infrastructure more efficient, finding sustainable fuel sources to power our planes, achieving a better gender balance... rethinking passenger processes, reinforcing security and more effectively harnessing the power of data".

### IATA CEO & director general: 'Australian jobs depend on the [aviation] sector'

IATA CEO and director general Alexandre de Juniac, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) "Some 630,000 Australian jobs depend on the [aviation] sector, which underpins 4.5% of Australian GDP".

### IATA CEO & director general: 'Australia is a country and a continent tailored for aviation'

IATA CEO and director general Alexandre de Juniac, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) "Australia is a country and a continent tailored for aviation", noting: "aviation plays a vital role in linking Australia to the rest of the world through tourism, trade, business, education... earning the top of economic sectors boosted by aviation." Mr de Juniac added: "Some 630,000 Australian jobs depend on the [aviation] sector, which underpins 4.5% of Australian GDP."

### IATA: Australian market to handle 150m pax p/a by 2037

IATA released (01-Jun-2018) a snapshot of aviation in Australia. Key details include:

- Traffic: 94 million passengers to, from, or within Australia in 2017;
- Demand growth: 2.4% p/a over next 20 years. Over 150 million passenger journeys p/a to, from and within Australia by 2037;
- Workforce: Aviation supported 668,000 Australian jobs in 2016;
- GDP contribution: USD62 billion in 2016;
- Total airport pairs: 705 operated within Australia;
- International airport pairs: 187. [more - original PR]

### IATA: WSG review aims to reduce concerns over airport capacity

IATA announced (01-Jun-2018) it will conduct a strategic review of its Worldwide Slot Guidelines (WSG), intended to strengthen the allocation of ever-scarcer airport capacity. IATA noted the WSG has "enabled airlines to increase passenger choice and competition and driven forward aviation's economic benefits" despite the "huge pressure on congested airports". However, there have been "calls for a radical shake-up of the system and some regulators have experimented with potential alternatives" according to the association.

- To ensure the views of all stakeholders are taken into account, the review is being undertaken in conjunction with Airports Council International (ACI) and the Worldwide Airport Coordinators Group;
- The review is composed of four task forces (Slot performance monitoring, Access, Historic Determination, Level 2 Airports). Clarification on performance monitoring, a greater focus on transparency and independence, and the possibility of a revamped new entrant rule are likely to be areas of especial interest. The timelines and process details involved in slot allocation will also be examined in light of today's dynamic market and new technologies;
- The scope, timelines, project details, and management have been established and agreed by the three parties. Initial conclusions and recommendations will be presented to the Strategic Review Management Group by Nov-2018, with the review completed in 2019;
- Some early ideas may be presented in the Jan-2019 edition of the WSG. Regulators will be informed of changes and outcomes at all times.

### Australia's Governor General: 'all of us... owe so much to aviation'

Australia's Governor General Sir Peter Cosgrove, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) "international air transport has revolutionised our world". Noting the industry underpins economic growth and development opportunity, Sir Peter stated: "For all of us the connectiveness, our prosperity and possibilities of the future, owe so much to aviation".





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## IATA: Re-regulation, standards and infrastructure the three key industry challenges

IATA CEO and director general Alexandre de Juniac, speaking at the IATA AGM and World Air Transport Summit, outlined (04-Jun-2018) three key challenges facing the aviation industry:

- Re-regulation: IATA is working with governments on “smarter regulation”, but there is a “worrying counterpoint of creeping re-regulation”. Mr de Juniac said that addressing regulatory overreach has become a “major focus”, and stressed that regulations must “add value” and regulators need to realise the power of competition and social media have to safeguard consumer interests;
- Global standards: IATA is concerned that the set of global safety and commercial standards that helped to make aviation a success is being undermined or ignored by the governments that helped to create them. Mr de Juniac also reported that IATA “must be vigilant with industry partners” noting that the Worldwide Slot Guidelines are “under attack” with airports pressing to auction slots;
- Infrastructure: Aviation is “in a capacity crisis” and while more airport capacity is needed, privatisation is not a “magic solution”. Mr de Juniac said that airport privatisation had some initial “quick wins”, but that overall privatised airports are “definitely more expensive” and there is little difference in efficiency and investment between private and public airports.

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## Australia’s Governor General states ‘safety’ is priority number one for IATA AGM

Australia’s Governor General Sir Peter Cosgrove, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) “priority number one [is] safety, and maintaining the industry’s excellent record”.

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## Australia’s Governor General: ‘an industry that is not profitable serves no one’s interests’

Australia’s Governor General Sir Peter Cosgrove, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) “an industry that is not profitable serves no one’s interests”. Noting that airlines should “remain vigilant against terrorist threats”, address “human trafficking”, “look to improve infrastructure” and remain “competitive and financially viable”.

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## Boeing says A330neo family is ‘not doing well’

Boeing VP marketing Randy Tinseth, speaking to Bloomberg on the sidelines of the IATA AGM and World Air Transport Summit, stated (03-Jun-2018) the A330neo family is “not doing well”. He also noted that the change in tax structure is an opportunity for Boeing, and that provides it a “tax equalisation” against its rivals.

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## ‘Boeing is not trying to give us an easy time... And I can tell you we are as well’: Airbus

Airbus chief commercial officer Eric Schulz, speaking to Bloomberg on the sidelines of the IATA AGM and World Air Transport Summit, stated (03-Jun-2018) “Boeing is not trying to give us an easy time... And I can tell you we are as well”.

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## IATA would ‘like more representation’ from all airline business models: SIA Group CEO

Singapore Airlines Group CEO Goh Choon Phong, speaking at a media briefing at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) IATA would “like more representation” from all airline business models, including LCCs. Mr Goh said IATA should “make it more attractive” for LCCs for airlines to jointly address “industry wide issues”.

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## SIA CEO: Operational efficiency, better standards should be sought globally for customer convenience

Singapore Airlines Group CEO Goh Choon Phong, speaking at a media briefing at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) efficiency of operations and better standards need to be sought globally to facilitate “customer convenience”. He cited the IATA Baggage Tracking mandate as a positive example. Mr Goh also warned against stifling or restricting innovation.

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## SIA Group CEO: Industry focusing on encouraging authorities to address aviation capacity issues

Singapore Airlines Group CEO Goh Choon Phong, speaking at a media briefing at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the industry as a whole is focusing on “how we can encourage” relevant authorities to “pay attention” to global aviation capacity constraints. Mr Goh emphasised there is a “spin off effect” on economies.

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## IATA: Airlines should not be filling gaps in global aviation security

IATA CEO and director general Alexandre de Juniac, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the association has deepened its partnership with security regulators over the past year, but using airlines to fill gaps in aviation security is “not sustainable in the long term”. Mr de Juniac said the airline industry needs governments to make “tangible” security implementation steps which is bolstered by stronger trust between security regimes.

### **IATA: Stronger airline finances are rewarding consumers**

**IATA** CEO and director general Alexandre de Juniac, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) profitability and stronger finances at airlines are “rewarding consumers” through new aircraft, new options for “every travel budget, shipping requirement or business need” and as the New Distribution Capability modernises distribution, then “we can look forward to a future that caters even more closely to customer needs”.

### **IATA: Global situation on trade and protectionism is ‘at a juncture’**

**IATA** director general and CEO Alexandre de Juniac, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the “direction in which global affairs will evolve has become more difficult to predict” and noted the forces of protectionism are “gathering strength”. According to Mr de Juniac, the situation is “at a juncture” and aviation is better off when borders are open to trade and people.

### **ALTA executive describes its role in the development of Latin American aviation: ‘Cost saving’**

**ALTA** executive director Luis Felipe de Oliveira, speaking on CAPA TV, described (04-Jun-2018) ALTA’s role in the development of the Latin American and Caribbean aviation industry stating that ALTA “basically works in cost saving. That’s why we have an area that works very close with the oil companies, governments, to reduce the cost of fuel in the region. Cost of airports, privatisation, we have also someone looking at the concession costs in the region”.

### **ALTA comments on heavy tax burden in Latin America**

**ALTA** executive director Luis Felipe de Oliveira, speaking on CAPA TV, commented (04-Jun-2018) on the heavy tax burden carried by airlines in the Latin American and Caribbean aviation industry, stating: “That is the value of aviation, the economic benefits that aviation brings to the region”. His argument to reduce taxation is that: “If we fly more, if Boeing, Airbus, Embraer sell more aircraft, airports receive more taxes and fees, then passengers have more competitiveness”.

### **ALTA and IATA to sign aviation safety agreement increasing ALTA’s role on safety**

**ALTA** executive director Luis Felipe de Oliveira, speaking on CAPA TV, stated (04-Jun-2018) it is actively working to promote aviation safety in the Latin American and Caribbean aviation industry. He revealed: “Tomorrow we’re signing an agreement with IATA that will improve the participation of ALTA in the safety aspects in the region”.

### **Airbus Commercial Aircraft president: Engine supplier issues create ‘challenging situation’**

**Airbus Commercial Aircraft** president Guillaume Faury, speaking to Bloomberg on the sidelines of the IATA AGM and World Air Transport Summit, commented (03-Jun-2018) on issues with engine suppliers, stating: “It’s a challenging situation, that’s very clear”. Regarding schedules, he said: “If the engine manufacturers stick to their plans, we will stick to ours or very close”.

### **IATA: Air travel will be more expensive this year than it was last year**

**IATA** chief economist Brian Pearce, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) “air travel will be more expensive this year than it was last year”. Mr Pearce noted that while there’s not a lot of headwind to travel, the industry is also not enjoying the same tailwinds it had recently.

### **IATA: Half of cost increase in past two years has come from fuel**

**IATA** chief economist Brian Pearce, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) 51% of unit cost increase in the past two years has been from fuel, and this does not include the increases in oil prices since the start of 2018. A further 30% of the cost increase has been from higher labour prices.

### **IATA: Airlines have managed to stabilise their margins**

**IATA** chief economist Brian Pearce, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) airlines seem to have managed to stabilise their operating margins, growing unit revenues in line with unit costs. Mr Pearce said the biggest challenge facing the airline industry for the moment is the acceleration in costs. The cost growth is due to the fact that most of the spare capacity in many markets has been used up and spare capacity in OECD markets in particular has “run out”. This is leading to tighter labour markets and increasing raw material costs. Mr Pearce also noted IATA is starting to see inflation pressures edge up.

### **IATA chief economist notes high degree of market uncertainty**

**IATA** chief economist Brian Pearce, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) there is “a lot of uncertainty around at the moment, highlighting the threats of new tariffs, the changes in government in Europe and the recent surge in oil prices”.



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### **IATA: Growth prospects remain very strong despite industry outlook downgrade**

**IATA** chief economist Brian Pearce, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) that while IATA has downgraded its forecast for industry net profit for 2018, the association still sees growth prospects as “very strong”. Mr Pearce said IATA expects passenger traffic growth for 2018 of around 7%, well above the 20 year trend of 5%, and freight traffic growth of 4.1%, which has slowed considerably after restocking driven growth in 2017. 4% freight growth is “in line with longer trends” said Mr Pearce.

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### **IATA: European and North American airlines approaching investment grade ratings**

**IATA** chief economist Brian Pearce, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) debt to earnings ratios have fallen in North America and Europe, and airlines generally are close to being ‘investment grade’ in these markets with some having already reached this benchmark. Mr Pearce said this is a “pretty important achievement” for the industry, helping to shore up the financial foundations of airlines. He also noted there has been “less progress elsewhere” in reducing debt to earnings ratios.

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### **IATA: industry reorganisation means business cycle less important than in the past**

**IATA** chief economist Brian Pearce, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the global economic cycle remains important for airline profitability, but is “perhaps less important than it has in the past”. According to Mr Pearce, this is because the industry has been reorganising itself in recent years. Airlines have become better at utilising their assets and the rise of ancillaries has created more opportunity for differentiation. Mr Pearce said ancillaries are also providing some, but not a complete, offset to the falling cost of airfares. He noted that the industry is still pretty uneven in terms of profitability, with North America and Europe contributing most of the industry’s forecast profits for 2018.

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### **IATA: No clear indication on when industry profit cycle could end**

**IATA** chief economist Brian Pearce, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) there is no clear answer on how long profitability will continue for airlines. Mr Pearce said the industry profit cycles of the past have always been ended by shocks, which are “by definition unpredictable”. He stated that structural changes in the industry will help it stay profitable for longer, including better asset use, the development of ancillary revenue models and industry balance sheet improvement, particularly in North America.

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### **IATA: Record revenue forecast for 2018, but faster cost growth squeezing profits**

**IATA** chief economist Brian Pearce, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) 2018 is expected to be a record year for revenue, with the industry expected to generate over USD800 billion from passengers and cargo. This is being driven by the strong air travel environment and revenue is “providing some offset to cost growth” said Mr Pearce. However, he noted cost pressure is rising even more quickly than revenue, which is squeezing profit.

