Slots Update

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The aim of this presentation is to demonstrate the importance of the airport slot system to global connectivity, and how it has been vital to have flexibility on the existing slot rules during this period of demand crisis.

Let's start with the point about the demand crisis.
Airlines remain fragile, air travel still limited
Int’l RPKs 85.1% down vs May19, but domestic down 23.9% and CTK strong

• The latest data from IATA announced just yesterday sees a continued strong freight well above 2019 levels.
• Domestic rebound in the first months of summer schedule shows levels reaching