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### **IATA still positive on cargo outlook, but ‘really worried’ about potential trade-war fallout**

**IATA** chief economist Brian Pearce, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) IATA is still positive on air cargo, but is “really worried” about the trade situation. Mr Pearce noted that has been a trade problem for 10 years with creeping protectionism, mostly in the form of protecting “national champions”. He added there is concern that if recent trade wars escalate and put up trade barriers, this will make it more difficult to facilitate air cargo. Mr Pearce also stated that the growth in e-commerce has really benefitted air cargo and is supporting growth to a much greater extent than before.

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### **IATA: Lowered profit forecast is a result of rising fuel prices**

**IATA** CEO and director general Alexandre de Juniac, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the association’s decline in airline industry net profit expectations for 2018 is a result of rising fuel prices. Mr de Juniac stated it is difficult to determine a particular price threshold at which oil costs will affect profits for everybody in the industry. Such a threshold really depends on the individual financial position of IATA’s members said Mr De Juniac. IATA has lowered its 2018 industry net profit forecast from USD38 billion to USD33.8 billion.

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### **IATA: It is in LCCs interests to join the association**

**IATA** CEO and director general Alexandre de Juniac, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) around 10% of IATA members are either “new model” airlines or LCCs. Mr de Juniac said that while large LCCs are not members, the association has been inviting them to join it. He added that it is in LCCs interests to join, as they can participate in designing and developing industry standards.



### **IATA: Pilot shortage is starting to be a problem in some regions**

**IATA** CEO and director general Alexandre de Juniac, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the pilot shortage is starting to be a problem in some parts of the world. IATA is working with diverse training organisations, as well as airlines, educational institutes and private trainers and OEMs. Mr de Juniac also commented IATA is looking at “dimensioning properly” training programmes in order to cope with shortages. He noted that all airlines are “conscious” of the problem and IATA is confident they are taking appropriate measures.

### **IATA: China has an ‘exceptionally good’ safety record, but vigilance must be maintained**

**IATA** CEO and director general Alexandre de Juniac, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the aviation safety record in China is “exceptionally good”, but the recent Sichuan Airlines incident demonstrates that there can be no relaxing of vigilance or excellence in safety. As previously reported by CAPA, Sichuan Airlines Flight 8633 suffered a shattered cockpit window and depressurisation incident in mid-May-2018, forcing it to perform an emergency landing.

### **IATA: Important that UK connectivity is maintained post Brexit**

**IATA** CEO and director general Alexandre de Juniac, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the association is not participating in negotiations on Brexit. IATA’s position is that connectivity is maintained between the UK, Europe and the rest of the world. Mr de Juniac said IATA has been advocating for some set dates for information from negotiations, as airlines will require at least six months of notice ahead of formal Brexit from the EU, to allow airlines to set their schedules.

### **IATA: Not our role to set minimum passenger standards for our members**

**IATA** CEO and director general Alexandre de Juniac, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) it is not the role of IATA to set minimum standards of service for airlines or to dictate minimums to airlines on passenger standards. Mr de Juniac said that if he were an airline CEO he would be “a bit annoyed” to receive such information from IATA. Mr de Juniac said that there are areas though on IATA “could have a voice” on standards, such as safety and passenger accessibility.

### **IATA: Air travel capacity in crisis in ‘many areas’**

**IATA** CEO and director general Alexandre de Juniac, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the air travel industry is “in a capacity crisis in many areas”. According to Mr de Juniac, capacity constraints translate into an increased number of slot constrained airports. To cope with this situation Mr de Juniac stated it is necessary to “maintain and improve” the current Worldwide Slot Guidance system, as the airline industry has to cope with the slot constrained situation at the moment. However, dealing with capacity constrained airports is a “transitory” solution, and IATA is urging governments to build new airports.

### **IATA: Individual members decision on whether to comply with Chinese stance on naming conventions**

**IATA** CEO and director general Alexandre de Juniac, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) it remains up to individual members to decide whether to comply or not to comply with Chinese requests concerning naming conventions for Hong Kong, Macau and Taiwan. Mr de Juniac said usually it is IATA’s position is for its members to comply with regulators.

## **TECHNOLOGY & DISTRIBUTION**

### **Arrivo CEO: Electromagnetic technology able to ‘get 10 lanes from one’ on roads and light rail**

**Arrivo** CEO Brogan BamBrogan, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) light rail corridors are only used 1% of the time. Mr BamBrogan added Arrivo’s electromagnetic and surface transport technology can be deployed in both tunnels and existing road networks to “effectively get 10 lanes from one”.

### **Arrivo CEO: Electromagnetic surface transport technology capable of handling 20,000 vehicles hourly**

**Arrivo** CEO Brogan BamBrogan, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) Arrivo is developing electromagnetic technology to “move 20,000 vehicles per hour” via high throughput lanes. The technology will also prevent vehicles from colliding with each other, and will accommodate a range of vehicles including privately owned cars, shuttle services and freighters.

### **Arrivo CEO: Airports must be ‘distributed’ and improve surface transport to maximise efficiency**

**Arrivo** CEO Brogan BamBrogan, speaking at the IATA AGM and World Air Transport Summit, commented (04-Jun-2018) on Arrivo’s strategy to “distribute” airports. The strategy aims to improve ground transport, deliver more passengers to airports, and to work effectively around airport limitations including curfews and runway restrictions.



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### **IATA: Airlines are moving to proactive and predictive safety approach**

**IATA** CEO and director general Alexandre de Juniac, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the industry is making progress on safety, with no passenger fatalities for jet aircraft operations during 2017 across 34.9 million flights. According to Mr de Juniac, accident investigation is an “important tool” in the quest to improve safety, but other sources must also be embraced. IATA is embarking on the Global Aviation Data Management programme in partnership with Singapore to use big data and predictive analysis to “mitigate risks before they can become accidents”.

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### **ACI World DG: ‘Everything that makes the process faster helps in terms of capacity’**

**Airports Council International (ACI)** World DG Angela Gittens, speaking on CAPA TV, stated (04-Jun-2018) “It’s always amazed me how we’ve pretty much done bag processing the same way for 50 years”, despite the existence of technology that could improve the process. Ms Gittens said she is pleased that IATA will require the use of radio frequency identification (RFID) technology for baggage tracking, because “Everything that makes the process faster helps in terms of capacity”. She noted that if airports can increase baggage handling throughput and “passengers can get out faster because they can get their bags” there is less need to “build more space” at airports. Ms Gittens added: “It has been very gratifying to see how quickly government is starting to embrace the use of biometrics”.

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### **SIA Group CEO: Better ATC regimes globally would ‘benefit everybody’**

**Singapore Airlines Group** CEO Goh Choon Phong, speaking at a media briefing at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) “better air traffic control regimes” globally would “benefit everybody”. Mr Goh said an opportunity exists for IATA to “quite actively” get involved with local carriers, in order to “talk to authorities and... get everyone to work together”.

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### **WTTC and IATA partner for ‘seamless passenger experience’**

**World Travel & Tourism Council (WTTC)** and IATA announced (04-Jun-2018) a partnership covering biometrics and the delivery of traveller digital identity management throughout the travel and tourism sector, to create a “seamless passenger experience”. Under the agreement, the two organisations will adopt a common approach, exchange information and work together to energise the entire sector to achieve international harmonisation through the use of biometrics standards and interoperability.

- IATA, on behalf of member airlines, is promoting a range of innovations to be considered for airports of the future, including the One iD initiative. This is IATA’s vision of an “end-to-end passenger experience that is seamless, efficient and secure” which aims at offering passengers a frictionless airport process allowing the possibility to walk through the airport;
- WTTC, through its Seamless Traveller Journey programme, is committed to working with the existing initiatives in this area to encourage the use of biometric technology and digital identity throughout the wider travel and tourism sector so travellers can enjoy a seamless, secure and efficient end-to-end journey. [more - original PR]

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### **PATA CEO notes AI is already widely used**

**Pacific Asia Travel Association (PATA)** CEO Mario Hardy, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) “AI is here - it’s not science fiction”. He said most people use some form of AI every day.

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### **PATA CEO warns of the risks associated with increased data**

**Pacific Asia Travel Association (PATA)** CEO Mario Hardy, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) more data comes with increased risk. He noted cyber crime is expected to cost USD2 trillion p/a by 2019.

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### **PATA CEO: Data is the ‘oil of the future’**

**Pacific Asia Travel Association (PATA)** CEO Mario Hardy, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) data is the “oil of the future”. He said there will continue to be exponential growth in data.

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### **PATA CEO notes data can be used by airlines to improve passenger experience**

**Pacific Asia Travel Association (PATA)** CEO Mario Hardy, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) airlines can use data to predict passenger needs and create a more personalised experience. He also noted data will help airlines increase their conversion rates.

### **PATA CEO: 2.5 quintillion bytes of data are produced per day**

**Pacific Asia Travel Association (PATA)** CEO Mario Hardy, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) approximately 2.5 quintillion bytes of data are produced per day. He also noted the global data economy is valued at USD3 trillion.

### **KLM CEO: Airline industry pursuing 'enormous catch up' in information technology**

**KLM Royal Dutch Airlines** president and CEO Pieter Elbers, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the airline industry is pursuing an "enormous catch up" in information technology. Mr Elbers said while banks and retailers have largely led the drive over the last five years, artificial intelligence for airlines "enables us to take a step forward". Mr Elbers however noted the number of interactions with the customer for an airline is much lower than that at a retailer or bank. The "common vision" is to appropriate technology into a personal interaction, Mr Elbers concluded.

### **KLM CEO: AI offers opportunity to adjust internal operating procedures, address disruptions**

**KLM Royal Dutch Airlines** president and CEO Pieter Elbers, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) artificial intelligence (AI) is particularly applicable in the case of disruptions. Mr Elbers said AI can enable an airline or airport to address the situation "rather than learning every time again" on how to resolve the issue. He reiterated AI "really provides a good opportunity to adjust... internal procedures" and "help us do something we haven't achieved so far".

### **KLM-BCG JV product swaps crew, aircraft and slot allocation 112 times in just six minutes**

**Boston Consulting Group (BCG)** partner and topic leader for airline operations Dirk-Maarten Molenaar, speaking at a media briefing at the IATA AGM and World Air Transport Summit, reported (04-Jun-2018) on a single test day with KLM and BCG's new set of artificial intelligence prediction tools. At Amsterdam Schiphol Airport with 15% less runway capacity due to weather, Mr Molenaar said the tools managed to reduce disruption by more than 50%, with 112 crew, aircraft and slot swaps taking place within six minutes.

### **KLM-BCG JV products already seeing 'very high' interest from other airlines**

**Boston Consulting Group (BCG)** partner and leader of airline practice Nicolas Boutin, speaking at a media briefing at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) many airlines focus on commercial digitisation however ignore operational opportunities. Mr Boutin said it is a "difficult problem to solve". Mr Boutin said BCG's new JV with KLM to market artificial intelligence solutions will see KLM as the launch customer of most solutions, with two already implemented and another two in the pipeline. Mr Boutin emphasised the interest from other airlines is "very high".

### **KLM CEO expecting less cancellations and delays with new BCG JV**

**KLM Royal Dutch Airlines** president and CEO Pieter Elbers, speaking at a media briefing at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the company's new joint venture with Boston Consulting Group is about "turning airline operations into a competitive advantage" with artificial intelligence. Mr Elbers said KLM has already implemented and is testing some of the technologies on a small scale basis, with results showing better operational performance at the carrier's Amsterdam Schiphol Airport hub compared to 2017. Mr Elbers said selling the product to other airlines will not place KLM at a disadvantage, as the carrier can learn from the experience of other entities using the products. Mr Elbers expects KLM will be able to operate with "less cancellations, less delays and better information for your next flight". The joint venture is the "next phase and step" in fulfilling KLM's ambition to become Europe's "most customer oriented and efficient network carrier" by 2020.

### **Air New Zealand: AI will be applied to all stages of the passenger journey**

Air New Zealand CEO Christopher Luxon, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) artificial intelligence systems will be applied to all aspects of the customer journey, from back end to customer facing roles.

### **KLM and BCG to jointly market unique set of artificial intelligence based solutions**

**KLM Royal Dutch Airlines** and **Boston Consulting Group (BCG)**, at the IATA AGM and World Air Transport Summit, announced (04-Jun-2018) the launch of a new partnership to improve "airline operations worldwide", by marketing a unique set of artificial intelligence based solutions. The companies said the cooperation marks the first time a leading aviation company has "joined forces with a top tier consultancy to bring to market a new service - a jointly developed artificial intelligence based system. Deploying common teams of KLM's operations decision support unit and BCG's airline practice, along with members of BCG Gamma, the product delivered via the partnership "will be able to tackle the most complex decisions pertaining to fleet, crew, ground services, and network".





## Emirates: Biggest problem with digitalisation is the amount of data being collected

**Emirates** president Sir Tim Clark, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the biggest single problem facing airlines in the process towards digitalisation is the amount of data that is being collected. Sir Tim said the data needs to be collected, sorted, collated and then presented in a meaningful manner to airlines. After this, airline CEOs will need to “look at the best use of this data, understand the scale of it and sort it in a way that you can activate it and get the business that you want”. Sir Tim also added that Emirates is “knocking down its processes” with concern to data and how it handles it.

## Emirates: Airlines will need to restructure their processes and present them via digital platforms

**Emirates** president Sir Tim Clark, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the need to digitalise the airline business is a “quantum leap”, and airlines need to understand that all of their processes will need to be restructured and presented via digital platforms, otherwise they run the risk of being accused of being “legacy”.

## AIRPORT PRIVATISATION

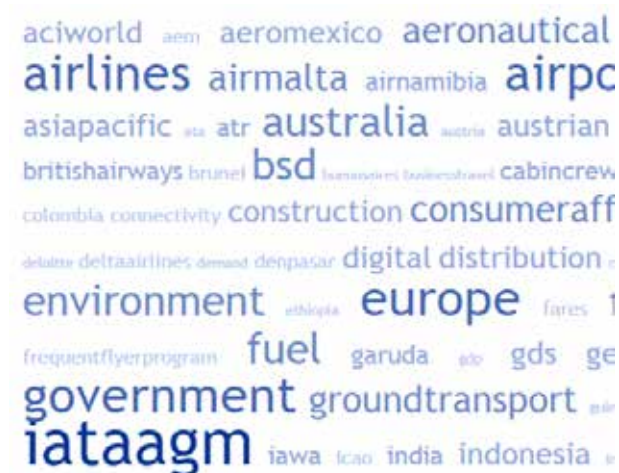
### IATA: Airport corporatisation generally better for outcomes than privatisation

**IATA** CEO and director general Alexandre de Juniac, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) variations of airport corporatisation generally provide better outcomes than full airport privatisation, and there is no one-size-fits-all solution to the question of infrastructure shortages. Mr de Juniac said airlines “do not accept” that privatisation must lead to higher costs and neither should travellers. He added that airlines have “bitter experiences” with some airport privatisations.

### IATA and Deloitte release set of materials on airport PPP and other forms of privatisation

**IATA** and Deloitte published (03-Jun-2018) ‘Airport Ownership and Regulation’, a set of guidance materials for governments considering public-private partnerships (PPP) and other forms of privatisation programmes for airport infrastructure. The information builds on industry best practice and the results of research into the effectiveness of different ownership and operating models from the perspective of a range of stakeholders. The materials explore three key areas in detail:

- Assessing the options for models of privatisation: IATA and Deloitte stated governments should take a broad view of airport ownership and operating models, matching them to the strategic management, financial and macro-economic objectives of inviting private participation in airport infrastructure provision and management;
- Best practices for the process of privatisation: IATA and Deloitte stated a competitive and transparent transaction process is a “must have” to assure public value for money. Governments must assure that bids are assessed on balanced criteria and that the key terms of any concession contract ensure improvement in efficiency, quality of service and appropriate investment in the airport for the airlines and the end-consumers;
- Regulation of privatised airport: IATA and Deloitte stated assessment of an airport’s market power and the development of the appropriate regulatory framework should take place in parallel with an assessment of potential ownership and operating models. Economic regulation is needed to prevent market abuse, secure efficiencies and ensure service quality. When combined with limited or weak economic regulation, all models (private or public) can lead to adverse outcomes; however, there are additional risks with airports that have private ownership. Best practice indicates that regulators must be centralised, appropriately funded, independent, have a clearly defined mandate; and be endorsed by governments and defined in legislation. Regular assessment of an airport’s market power is needed to ensure that the regulatory function remains fit-for-purpose. [more - original PR]



### ALTA: ‘We really need more airports’ in Latin America, ‘The worst airport is the one we don’t have’

**ALTA** executive director Luis Felipe de Oliveira, speaking on CAPA TV, commented (04-Jun-2018) on what will be needed to achieve the goal of doubling the number of passengers flying in the region, stating: “Double the capacity of the airports. Construction of airports in Latin America was very slow. We have some icons such as Mexico City which took 15 years to decide on the construction... when the airport is done, the capacity will already be reached in a few years”. He added: “We really need more airports, we need more capacity... the worst airport is the one we don’t have”.

### **ALTA: 'Airports were bad. Today airports improved a lot, however they are still expensive'**

**ALTA** executive director Luis Felipe de Oliveira, speaking on CAPA TV, commented (04-Jun-2018) ALTA is "working hard" on the infrastructure side in order to develop aviation in Latin America. He added: "Ten years ago airports in the region were really bad. Today airports improved a lot, however they are still expensive". He explained that often these airports have high concession fees to pay to the Governments, including high participation in the airport's income.

### **ALTA: 'LCCs in the region need to play a different role than they play in other countries'**

**ALTA** executive director Luis Felipe de Oliveira, speaking on CAPA TV, commented (04-Jun-2018) on LCCs in Latin America, stating: "LCC is a reality all over the world. The difference in the region is that we don't have alternative airports, we don't have alternative cost of fuel". He added: "LCCs in the region need to play a different role than they play in other countries... to be more competitive in the region... They play a very important role to increase the number of people who fly".

### **Kansai Airports co CEO: 'Privatisation is a trend'**

**Kansai Airports** co CEO and VINCI Airports Asia area director Emmanuel Menanteau, speaking the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) "privatisation is a trend" which will not be impeded. He said by 2040 there will be 22 billion passengers travelling globally, while by 2022 countries will have to invest USD400 billion in airport infrastructure. "Who is going to finance it?", he questioned, citing private investors as the answer.

### **Kansai Airports co CEO: Airports and airlines need to work together as business partners**

**Kansai Airports** co CEO and VINCI Airports Asia area director Emmanuel Menanteau, speaking the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) airports need "good business partners to work together" to the benefit of passengers. Mr Menanteau also said airports and airlines should jointly seek the right operating framework from governments.

### **A4ANZ: Regulators should 'mimic the effect' of competition for monopolistic Australian airports**

**Airlines for Australia and New Zealand (A4ANZ)** CEO Alison Roberts, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) new "fit for purpose" regulatory arrangements are required in Australia because "airports are not competing". She cited the Sydney-Melbourne route stating: "People aren't making the choice to travel that route". Ms Roberts suggested regulators create the threat of competition through oversight that "mimics the effect" however dismissed the notion of moving toward price regulation.

### **A4ANZ: Airport privatisation regulatory model in Australia a 'case study of what**

**Airlines for Australia and New Zealand (A4ANZ)** CEO Alison Roberts, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) there is "nothing legally wrong" with monopoly operators. Ms Roberts stated in the case of airports in Australia and New Zealand, the associated regulatory model for privatised airports was considered too "heavy handed", and was removed after a short period. She said regulations should be revisited, as airports in Australia specifically are a "global case study of what not to do".

### **A4ANZ: Revenue per passenger in Australia grows 25% in last 10 years**

**Airlines for Australia and New Zealand (A4ANZ)** CEO Alison Roberts, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) revenue per passenger in Australia increased 25% in the last 10 years. Ms Roberts however said fares declined 40% in real terms over the same period. "Imagine how much more" fares would decline if airport charges "were not going up", she emphasised.

### **A4ANZ position on privatisation 'not about being anti airports': CEO**

**Airlines for Australia and New Zealand (A4ANZ)** CEO Alison Roberts, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the association's position on airport privatisation is "not about being anti airports". Ms Roberts noted airlines work with airports "every day" and have a "shared interest" in the travelling passengers. Ms Roberts emphasised A4ANZ instead seeks "getting the regulatory framework right" to support the privatisation structure Australian airports are operated under.

### **Qantas: Australia has set a 'bad example' in airport privatisation**

**Qantas Group** CEO Alan Joyce, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) privatised airports in Australia have not been more efficient than public airports, and privatisation has led to "bad outcomes for consumers". Qantas is "very focused" on the issue of airport privatisation, as a "bad example has been set in Australia with the privatisation of airports".



## SAFETY & SECURITY

### Virgin Australia 'lobbied for live background checking': head of security

**Virgin Australia** group head of security Mark Shields, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the airline "lobbied for live background checking" to improve aviation security & safety. Mr Shields noted current procedures are to conduct background checks every two years

### Virgin Australia head of security: passenger 'facilitation' at airport security is important

**Virgin Australia** group head of security Mark Shields, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the "facilitation" of security checks at airports is important. Mr Shields added security equipment upgrades and training are key to the passenger facilitation process.

### Virgin Australia states biometric security still requires measures to reduce threats

**Virgin Australia** group head of security Mark Shields, speaking at the IATA AGM and World Air Transport Summit, noted (04-Jun-2018) biometric data has improved security measures, however states security departments will need to "verify data" with passengers, "not be complacent" with potential passenger threats, and "remain unpredictable".

### Virgin Australia head of security notes 'shortage' in supply of chief security officers

**Virgin Australia** group head of security Mark Shields, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) it is important for an airline to find a good "chief security information officer" to protect its data and information technology structure. Mr Shields stated there is a "shortage" in chief security officers, noting "it is getting harder to find people to keep your information secure".

### Virgin Australia head of security: companies take 172 days to be aware of cyber security breach

**Virgin Australia** group head of security Mark Shields, speaking at the IATA AGM and World Air Transport Summit, noted (04-Jun-2018) "it takes 172 days on average for a company to be aware" of a cyber security breach.

### Virgin Australia head of security expects industry to introduce measures to address new threats

**Virgin Australia** group head of security Mark Shields, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) he expects the aviation industry will introduce security measures similar to the bans on gels and liquids in 2007 with the changes in terrorist and biological threats.

## PASSENGER EXPERIENCE

### Bangkok Airways to transition to all -600 series ATR fleet

**Bangkok Airways** president Puttipong Prasartong-Osoth, speaking on CAPA TV, stated (03-Jun-2018) the airline plans to standardise its turboprop fleet on ATR -600 series aircraft for operational, maintenance and brand image reasons. The airline will reduce its turboprop fleet from 15 to around 13 aircraft, with some existing aircraft to be sold and not replaced. The airline operates six ATR 72-500s and nine ATR 72-600s with four ATR 72-600s on order, according to the CAPA Fleet Database.

### Garuda aims to increase Bali-Mumbai frequency to daily

**Garuda Indonesia** SVP corporate strategy Albert Burhan, speaking to CAPA on the sidelines of the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) Bali-Mumbai service is "doing very good and I think we will increase it to daily fairly soon". He said Garuda also plans to explore commencing Bali-Delhi service. Garuda launched three times weekly Bali-Mumbai service with A330-200 aircraft in Apr-2018.

### Garuda plans to take first A330neo in late 2019

**Garuda Indonesia** SVP corporate strategy Albert Burhan, speaking to CAPA on the sidelines of the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the airline deferred delivery of its first A330-900neo until late 2019. Garuda has 13 A330-900neos on order. Mr Burhan said Garuda intends to phase out six of its oldest A330-300s as the first batch of A330neos are delivered. Garuda operates 11 newer model A330-300Es along with six older model A330-300s, according to the CAPA Fleet Database.



### Garuda defers 737 MAX deliveries until 2020

**Garuda Indonesia** SVP corporate strategy Albert Burhan, speaking to CAPA on the sidelines of the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the airline plans to take delivery of its next Boeing 737 MAX 8 in early 2020. He said all five 737 MAX 8s originally slated to be delivered in 2018 and all five slated for 2019 were deferred. Garuda took its first 737 MAX 8 in late 2017 and has 34 more on order. Garuda tried to defer the first aircraft but could not do so without incurring a significant penalty. Mr Burhan said leases on several 737s are expiring in 2018 but some are being extended. He said by extending leases Garuda is able to generate cost savings compared to leasing new aircraft, supporting its restructuring programme. Garuda also operates 73 737-800s, according to the CAPA Fleet Database.

### Garuda aims to cancel remaining ATR 72-600 order

**Garuda Indonesia** SVP corporate strategy Albert Burhan, speaking to CAPA on the sidelines of the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) Garuda is talking to ATR about cancelling its remaining ATR 72-600 orders. While the negotiations to cancel the remaining order are continuing there will be no additional deliveries. Mr Burhan said Garuda plans to keep its 16 existing ATR 72s and has been working to improve utilisation. Garuda increased utilisation over the last year from an average of five hours per day to six and aims to reach seven hours by the end of 2018. Garuda operates 16 ATR 72-600s with nine more on order, according to the CAPA Fleet Database.

### Thai Airways considers introducing premium economy

**Thai Airways** VP for alliances and commercial Krittaphon Chantalitanon, speaking to CAPA on the sidelines of the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the airline is considering introducing a premium economy product. If Thai decides at the conclusion of the study to proceed with premium economy the new product could potentially debut on an experimental basis on six retrofitted Boeing 777-200ERs. Thai would also include the new premium economy product, if launched, on new future widebody aircraft it plans to order but for now there are no plans to retrofit the 777-300ER or 787 fleets.

### Thai Airways progresses with 787-8 and A330-300 retrofits, delays 777-200ER retrofits

**Thai Airways** VP for alliances and commercial Krittaphon Chantalitanon, speaking to CAPA on the sidelines of the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the airline plans to complete crew bunk retrofits on fleet of six Boeing 787-8s within the next month. Mr Krittaphon said the first of five A330-300 retrofits featuring new lie flat business class seats is in process and should be completed within the next couple of months. He said 777-200ER retrofits will now likely begin in 2019. CAPA reported in Dec-2018 that Thai intended to retrofit its fleet of six 777-200ERs fleet in 2018. The 777-200ER retrofit will include introducing lie flat business class seats.

### Thai Airways aims to resume new aircraft deliveries in 4Q2019

**Thai Airways** VP for alliances and commercial Krittaphon Chantalitanon, speaking to CAPA on the sidelines of the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the airline still aims to secure late 2019 delivery slots for new aircraft despite delays in placing orders. CAPA reported in late 2017 that Thai was evaluating new narrowbody and widebody aircraft and could place in early 2018 its first new aircraft order in six years. Mr Krittaphon said the original thought was to make a decision and place orders in 1H2018 but the process has been delayed. He said Thai still needs to secure approval from the board and government and has not internally made a final decision on which types to order or the mix. Thai Airways is aiming to initially order 20 aircraft consisting of additional A320 family aircraft for Thai Smile and new generation widebody aircraft for the parent airline. Mr Krittaphon said "if possible" Thai would like deliveries to start in 4Q2019 but acknowledged it will be challenging to secure slots before 2020. Thai Airways does not have any aircraft on order, having recently completed its previous aircraft acquisition programme with the delivery of its last A350. If Thai is unable to secure any new aircraft until 2020 the airline may have to delay the phase out of its Boeing 747 fleet. Mr Krittaphon said the current plan is for most of Thai's 747-400 fleet to retire in 2019.

### Vietnam Airlines does not have requirement for additional widebody aircraft

**Vietnam Airlines** CEO Duong Tri Thanh, speaking on CAPA TV, stated (04-Jun-2018) the airline has no plans to acquire additional widebody aircraft beyond the 10 it has now on order. Vietnam Airlines has two more A350s and eight Boeing 787-10s on order. The 787-10s will be delivered from 2019 while the last two A350s are slated to be delivered over the next year. "I think that is now a sufficient number", Mr Thanh said. He added the additional widebodies will be mainly used to add frequencies to existing destinations and upgauge regional flights now operated by narrowbody aircraft.

### Vietnam Airlines first A321neo delivery delayed until end 2018 or early 2019

**Vietnam Airlines** CEO Duong Tri Thanh, speaking on CAPA TV, stated (04-Jun-2018) the airline's first A321neo delivery was delayed until at least Dec-2018. Vietnam Airlines has 20 A321neos on order and was originally planning to take 10 aircraft in 2018 and 10 in 2019. "With the leased order for 20 A321neos is there the delivery is rescheduled time and again due to the engine delay", Mr Thanh said. "Now we are talking about the first delivery instead of first quarter this year into the very last month of 2018 or even into 2019. So it's almost a one year delay".



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### Vietnam Airlines to wet lease regional jets as 'test' prior to acquisition

**Vietnam Airlines** CEO Duong Tri Thanh, speaking on CAPA TV, stated (04-Jun-2018) the airline plans to wet lease regional jets in summer 2018 as part of a trial in its ongoing evaluation of regional jets. CAPA reported in Feb-2018 that Vietnam Airlines is studying the acquisition of regional jets, primarily Bombardier C Series and Embraer E-Jet family aircraft, to replace ATR 72s on domestic routes and expand on short haul international routes. Mr Thanh said the airline plans to wet lease at least two regional jets manufactured by Bombardier, Embraer or potentially others in summer 2018. The wet lease will provide interim capacity to partially compensate for capacity lost by the A321neo delivery delays. Mr Thanh said the wet lease will also be used as a "test" in its evaluation of new regional jets: "We are now leasing in some regional jet. The regional short haul wet lease will give us more flexibility on our shorter routes within Vietnam and free up the A321 capacity for the shortage... This is also a test. We are working with all manufacturers to put in the feasibility study, to put into the operational study and into the economics calculations. The wet lease would be some kind of test period for us. It would not be a final decision". Mr Thanh added that following the wet lease trial period Vietnam Airlines plans to initially order five to seven regional jets.

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### SaudiGulf Airlines: IATA membership is facilitating 'interline agreements' and 'potentially alliances'

**SaudiGulf Airlines** president and CEO Samer Majali, speaking on CAPA TV, stated (04-Jun-2018) its IATA membership status has facilitated "interline agreements... and potentially alliances in the future".

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### SaudiGulf Airlines 'had an effect on the overall travel experience in Saudi Arabia': president & CEO

**SaudiGulf Airlines** president and CEO Samer Majali, speaking on CAPA TV, stated (04-Jun-2018) the carrier has "had an effect on the overall travel experience in Saudi Arabia". Mr Majali noted: "The idea was to inject high quality service within the Saudi Arabian market and we believe there is a demand for high quality services by airlines." The president and CEO noted the airline operates services configured with first and economy classes.

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### SaudiGulf Airlines to expand international network in 2018: president & CEO

**SaudiGulf Airlines** president and CEO Samer Majali, speaking on CAPA TV, stated (04-Jun-2018) the airline plans to expand its international service network by commencing services "from Dammam later on this year to Pakistan and to other parts in the Middle East".

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### SaudiGulf Airlines 'very optimistic' Saudi Arabian market will expand: president & CEO

**SaudiGulf Airlines** president and CEO Samer Majali, speaking on CAPA TV, stated (04-Jun-2018) the airline is "very optimistic that the Saudi Arabian market, which is the largest domestic market in the Middle East, will expand... this plus the Kingdom opening up their plan to increase the Umrah and Hajj traffic to three or four times where it is today... and the country is opening other types of tourism".

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### SaudiGulf Airlines president & CEO: airlines look to wet lease arrangements to address delivery delays

**SaudiGulf Airlines** president and CEO Samer Majali, speaking on CAPA TV, stated (04-Jun-2018) the delay in narrowbody aircraft and engine deliveries by Airbus has "caused a problem, and that is why airlines are looking to basically wet lease aeroplanes in the short term".

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### SaudiGulf Airlines to deploy widebody aircraft on 'trunk routes': president and CEO

**SaudiGulf Airlines** president and CEO Samer Majali, speaking on CAPA TV, stated (04-Jun-2018) the airline plans to deploy widebody aircraft on "trunk routes", supporting narrowbody sectors. As previously reported by CAPA, SaudiGulf plans to take delivery of widebody aircraft from 2022.

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### SaudiGulf president & CEO unveils fleet expansion plan, stating 'market is open' to widebodies

**SaudiGulf Airlines** president and CEO Samer Majali, speaking on CAPA TV, stated (04-Jun-2018) the airline plans to wet lease additional aircraft this year and take delivery of A320/A321neos in 2019, expanding its fleet of four A320ceos. Mr Majali stated: "We are going to add probably anywhere between six to eight aeroplanes in 2019, and a similar number in 2021... we plan our narrowbody fleet to be 35 aeroplanes". Following the narrowbody expansion, the carrier will add widebody aircraft "starting from 2022 onwards." The president and CEO stated the "market is open" with widebody acquisitions, noting the carrier has an MoU with Boeing for 787 aircraft.

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### SaudiGulf president & CEO: five carriers in domestic market 'is a little too many'

**SaudiGulf Airlines** president and CEO Samer Majali, speaking on CAPA TV, stated (04-Jun-2018) five carriers operating in the Saudi Arabian domestic market "is a little too many", noting "it has had a negative impact on yields." Mr Majali added "we hope there will be some sort of consolidation or some kind of rationalisation in the future."

### Air New Zealand: Being a flag carrier is 'everything for us'

**Air New Zealand** CEO Christopher Luxon, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) being the New Zealand flag carrier is "everything for us" and for New Zealand to be successful "Air New Zealand needs to be successful, and visa versa". Mr Luxon reported that tourism is the largest industry in New Zealand, with more than four million international arrivals p/a. As a result, infrastructure is a major issue in our country "across the whole piece" for the tourism industry, said Mr Luxon. He also noted that it is a reality that airlines can contribute to strengthening civil society by their approaches and activities.

### Air New Zealand: New Qantas codeshare partnership will benefit onward passengers

**Air New Zealand** CEO Christopher Luxon, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the new codeshare partnership between Air New Zealand and Qantas will benefit the segment of the carrier's passengers that need onward travel in Australia. Mr Luxon also reported that the carrier's codeshare relationship with Virgin Australia was ended as the parties have "quite different interests". The Virgin codeshare partnership is due to end on 27-Oct-2018. The Qantas codeshare partnership commences on 28-Oct-2018.

### Air New Zealand: Airports in this region are 'making off like bandits'

**Air New Zealand** CEO Christopher Luxon, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) airports "in this part of the world are making off like bandits" and are able to "charge first world prices for a third world product". Air New Zealand has joined Qantas Group and Virgin Australia, along with the Airlines for Australia and New Zealand airline industry lobby group, in criticising the monopoly positions and profit levels of some Australasian airports, as well as calling for a new regulatory framework to be applied to them.

### Air New Zealand: Airlines need to avoid applying a 'digital veneer' on existing processes

**Air New Zealand** CEO Christopher Luxon, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) airlines put themselves in a "power of trouble" if they lose control of their customer data and trust. Mr Luxon said data and digitalisation offer the ability to transform the passenger experience, simplify the business of operating an airline and eliminate pain points. However, he noted that the risk is that airlines fail to change their underlying processes and methodologies, and instead just apply a "digital veneer" on their existing processes.

### Emirates: The flag carrier is going to become an anachronism

**Emirates** president Sir Tim Clark, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) Emirates has acted as Dubai's brand ambassador for the past 25 years, but with what is happening in the world today, he believes the concept of a flag carrier is "going to be an anachronism". Sir Tim noted the flattening and loss of brands in other sectors, and stated that the outcome for flag carriers is uncertain when looking five to 10 years into the future.

### Emirates: There will be casualties from higher oil prices

**Emirates** president Sir Tim Clark, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) there "will be casualties from increasing oil prices", but the industry has become "more slick" about the way it goes about managing costs since the last increase in oil prices.

### Emirates: The industry has a problem if fare bundles and ancillary options become regulated

**Emirates** president Sir Tim Clark, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) there seems to be a move in the US for regulators to attempt to define what airlines can and can't do with regard to the "basics" and how airlines monetise their ancillaries. If this form of regulation does occur, "we have a problem as an industry" said Sir Tim. The Emirates CEO stated the airline industry should be allowed to determine in its own way of how it generates revenue from the passenger and just how granular this relationship becomes, looking at what the passenger wants and what they are willing to pay for.

### Emirates confirms no current plans to add more US fifth freedom rights

**Emirates** president, Sir Tim Clark, speaking at the IATA AGM and World Air Transport Summit, confirmed (04-Jun-2018) the carrier has no plans to amend the fifth freedom rights that it currently operates to the US. As previously reported by CAPA, the new UAE-US bilateral air services agreement contains a side letter stating parties to the agreement, which the UAE General Civil Aviation Agency (GCAA) announced states: "UAE air carriers have no current plans to adjust the fifth freedom services that they operate in accordance with the agreement". The GCAA also noted: "Nothing in their communications amends or changes the 2002 agreement or any rights therein".





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### Emirates: flydubai becoming a 'medium to full service airline'

**Emirates** president Sir Tim Clark, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) flydubai is "becoming a medium to full service airline" as it becomes a more integral part of the Emirates group. Sir Tim noted flydubai is now in a position to do a lot of the intra-regional work that Emirates, with its all widebody aircraft fleet, cannot manage effectively. The combined fleet of Emirates and flydubai is around 330 aircraft said Sir Tim. According to the CAPA Fleet Database, flydubai operates 55 Boeing 737-800s, six 737 MAX 8s and has another 245 737 MAX 8s on order.

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### Air Canada has 'built our brand very much in keeping with the main principles that Canada exposes'

**Air Canada** president and CEO Calin Rovinescu, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) "We have built our brand very much in keeping with the main principles that Canada exposes, such as bilingualism, diversity, immigration. "That's how we have been building our airline", he said. He noted that Canada is a "patchwork of immigration" and "we have built that on a coast to coast basis" as an airline. "We are proudly wrapping ourselves in the flag", Mr Rovinescu added.

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### Air Canada notes 'humongous success' of Air Canada route; 'main contributor' to profitability

**Air Canada** president and CEO Calin Rovinescu, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the carrier has seen "humongous success" at Air Canada route. "We tried to build something which is a lower cost, leisure carrier," Mr Rovinescu said, noting that this has enabled the carrier to "capture a wider range of business at a lower cost". He noted that this has helped segment part of the business, and cover such geographies as leisure routes to Europe, Caribbean, Florida and Arizona. Mr Rovinescu added: "It doesn't have to be all courses for all horses but if the brand can support product differentiation, it is ok to build a model that works". He also stressed: "I won't copy someone else's model", while noting that Air Canada was in a situation where the carrier had higher cost due its legacy situation and Air Canada route has "been one of main contributors to our profitability".

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### Air Canada rouge is 'similar but not identical' to Qantas-Jetstar relationship

**Air Canada** president and CEO Calin Rovinescu, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) Air Canada rouge is "similar but not identical" to the Qantas-Jetstar relationship. "There is definitely not one size fits all", Mr Rovinescu said. He noted that there are similar models globally, but there are different dynamics at different airlines and geographies.

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### Air Canada: 'Our view is that we will comply with the Chinese requirements'

**Air Canada** president and CEO Calin Rovinescu, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) "we are a private sector company, with private sector interests". Air Canada's decision on how to refer to Taiwan as part of China is "not a political statement", with Mr Rovinescu noting that the carrier has a strategy of complying with various regulations in the various jurisdictions which it operates. He added: "Our view is that we will comply with the Chinese requirements". He also noted the carrier's "tremendous respect for Taiwan" and its people, but "this is one of the situations where we are not a government, we are not making any political statement". He added: "Airlines have enough issues to deal with".

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### Air Canada says airports have 'gotten a lot better at understanding the business of airlines'

**Air Canada** president and CEO Calin Rovinescu, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) "our airports have gotten a lot better at understanding the business of airlines". However, airport infrastructure, which includes not just the airport but other aspects such as security, in Canada and many other countries remains "beyond the pale".

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### Air Canada says 'any form of creeping regulation' is 'cause for concern'

**Air Canada** president and CEO Calin Rovinescu, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) "any form of creeping regulation" is a "cause of concern" for the industry. Mr Rovinescu stated the aviation industry is "one of those strange industries where it is seen as ok to regulate cost inputs", covering a range of areas including the environment, airport charges, excise taxes, among others. While "it's a cause of concern", Mr Rovinescu added that the "industry is healthy enough that we will end up battling, and dealing".

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### Royal Brunei receives fifth 787 in Jun-2018, crew bunk retrofits to commence in Sep-2018

**Royal Brunei Airlines** CEO Karam Chand, speaking to CAPA on the sidelines of the IATA AGM and World Air Transport Summit, stated (03-Jun-2018) the airline's fifth and final Boeing 787-8 is slated to be delivered at the end of Jun-2018. He said all five 787s will be retrofitted with crew bunks from late Sep-2018 to Nov-2018. The extra 787 enables Royal Brunei to launch its recently announced nonstop London service. While the airline will have only four 787s in service when the nonstop London route launches in late Oct-2018, Mr Chand said the airline can make do temporarily with four aircraft as the seasonal Jeddah route will not be operating when London launches.

### Royal Brunei to decide on new routes in Jul-2018

**Royal Brunei Airlines** CEO Karam Chand, speaking to CAPA on the sidelines of the IATA AGM and World Air Transport Summit, stated (03-Jun-2018) the airline's board will decide in Jul-2018 on new routes to be launched later in 2018 with its new fleet of seven A320neos. The airline plans to take seven A320neos in 2018. Four will replace A320ceos, one will be used to increase frequency on existing routes and two will be used for new routes. Mr Chand said up to five new routes could be launched. The focus is mainly on North Asia but India and a fourth destination in Indonesia is also under consideration. Brisbane was previously looked at but will not be launched, at least not in 2018.

### Royal Brunei to receive second A320neo on 07-Jun-2018

**Royal Brunei Airlines** CEO Karam Chand, speaking to CAPA on the sidelines of the IATA AGM and World Air Transport Summit, stated (03-Jun-2018) the airline plans to take delivery of its second A320neo on 07-Jun-2018. Mr Chand said the growth aircraft will be used to increase frequency to several existing destinations, including Bangkok, Kuala Lumpur and Seoul. Royal Brunei took delivery of its first A320neo in late May-2018. As CAPA previously reported, the first revenue flight for the aircraft will be to Singapore on 07-Jun-2018. Mr Chand said this is a replacement aircraft for an A320ceo being returned to Avolon. Royal Brunei plans to receive seven A320neos by the end of 2018 while returning four of its six A320ceos.

### PAL plans to launch Delhi and Mumbai services in Sep-2018

**Philippine Airlines** (PAL) president Jaime Bautista, speaking to CAPA on the sidelines of the IATA AGM and World Air Transport Summit, stated (03-Jun-2018) PAL plans to launch services to Delhi and Mumbai in Sep-2018 using its new fleet of long haul configured A321neos. Delhi and Mumbai will each initially be served three times weekly and will be the second and third long haul routes for PAL's A321neos after Brisbane, which will transition from A340s to A321neos in Jul-2018. PAL took delivery of its first long haul configured A321neo at the end of May-2018 and is slated to take another five aircraft by the end of 2018. Mr Bautista said the six aircraft will be used for Brisbane, Delhi, Mumbai, Sapporo, Sydney and Melbourne. PAL plans to launch Sapporo in Sep-2018 or Oct-2018. PAL is looking at using the last batch of long haul configured A321neos to add a second daily frequency to Sydney, supplementing seven weekly frequencies now operated with A330-300s. PAL is also considering increasing Melbourne to daily with some or all of the frequencies operated with A321neos. PAL recently upgraded Melbourne from three to five weekly frequencies using A330-300s.

### PAL to place first A321neo into service on 05-Jun-2018

**Philippine Airlines** (PAL) president and COO Jaime Bautista, speaking to CAPA on the sidelines of the IATA AGM and World Air Transport Summit, stated (03-Jun-2018) PAL plans to place its first A321neo into service on 05-Jun-2018. The aircraft will initially be used on domestic services and to Hong Kong before being deployed to Brisbane. As CAPA previously reported, PAL plans to begin operating the A321LR, which is configured with 12 lie flat business class seats and 156 economy seats, to Brisbane from 02-Jul-2018. PAL took delivery of its first A321neo at the end of May-2018. The airline has 20 more A320neos on order, five of which will be delivered by the end of 2018 in a 168 seat low density configuration and used for long haul routes while the rest will be delivered from 2019 in higher density configuration and used for short haul routes.

### PAL to take delivery of first A350 in Jul-2018

**Philippine Airlines** (PAL) president and COO Jaime Bautista, speaking to CAPA on the sidelines of the IATA AGM and World Air Transport Summit, stated (03-Jun-2018) PAL plans to take delivery of its first A350 on 14-Jul-2018. The aircraft will arrive in Manila from Toulouse on 15-Jul-2018 and will be showcased at an event along with PAL's second A321neo, which will arrive in Manila from Hamburg at about the same time. PAL also plans to take delivery of an additional Bombardier Q400 at about the same time.

### KLM CEO seeing 'healthy demand in Europe and on long haul'

**KLM** Royal Dutch Airlines president and CEO Pieter Elbers, speaking to Reuters on the sidelines of the IATA AGM and World Air Transport Summit, stated (03-Jun-2018) "Looking at where we are in terms of loads and traffic, we see healthy demand in Europe and on long haul". Mr Elbers expects KLM's fleet renewal scheme, with Boeing 787-9s replacing 747s and Embraer aircraft replacing Fokker equipment, to help prepare for rising fuel prices. Air France-KLM is hedged 59% for 2018.

### Austrian to introduce Tokyo and Cape Town services with 777; network expansion a 'work in progress'

**Austrian Airlines** CEO Harry Hohmeister, speaking on CAPA TV, stated (04-Jun-2018) "We have expanded with the introduction of the 777... we have just opened up Tokyo as a new destination, and in winter we will open up Cape Town as a new destination." Mr Hohmeister commented on the network expansion as a "work in progress".



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### Austrian Airlines introduction of premium economy a response to European 'trend'

**Austrian Airlines** CEO Harry Hohmeister, speaking on CAPA TV, stated (04-Jun-2018) the introduction of the premium economy class is a response to "a trend in Europe". Mr Hohmeister noted the new product has led to a "whole new shelf and seat configuration".

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### Austrian Airlines is 'stable': CEO

**Austrian Airlines** CEO Harry Hohmeister, speaking on CAPA TV, stated (04-Jun-2018) the airline is "stable", noting it "has been able to grow in the last three years, averaging 6% to 7% per year." Mr Hohmeister added the airline has opened new markets and introduced new markets and products to customers, including premium economy class on intercontinental services.

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### ALTA highlights Panama as a positive example of a Government enabling aviation

**ALTA** executive director Luis Felipe de Oliveira, speaking on CAPA TV, commented (04-Jun-2018) on Panama's positive example of how aviation can assist the development of a country, stating: "When you have around 22% of the economy of Panama coming from aviation, that is an important example of how we can empower aviation".

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### ALTA: 'We can reach around 36m passengers in a few years'

**ALTA** executive director Luis Felipe de Oliveira, speaking on CAPA TV, commented (04-Jun-2018) on Latin American and Caribbean aviation industry's potential, stating: "Basically we have a big potential. If we double this potential in Latin America, we can reach around 36 million passengers in a few years". He stated that overall Latin America has a 0.5 trips per capita per annum, while the figure in Europe is around 1.5 and in the US it is around two trips.

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### Air Malta chairman: 'Ryanair has changed the way that aviation operates'

**Air Malta** chairman Charles Mangion, speaking on CAPA TV, stated (04-Jun-2018) "Ryanair has changed the way that aviation, especially in Europe, operates." Mr Mangion noted legacy airlines are "adapting" to the introduction of LCC activity.

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### Air Malta chairman sees potential for Malta to become year round destination for tourists

**Air Malta** chairman Charles Mangion, speaking on CAPA TV, stated (04-Jun-2018) the airline is "working with tourism authorities" to push tourism arrivals "throughout the year", noting the "saturation" in summer periods would require adjustments to year round inbound schedules. Mr Mangion stated the country has "a very mild climate" and the airline "could push for tourists throughout the year." However, the increase in business opportunities in Malta has prompted the airline to consider scheduling periods to accommodate the corporate travel market.

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### Air Malta Chairman: Malta reaches a 'saturation point' in summer months

**Air Malta** chairman Charles Mangion, speaking on CAPA TV, stated (04-Jun-2018) Malta has reached a "saturation point" during the summer period, attributing to limitations in size and resources to handle the volume of tourists per annum.

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### Air Malta to improve technology and communication to become 'more customer friendly': Chairman

**Air Malta** chairman Charles Mangion, speaking on CAPA TV, stated (04-Jun-2018) the airline is improving its existing technology, including upgrades to its GDS system, communication processes including social media, to become "more customer friendly".

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### Air Malta launches 20 new routes between restructure and 2019

**Air Malta** chairman Charles Mangion, speaking on CAPA TV, stated (04-Jun-2018) the airline will introduce approximately 20 new routes from its restructure through to 2019, noting the route network has expanded with services to North Africa and Tel Aviv. Mr Mangion stated: "This is proving to be interesting and appealing because volumes are growing to... double digit numbers" in the last six months. According to Mr Mangion, revenue has not "grown as fast" due to price sensitivity in the market.

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### Air Malta 'totally overhauled' its strategy: Chairman

**Air Malta** chairman Charles Mangion, speaking on CAPA TV, stated (04-Jun-2018) since his appointment, the airline has "totally overhauled" its strategy and introduced "17 new routes", "increased frequencies by over 3000" on existing routes and the airline plans to introduce "two or three" new routes this year. As previously reported by CAPA, Mr Mangion was appointed as chairman of Air Malta in Jul-2017.



### **Air Malta chairman comments on airline restructuring programme 'wasn't successful'**

**Air Malta** chairman Charles Mangion, speaking on CAPA TV, stated (04-Jun-2018) "Air Malta, up to 2016 and early 2017... just completed a restructuring process agreed with the European Union, because obviously being a part of the EU there are certain rules and regulations, subsidies the government can provide for the airline". Mr Mangion also stated: "There was a lot of cost cutting within the company... also a reduction in activity of the airline" noting schedules were discontinued and "no new routes were introduced and frequencies were limited." The chairman noted the "volume" and "revenue... wasn't as successful as one would desire. I look at this restructuring process... [as] wasn't successful".

### **Air Malta chairman notes need to 'compete', 'adjust' and 'collaborate' to address LCC threats**

**Air Malta** chairman Charles Mangion, speaking on CAPA TV, noted (04-Jun-2018) legacy airlines "need to compete", "adjust" and "collaborate" to address "stiff competition" from low cost carriers in Europe. Mr Mangion noted LCCs are becoming "more sharper and more efficient".

### **Air Malta chairman: 'air travel is growing'**

**Air Malta** chairman Dr Charles Mangion, speaking on CAPA TV, stated (04-Jun-2018) "one of the positive highlights is that air travel is growing," noting there is a market for travel that is "much more convenient, more customer-centric and more price sensitive".

### **Air Malta to become 'more customer-centric': Chairman**

**Air Malta** chairman Charles Mangion, speaking on CAPA TV, stated (04-Jun-2018) the airline plans to become "more customer-centric" with its strategies including improvements to its online booking platform, technology and flexibility on flight changes. Mr Mangion commented on the strategic change as "challenging", noting changes were required in cost savings and workforce culture.

### **Air Malta chairman: rising fuel prices as a threat to profitability and creates 'instability'**

**Air Malta** chairman Charles Mangion, speaking on CAPA TV, stated (04-Jun-2018) "on the downside the price of fuel, a key component of total airline costs, is rising... which creates an amount of instability and further threatens deals and... profitability".

### **Germany: Move to all Airbus fleet was long process following 30 years of loyalty with Boeing**

Germany CEO Karsten Balke, speaking on CAPA TV, stated (04-Jun-2018) the carrier is set apart from LCCs through its cooperation with tour operators, especially in the Mediterranean. Mr Balke commented on the decision to move to an all Airbus fleet. He said: "This was a longer process... we have been a loyal Boeing customer for more than 30 years". Mr Balke stated "at some point, you have to see what others have to offer".

### **RwandAir CEO: SAATM programme 'looking very positive'**

**RwandAir** CEO Yvonne Manzi Makolo, speaking on CAPA TV, noted (04-Jun-2018) the "good will" and political support behind the Single African Air Transport Market (SAATM) programme, commenting: "I believe it's looking very positive". She said: "It'll work very well for RwandAir", and added: "It'll give us a very good opportunity to access markets that we were not able, for one reason or another, to access, and it'll go a long way in terms of having Kigali as a hub".

### **RwandAir CEO confirms plans to add A330neo and 737 MAX aircraft in 2019**

**RwandAir** CEO Yvonne Manzi Makolo, speaking on CAPA TV, stated (04-Jun-2018) the carrier plans to acquire two A330neo aircraft in early 2019 and two Boeing 737 MAX aircraft in 2019. Ms Makolo said the 737 MAX will be "very good for us, especially for Africa". She added: "It'll give us more capacity to feed into the long haul aircraft as well. So we're very positive about that and it'll serve us well for the additional routes that we're opening within Africa".

### **RwandAir planning expansion in Africa, concentrating on West Africa: CEO**

**RwandAir** CEO Yvonne Manzi Makolo, speaking on CAPA TV, stated (04-Jun-2018) the airline is "concentrating a lot on West Africa". The carrier plans to expand operations from its Cotonou hub to Bamako and Conakry and is considering Addis Ababa and Djibouti as new destinations. The airline currently serves 22 destinations in Africa and plans to grow its Africa network "quite extensively" to help feed long haul routes.



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### RwandAir 'growing very fast', outlook 'very positive': CEO

**RwandAir** CEO Yvonne Manzi Makolo, speaking on CAPA TV, stated (04-Jun-2018) the airline "is growing very fast" and is looking to expand to additional long haul routes, including Guangzhou and New York. The carrier is considering commencing New York service "towards Jun-2019". The airline operates 12 aircraft and is looking at doubling its fleet size "in the next five years or so". Ms Makolo commented: "The outlook is very positive".

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### ACI World DG: 'We cannot double the number of airports'

**Airports Council International (ACI)** World DG Angela Gittens, speaking on CAPA TV, stated (04-Jun-2018) using existing airport infrastructure and capacity more efficiently is one of three main areas of focus for the ACI. Ms Gittens noted airport passenger traffic will approximately double within the next 15 years but "we cannot double the number of airports and we cannot double the amount of space in every airport, so we have got to find solutions". She said one of the efficiency improvement measures the ACI plans to focus on is "better use of slots so that we don't have so much unused capacity, because capacity is very expensive".

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### Airports Council International aims to improve airport land use planning worldwide

**Airports Council International (ACI)** World DG Angela Gittens, speaking on CAPA TV, stated (04-Jun-2018) the ACI aims to improve land use planning for airports worldwide "so that airports don't get hemmed in". Ms Gittens noted "you see around the world in many places airports are not allowed to use the capacity they have" due to concerns regarding aircraft noise pollution, air quality and water quality. She added that the ACI also aims to assist developing countries to secure the financing required to "plan, build, develop and operate additional airports".

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### IATA: CEO & director general: Qantas is 'a global pioneer'

**IATA** CEO and director general Alexandre de Juniac, speaking at the IATA AGM and World Air Transport Summit, commented (04-Jun-2018) on Qantas as "a global pioneer in many achievements". Mr de Juniac noted the IATA founding member played "a fundamental role" in Australian aviation, and "established the first nonstop air link between Europe and Australia". As previously reported by CAPA, Qantas launched nonstop Perth-London Heathrow service using Boeing 787-9 aircraft on 24-Mar-2018.

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### Cathay notes need for 'symbiotic relationship' between airlines, airports

**Cathay Pacific Airways** CEO Rupert Hogg, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) Hong Kong International Airport is a "very efficient and effective airport". He however noted that given the aviation industry's financial structure, airport charges are a "big deal" for airlines. He also noted the need for a "symbiotic relationship" between airlines and airports.

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### Cathay Pacific notes 'hundreds of different things you can do to make yourself more productive'

**Cathay Pacific Airways** CEO Rupert Hogg, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) there are "hundreds of different things you can do to make yourself more productive". He noted the number of new digital and data tools which are able to be used to "sort out problems has never been greater". This is helping business to become "structurally more secure and competitive". He further noted that the "tools for making us more productive have never been stronger".

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### Cathay adding 'new aircraft every month for the next four years'

**Cathay Pacific Airways** CEO Rupert Hogg, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the carrier has a "very young long haul fleet already" and is adding a "new aircraft every month for the next four years, which means fuel consumption is growing slower than the units of production".

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### Cathay Pacific CEO notes importance of having competitive cost base

**Cathay Pacific Airways** CEO Rupert Hogg, speaking at the IATA AGM and World Air Transport Summit, acknowledged (04-Jun-2018) that the carrier's key cost items of fuel, labour, enroute charges and maintenance are all increasing. "Clearly we have to have a competitive cost base and be more productive year-on-year", Mr Hogg noted.

### Cathay Pacific CEO 'hopes' worse is over; taking action to be 'more competitive, much more agile'

**Cathay Pacific Airways** CEO Rupert Hogg, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) he "hopes" the worse is over for the carrier, noting that "we have done a lot of things over the past 12 months to strengthen our position". He added the carrier is "taking a lot of action to make sure we are much more competitive, much more agile". He noted "strong potential". Mr Hogg stated he is "very bullish" about the aviation sector in the region Cathay operations, adding that there "many economies are strong" and have large populations to drive traffic growth.

### Cathay Pacific 'now starting to introduce disruptive technology'

**Cathay Pacific Airways** CEO Rupert Hogg, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the aviation industry is an "incredibly complicated" industry. He noted the challenge in having people who are operationally proficient while also being "cognisant of digital technologies". Mr Hogg said a "lot of work" has been done on the digital side by the carrier but it is "now starting to introduce disruptive technology".

### Cathay Pacific has 'grown up with Hong Kong', 'big part of Hong Kong's ethos'

**Cathay Pacific Airways** CEO Rupert Hogg, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the carrier has "grown up with Hong Kong" and is a "big part of Hong Kong's ethos". He noted the carrier's important role in connectivity and the global nature of the Cathay Pacific brand, which is a "source of pride" for the local population. He added that "connectivity with our home base city" is important.

### Cathay 'compliant with all the regulations everywhere we fly'

**Cathay Pacific Airways** CEO Rupert Hogg, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) "we are compliant with all the regulations everywhere we fly" as a company based in the Hong Kong SAR, a region of China.

### Cathay says hybridisation between FSC/LCCs is 'moot point as our airport is essentially full'

**Cathay Pacific Airways** CEO Rupert Hogg, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the carrier is a "full service airline with a big, balanced network" and "strong network". He noted the trend of hybridisation between full service and LCCs, but said it is "moot point as our airport is essentially full". On Cathay Dragon, Mr Hogg said: "We don't think it is a strange beast", noting that "both airlines are from the same quality stable". He also noted that the carrier "competes in all the segments", including against the 20 LCCs which operate into Hong Kong.

### Emirates to reactivate 20 parked aircraft by Oct-2018; cut capacity by 30% in May-2019

**Emirates president** Tim Clark, speaking on CAPA TV, said (04-Jun-2018) the airline currently has "about 20 aircraft parked", but added: "They get reactivated in two weeks". Sir Tim noted reduced demand due to Ramadan and seasonally low demand for international travel in May. He expects the airline's whole fleet of 267 aircraft to be operational by Oct-2018. Sir Tim also noted the carrier will need to remove about 30% of capacity in May-2019 due to the temporary closure of one runway at Dubai International Airport.

### Emirates 787s to be 'gap fillers' between flydubai and Emirates fleets: President

**Emirates president** Tim Clark, speaking on CAPA TV, said (04-Jun-2018) the airline's Boeing 787-9 and 787-10 aircraft, due for delivery from around 2022, will be "the gap fillers" between flydubai's 737s and Emirates' 777s and A380s. Sir Tim said the 787s "will be doing a lot more of the regional work alongside, perhaps, flydubai" and added: "I can see growth in that particular segment".

### KLM CEO: Branding has 'enormous' value

**KLM Royal Dutch Airlines** president and CEO Pieter Elbers, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) branding has "enormous" value and relevance of being Dutch is an "integral part of our brand". He said "in a world where things are becoming more standardised... stand our with your brand... [and] strong link to your country".

### KLM CEO: Fuel prices usually 'speed up' consolidation

**KLM Royal Dutch Airlines** president and CEO Pieter Elbers, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) airline industry consolidation in Europe is still "at an early stage". Mr Elbers said while 2017 was a "great year" overall in Europe, carriers still entered administration and higher fuel prices usually "speed up" the consolidation process.





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### **KLM CEO: Joon introduced by Air France as a 'way to create new momentum'**

**KLM Royal Dutch Airlines** president and CEO Pieter Elbers, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) Joon was introduced by Air France as a "way to create new momentum". Mr Elbers said Air France expects Joon to offer new growth opportunities and routes under a new structure.

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### **KLM CEO: 'Progress has been made' at Air France, but there are 'other issues to resolve'**

**KLM Royal Dutch Airlines** president and CEO Pieter Elbers, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the Air France-KLM group has "probably one of the richest" aviation networks globally. Mr Elbers also emphasised that the company collectively has "great partnerships". On Air France, Mr Elbers said "yes, the company needs to be restructured... yes some interventions have to be made" however "progress has been made". He said results improved from 2015 to 2017 but there are "some other issues to solve".

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### **KLM CEO challenges notion of traditional slot allocation system being 'broken'**

**KLM Royal Dutch Airlines** president and CEO Pieter Elbers, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) suggestions that the traditional slot allocation system is inherently "broken" is not accurate. Mr Elbers stated while the current system can be optimised, it at least still enables predictability for airlines on available and expected capacity.

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### **KLM CEO: Industry should be more 'optimistic' on progress made in digitisation**

**KLM Royal Dutch Airlines** president and CEO Pieter Elbers, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the industry should be more "optimistic" on progress made in digitisation. He likened the situation to how airports have changed compared to shopping centres over the last five years. Mr Elbers said Amsterdam Schiphol Airport, for example, has seen traditional check in facilities reduce to less than a "quarter of what it used to be", while shopping centres look largely the same. Mr Elbers expects other emerging technologies, such as facial recognition, to further transform the flying experience for passengers. Mr Elbers also stated despite a highly regulated security culture, progress has been made for the industry and while it "could be faster" the industry is making strides compared to other sectors.

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### **KLM CEO: Air France-KLM CEO decision up to the board**

**KLM Royal Dutch Airlines** president and CEO Pieter Elbers, speaking at the IATA AGM and World Air Transport Summit, responded (04-Jun-2018) to an inquiry on if a Dutch person could become the head of Air France-KLM despite it being considered a French airline group. Mr Elbers responded: "Why not?". On if Mr Elbers would want the job as Air France-KLM chairman and CEO, Mr Elbers stated that would be "up to the board".

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### **KLM CEO: Global airline fleet in a 'much better place today' than 10 years ago**

**KLM Royal Dutch Airlines** president and CEO Pieter Elbers, speaking at the IATA AGM and World Air Transport Summit, noted (04-Jun-2018) the global airline fleet is in a "much better place today" than 10 years ago. Mr Elbers said this is both in terms of efficiency and cost base.

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### **SAA requires USD1.7bn funding, government to sell 'big stake' in airline: CEO**

**South African Airways** (SAA) CEO Vuyani Jarana, speaking on CAPA TV, confirmed (04-Jun-2018) the carrier has a "break even time line of about three years", but noted "the plan needs funding". Mr Jarana said the airline's capital requirements will total about ZAR21.7 billion (USD1.7 billion), including ZAR9.2 billion (USD727 million) to address existing debt and ZAR12.5 billion (USD988 million) for "forward looking working capital requirements". The carrier is determining the required structure of debt and equity. Mr Jarana said South Africa's Government "agreed to sell a big stake in SAA so that we can get private sector investment, which will also... lessen the burden of the capital requirements from government".

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### **Turkish Airlines expects 120m pax and 500 aircraft by 2023**

**Turkish Airlines** chairman İlker Ayci, in IATA's Airlines International publication, announced (01-Jun-2018) plans to increase passenger numbers to 120 million and the fleet to more than 500 aircraft by 2023. Mr Ayci added: "Reaching the top 10 in terms of ASKs by 2023 is another target". Mr Ayci said: "The new airport will allow us to move two million tonnes by 2023 and it is one of our strategic goals to be one of top five air cargo companies in the years ahead".

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### **Turkish Airlines to explore new markets and it increases fleet**

**Turkish Airlines** chairman İlker Ayci, in IATA's Airlines International publication, stated (01-Jun-2018) the carrier plans to focus on markets not previously served, as new aircraft are delivered. Mr Ayci said: "A total of 30 Boeing 787-9 aircraft, of which 25 firm and five optional, will be purchased from Boeing, and a total of 30 A350-900 aircraft, of which 25 firm and five optional will be purchased from Airbus".

## Turkish Airlines expects to outperform targets set for 2018

**Turkish Airlines** chairman Ilker Ayci, in IATA's Airlines International publication, stated (01-Jun-2018) the carrier can achieve a performance above the targets set for 2018. Mr Ayci said: "Our transition to the new Istanbul Airport in 2018 (due to open in Oct-2018) will be another important milestone for both Turkey and Turkish Airlines". The carrier is targeting 74 million passengers and a load factor of 80% in 2018. The carrier expects capacity to increase 5% to 6% to 163 billion available seat kilometres.

## Boeing: NMA design will concentrate on passenger efficiency, rather than more cargo

**Boeing Commercial Airplanes** VP marketing Randy Tinseth, speaking to Reuters on the sidelines of the IATA AGM and World Air Transport Summit, said the aircraft manufacturer does not want to "over design" its proposed new midsized airplane (NMA) to handle larger amounts of belly capacity (Reuters, 03-Jun-2018). Mr Tinseth said that the design would be optimised to be "more efficient delivering and carrying passengers". If Boeing is given approval by its board to launch the programme, Mr Tinseth said the aircraft could enter service from 2025.

## Boeing: Replacement economics make more sense to customers with oil at USD65 per barrel

**Boeing Commercial Airplanes** VP marketing Randy Tinseth, speaking to Reuters on the sidelines of the IATA AGM and World Air Transport Summit, reported the increasing price of fuel makes "replacement economics" better for its customers, and he expects oil prices above USD65 per barrel will contribute to higher demand for aircraft.

## Arrivo CEO: Airports must be integrated into the 'fabric of the city'

**Arrivo** CEO Brogan BamBrogan, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) "unlocking unlimited surface transportation" and "integrating airports to the fabric of the city" are key to maximising the benefit of surface transport systems. Arrivo is developing electromagnetic technology to deliver 20,000 vehicle movements per hour on airport road links.

## ALLIANCES

### oneworld launches new membership programme oneworld connect

**oneworld** announced (01-Jun-2018) plans to launch oneworld connect, a new membership programme with the following features, benefits and services:

- Access to priority check in counters for oneworld Emerald, Sapphire and Ruby frequent flyers for eligible customers from all oneworld members when travelling with oneworld connect partners;
- Priority boarding for all oneworld Emerald and Sapphire frequent flyers when travelling with oneworld connect partners;
- Benefits and services shared oneworld connect partner and sponsor airlines include:
  - Through check in of bags and passengers;
  - Ability to earn and redeem frequent flyer rewards and earn frequent flyer status points, if the oneworld connect partner offers a frequent flyer programme;
  - Access to select lounges at key airports for first class, business class and eligible frequent flyers;
  - Additional services and benefits available on a bilateral basis.

Fiji Airways is the first airline to join the oneworld connect programme and will implement oneworld connect services and benefits at a yet to be announced date. Discussions are underway with additional airlines from the Americas, Asia Pacific and Europe to join the programme, which requires sponsorship from a minimum of three oneworld members. [more - original PR] [more - original PR - II] [more - original PR - III]

### SkyTeam alliance appoints new CEO

**SkyTeam** named (04-Jun-2018) Kristin Colville as its new CEO. The appointment was confirmed at a meeting of the alliance's governing board. Ms Colville will be joining SkyTeam from Delta Air Lines, where she has held leadership roles in numerous divisions of Delta and Northwest Airlines since joining the company in 1993. Most recently, Kristin led Delta's cargo enterprise. She will take over from Perry Cantarutti, who will be returning to Delta to take up the role of SVP of alliances. [more - original PR]

### Star Alliance now focused on 'digitising the customer experience'

**Star Alliance** CEO Jeffrey Goh, speaking at a media briefing at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) 2017 was an "important year for us in terms of repositioning ourselves as an alliance", with customer experience a key focus for this. He added: "It is the customer's experience, making the customer journey better should be the focus, strategy moving forward". This includes digitalising the customer experience.



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### Star Alliance notes 'agile, fast changing world' of aviation sector

**Star Alliance** CEO Jeffrey Goh, speaking at a media briefing at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the aviation industry is operating in a "agile, fast changing world" with the alliance focusing on "agile project development" as it focuses on its digitisation strategy. He noted: "Not everything will come to fruition", with agile project development meaning that "you adopt and drop things very quickly". However, the three pilot cases of seat selection, baggage location tracking and flight information have been implemented and are "all live". In the business plan for 2018, Mr Goh noted a continued focus on the customer journey and touch points for digitalisation, with loyalty a key part of this. The ability to allow for instant claiming of points is a key consideration, while another key area is "assisting passenger who has arrived late and are at risk of misconnections". As part of this, the alliance is researching how to use a virtual, digital assistant to ensure connections from gates are met during periods of tight connections. Check in from "anywhere" through a digital services platform, which can be used for irregular operations (eg flight cancellations, delays), is also under development.

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### Star Alliance notes that airlines are in 'different stages of technology development'

**Star Alliance** CEO Jeffrey Goh, speaking at a media briefing at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) "many airlines...are using and still depending on very legacy based systems". He noted airlines are in "different stages of technology development and sophistication" and "getting to common standard is a challenge". Mr Goh added that "different stakeholders for the industry, from GDS' to the airports, all have different business philosophies and models". He however said a focus of the alliance's technology development is to bring in new technology partners and support for its members, while noting that the "future is promising" regarding the speed at which new technology and the customer experience can be delivered.

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### 'We shouldn't just be chasing membership for the sake of it': Star Alliance

**Star Alliance** CEO Jeffrey Goh, speaking at a media briefing at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) alliances have generally "grown to a certain size" adding: "I think that beyond that certain size, there is probably marginal returns in terms of adding into the membership". Mr Goh said the alliance is "comfortable and assured that the network of members and the coverage we have internationally is sufficient to serve the purpose of a global airline alliance", with its existing "comprehensive" network coverage. He added: "There aren't too many airlines which you would seek to integrate into Star Alliance which would add significant value to the network proposition". Mr Goh noted that there are "some markets, which we do not have a member" while noting that the alliance is "aware that we shouldn't just be chasing membership for the sake of it, as there may not be an suitable candidates in that market". Instead, the focus will move away from growing the alliance and focusing rather on the customer experience, supported by new online and digital technology.

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### Star Alliance notes challenges re financial transaction of paid seat selection

**Star Alliance** CEO Jeffrey Goh, speaking at a media briefing at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the alliance, during 2018, will look into expanding the paradigm of seat selection. He noted the challenge with paid seat selection is the "settling of the commercial transaction" related to the financial transaction across two airlines. "The industry does not have a process we can robustly depends on to settle the transaction", Mr Goh said. He also noted the challenges which would arrive if there is a change of aircraft, requiring a refund, noting that customers would "not wait forever for a refund" but would rather be seeking a refund in "20 minutes max".

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### Star Alliance seeks to be in 'conversation early' with new airports

**Star Alliance** CEO Jeffrey Goh, speaking at a media briefing at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the alliance, in the past 12 months or more, has focused on "leveraging technology, particularly digital technology, in delivering a better customer experience". He stated Star Alliance is focused on how to leverage new technology to improve the customer experience in areas such as loyalty, seat selection and baggage tracking. A key focus has also been on the airport experience and to ensure a seamless experience from curb to gate. Mr Goh noted the significant level of expansion and new terminal construction in Asia, adding that the alliance is getting in "early to speak, discuss with airports as to how they can help them in the development to improve the experience" for its member airlines and passengers. Key airport projects mentioned by Mr Goh include the Istanbul New Airport, with the alliance also talks with Hong Kong and Beijing airports. Mr Goh added: "We want to be in the conversation early with the airport authority together with our members, working on how to provide improved customer experiences".

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### Star Alliance notes role of connecting partners programme in connecting with regional airlines

**Star Alliance** CEO Jeffrey Goh, speaking at a media briefing at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the carrier's connecting partners programme enables the alliance to "connect with local and regional airlines in key hubs". Mr Goh cited Juneyao Airlines as an example of this, while noting that this is part of efforts by the alliance to ensure "we are set in making sure we continue to have the largest network, a strong network, across the globe".



### Star Alliance is 'shifting away... focus from membership growth' but not 'closed for business'

**Star Alliance** CEO Jeffrey Goh, speaking at a media briefing at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the network of Star Alliance is "important", with network strength defining the alliance as a whole. On the strategy for membership growth, Mr Goh noted that the alliance is "shifting away somewhat our focus from membership growth to the customer and their experience". He however stressed that this is "not to say we are closed for business" but that the "proposition which adds value would be considered".

### Star Alliance 'handing back the control of the experience to passengers'

**Star Alliance** CEO Jeffrey Goh, speaking at a media briefing at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the alliance is focused on using digital technology to enable "customers have control of their own experience in redeeming their miles, for example", adding that the alliance sees the benefit in "handing back the control of the experience to passengers".

### Star Alliance stresses need to offer integrated 'online carrier services across the alliance'

**Star Alliance** director digital and e-services Jeremy Drury, speaking at a media briefing at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) there is a "need to offer online carrier services across the alliance" as the aviation "landscape is evolving". Mr Drury noted the need for member airlines to be integrated in a manner which makes sense to avoid a "spaghetti of systems" between the various member airlines. He said the alliance's digital services platform creates a "layer between the airline systems and customer front end so services from different members are compatible", with this system allowing a "much more flexible communication between our members". He said Star Alliance's digital services are designed to be compatible throughout the multi carrier customer journey, with the alliance "very focused on what the customer wants". Mr Drury noted that "Accenture have joined us on this journey, to think through this problem with a much faster development cycle".

### Potential for 'one or more levels above' Star Alliance's current gold FFP level: CEO

**Star Alliance** CEO Jeffrey Goh, speaking at a media briefing at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the alliance is considering the addition of a FFP level above gold. Mr Goh acknowledged this is a question "which has been floating around for some while" and it is "looking at how we can upgrade the loyalty proposition and one review is to understand if there can be perhaps one or more levels above Gold proposition". He added: "Keeps your eyes peeled. There could be a potential announcement...".

### Star Alliance: 'NDC very much at the forefront of our minds'

**Star Alliance** CEO Jeffrey Goh, speaking at a media briefing at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the alliance is "looking at how to integrate into NDC in a seamless and robust manner". Mr Goh said: "We are aware that there are many things which we are engaged in, which are also overlapping with some of IATA focus, including NDC". Star Alliance has engaged with IATA to "ensure not too much duplication" and to be driving the same progress. Mr Goh added that "NDC very much at the forefront of our minds".

### Star Alliance focuses on interline baggage tracking; interline seat assignments

**Star Alliance** director digital and e-services Jeremy Drury, speaking at a media briefing at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) a key technological focus of the alliance has been on the implementation of interline baggage tracking. Through the alliance's baggage hub, the alliance has been able to offer baggage tracking for member airlines and customers, "enabling carriers to put services into customer channels". Another focus has been on facilitating interline seat assignments during the reservation process and channels. This functionality in the wider aviation industry was previously not possible until Jan-2018" but was a "direct response to customer requirements". The ultimate is of these advancements is in "taking services from one carrier, bringing them into a channel of another carrier, so passengers don't need to switch channels".

## TRAVEL & TOURISM

### IATA: The benefits of globalisation will drive us forward

**IATA** CEO and director general Alexandre de Juniac, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) he believes the "enormous benefits of globalisation" will "drive us forward", noting that airlines transported four billion passengers and over 60 million tonnes of goods in 2017, which accounted for more than a third of the value of all goods traded globally.

### WTTC says movement from PPP to PPC, adding community element

**WTTC** president and CEO Gloria Guevara, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) sustainable growth is a key factor for the industry, and the community needs to be engaged in solutions. PPP is key, but there is now PPC, which has a 'community' element to the private public partnership approach. Community engagement is now recognised to be more important than previously realised or acknowledged, and key to long term sustainability and the positive image of tourism in key tourism markets. Ms Guevara also noted that communities need to "get the benefits" of tourism, to be fully engaged in the process, in terms of social and economic benefits.



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### WTTC says economic benefits of tourism 'taken for granted' by some nations; need to be 'more vocal'

WTTC president and CEO Gloria Guevara, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) there are significant economic benefits of travel and tourism, including job and GDP contributions. She however noted that this is "taken for granted" by some nations. She said the industry needs to be "more vocal" in promoting the sector, and what it does the social and economic foundations of nations. Ms Guevara also stated the industry needs to work with and engage with governments to ensure governments ensure the needs and challenges of the sector are considered, both in the short and long term, while ensuring the industry is supported. She stressed the need for collaboration and working together.

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### WTTC urges tourism industry to engage more with government

WTTC president and CEO Gloria Guevara, speaking at the IATA AGM and World Air Transport Summit, stated (03-Jun-2018) the industry needs to engage more with governments. She noted the opportunity for more information exchange between the private and public sectors, while acknowledging that the two sectors often "speak a different language", which needs to be recognised and accepted.

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### WTTC notes that 'every single crisis impacts travel and tourism'

WTTC president and CEO Gloria Guevara, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the travel and tourism industry is highly susceptible to external shocks, stating that "every single crisis impacts travel and tourism". Ms Guevara stated there is a "need to be prepared and learn from previous experience" and for further private sector engagement in this regard.

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### WTTC tourism needs to grow with existing infrastructure

WTTC president and CEO Gloria Guevara, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the tourism sector can grow, but its needs to grow with existing infrastructure, which will be unable to growth at the pace of forecast tourism growth. She noted the need for the industry to be efficient and improve its processes to support future growth, both in the government and private sector.

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### WTTC says tourism industry needs to embrace biometrics

IATA senior VP airport, passenger, cargo and security Nick Careen, speaking at a media briefing at the IATA AGM and World Air Transport Summit, stated (03-Jun-2018) while **Canada** has "gone down the road of privatisation" for airport infrastructure, they have "put that on the backburner a little bit".

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### WTTC notes need for govt consistency for tourism; proper crisis management plans in place

WTTC president and CEO Gloria Guevara, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) there needs to be consistency in government approaches to tourism, despite changing governments and leadership, with long term plans in place irrespective of government changes. In terms of crisis management, Mr Guevara stated crisis management, and the ability and strategy to implement it effectively, is key to tourism recovery from traumatic and crisis events. The opposite is a poor recovery, which will impact the tourism sector and wider community and economy.

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### WTTC says key challenges are security, crisis management, sustainable growth

WTTC president and CEO Gloria Guevara, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) there are a number of challenges facing the tourism sector, including the key challenges of security, crisis management and sustainable growth.

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## ENVIRONMENT

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### IATA: Sustainability is central to our future

IATA director general and CEO Alexandre de Juniac, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) sustainability is "central to our future" and the industry's environmental commitment "must be shared by governments". According to Mr de Juniac, the ICAO Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) will come into effect from 01-Jan-2019, but only 73 governments covering 88% of airline emissions have signed the agreement. Mr de Juniac said "ideally" CORSIA will have 100% coverage as a "universal measure to address aviation's carbon footprint".

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### Neste CEO: 'Field is open' for airlines to emerge as leaders of biofuel operations

Neste CEO Matti Lievonon, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) "the field is open" for airlines to be the leader in biofuel and environmental sustainability. Mr Lievonon said "sometimes you need to cannibalise your own business" for a long term, wider operational advancement.

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### Neste CEO: Airports could benefit and encourage biofuel operations through passenger incentives

Neste CEO Matti Lievonon, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) airports could potentially benefit and encourage aviation biofuel operations. Mr Lievonon expressed interest in working with airports to offer passengers interested in environmentally sustainable initiatives with incentives, such as fast track security. Mr Lievonon said customer behaviour "is changing" and consumers often seek information on company sustainability and transparency.

### Neste CEO: Stakeholders must work together to reduce inherent higher costs of biofuel

**Neste** CEO Matti Lievonon, speaking at the IATA AGM and World Air Transport Summit, noted (04-Jun-2018) the uptake of biofuels constrained by the high costs associated with the technology. He said biofuels are inherently "much more expensive" than crude oil. Mr Lievonon said Neste is "dedicated" and "very committed", however "we need other players" to eventually bring down cost of biofuels.

### Neste CEO: 'Optimal start' for airlines seeking to roll out biofuels would be 10%-15% blend

**Neste** CEO Matti Lievonon, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) "sustainability is here, it's a good business". Mr Lievonon said Neste's proprietary aviation biofuel technology enables a 90% reduction in CO2 emissions. Mr Lievonon said a 50% blend with traditional avgas is currently "optimal" with no adjustments to existing engine technology. He however confirmed a 100% blend is possible. The "optimal start" for an airline would be to utilise a 10%-15% biofuel blend, he said.

### 'Pressure of the weight of tourism on communities' noted by Sir Rod Eddington

**JP Morgan** non executive chairman Sir Rod Eddington, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) there is an increasing focus on the risk of tourism and how to meet those risks and enhance the benefits of tourism. Sir Rod also stressed that tourism and travel is a "major employer" in many countries, stressing the economic importance of the sector. Sir Rod also noted concerns about sustainability, carbon emissions and aircraft noise have long been discussion points, but there is now also concern of the "pressure of the weight of tourism on communities". Sir Rod also said social media is a new and key element for the tourism industry.

### More than 100,000 biofuel services operating since 2008

**CNN** specialist business correspondent Andrew Stevens, speaking at the IATA AGM and World Air Transport Summit, noted (04-Jun-2018) 2018 is the 10 year anniversary of the inaugural aviation biofuel flight, operated by Virgin Atlantic in 2008. Mr Stevens said more than 100,000 services have since been operated with a regular sustainable aviation fuel (SAF) blend. IATA expects the figure to grow to one million by 2020, Mr Stevens noted.

### Actual usage of biofuel in aviation industry is tiny

**CNN** specialist business correspondent Andrew Stevens, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) while USD140 billion was spent on aviation fuel in 2018, only 0.05% was spent on sustainable aviation fuel (SAF) blends. He said the actual usage of biofuels in the industry is "tiny", and there is a "massive lag" in adoption of the technology. Mr Stevens expressed doubt in IATA meeting its "holy grail" 2025 emissions targets. "It's just not going to happen", he said.

### Neste CEO: Governments should encourage biofuel uptake by airlines with policies, incentives

**Neste** CEO Matti Lievonon, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) while there are often incentives for utilisation of electric automobiles, the same policies do not exist for reducing emissions in aviation and specifically for using biofuels. Governments have not put aviation and the biofuel industry "in position" to grow, he said.

### WTTC notes industry concern surrounding climate change

**WTTC** president and CEO Gloria Guevara, speaking at the IATA AGM and World Air Transport Summit, stated (03-Jun-2018) climate change is an area of concern for the industry, and community engagement is vital in any environment and sustainability debate.

## GENDER DIVERSITY

### IAWA: Women are often 'too modest and not visible enough'

**IAWA** board member Mylene Scholnick, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) a factor holding women back from senior level positions is a "lack of confidence". She said women are reluctant to apply for promotions because they feel they are not qualified. She also noted women are often "too modest and not visible enough".

### IAWA: Need to promote aviation as a profession in schools to help achieve gender diversity

**IAWA** board member Mylene Scholnick, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) a solution to achieving gender diversity within aviation is promoting aviation as a profession within schools. She commented "we don't want governments to impose anything... no one likes quotas".

### IAWA: Airlines need to 'make a much bigger effort' on gender diversity

**IAWA** board member Mylene Scholnick, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) "we are seeing a lot of progress" on gender diversity within the aviation industry. Ms Scholnick noted however that out of all the industry sectors within aviation, airlines are "lagging behind" and need to "make a much bigger effort". She noted aerospace companies have "done a lot of work" to achieve higher levels of gender diversity.





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### **IAWA: Key issue holding women back is 'the fact that we have two jobs'**

**IAWA** board member Mylene Scholnick, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the key issue holding women back from senior level positions is “the fact that we have two jobs”. She said women go to the work and then they go home and they begin their “second shift”. She said corporations need to address this by having more flexibility and by encouraging women to return to work after maternity leave.

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### **IAWA: Change in regards to gender diversity has to ‘come from the top’**

**IAWA** board member Mylene Scholnick, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) change in regards to gender diversity has to “come from the top”. She said airlines should strive to become leaders in accelerating that change.

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### **Air Namibia MD: Cultural bias against women ‘starts at the home’**

**Air Namibia** acting MD Mandi Simpson, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the cultural bias against women in Africa “starts at the home”. She said parents need to support females on the pursuit of careers within STEM fields.

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### **Air Namibia: Women need to be seen to support and believe in each other**

**Air Namibia** acting MD Mandi Simpson, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the unconscious bias against women is supported by women being as “equally harsh on each other”. She said women need to be seen to support and believe in each other.

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### **Air Namibia MD calls on women to stop feeling apologetic for having ambitions**

**Air Namibia** acting MD Mandi Simpson, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) women “need to not feel apologetic” for having ambitions outside of the home.

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### **Air Namibia: Women work twice as hard as men in the same position**

**Air Namibia** acting MD Mandi Simpson, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) women work twice as hard as men in the same position because they feel a pressure to prove they are not just a “token employee”. She said because women feel a constant pressure to prove themselves they “strive to excel”, and often do better than men promoted to the same position.

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### **Air Namibia MD highlights efforts to promote women**

**Air Namibia** acting MD Mandi Simpson, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) Air Namibia recently celebrated the promotions of its first female long haul A330 Captain. She noted the carrier is also striving to promote women in technical areas.

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### **SIA Group CEO comments on gender equality in aviation industry**

**Singapore Airlines Group** CEO Goh Choon Phong, speaking at a media briefing at the IATA AGM and World Air Transport Summit, commented (04-Jun-2018) on gender equality in aviation. He said Singapore Airlines on an individual basis is making sure of gender equality so all parties “have the opportunity” to work for the group, however employment is largely based on an individual’s own capabilities and competencies.

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### **Air New Zealand: Improving gender balance in airlines not just setting quotas**

**Air New Zealand** CEO Christopher Luxon, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) improving the gender balance in aviation and in aviation management is not just about setting quotas. Mr Luxon stated that in order to improve managerial representation, there is a need to go back to the base level on mechanistically build the programmes and systems to meet targets.

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### **Qantas Group wants to encourage female participation in aviation, particularly pilots**

**Qantas Group** CEO Alan Joyce, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) the airline wants to have more females engaged in all aspects of aviation, and a lot of airlines have instituted programmes covering diversity. Mr Joyce noted that increased female participation in aviation is an avenue Qantas pursuing to help address the pilot shortage and the carrier is active in schools in promoting STEM subjects. It is “only a matter of time until the profile of women in aviation changes” according to Mr Joyce.

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### **KLM CEO wishes gender equality in aviation would move quicker, be more ‘visible’**

**KLM** Royal Dutch Airlines president and CEO Pieter Elbers, speaking at the IATA AGM and World Air Transport Summit, stated (04-Jun-2018) he wishes gender equality in aviation would move “faster” and be more “visible”.

aircraft airlines airports alliances  
 australia austrian baggage bamako  
 boeing bogota bombardier brisbane britishairways brunei bsd buenosaires businesstravel cabincrew  
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- CAPA Medium Airport of the Year
- CAPA Regional Airport of the Year
- CAPA Airline Executive of the Year
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- CAPA Tourism Organisation of the Year



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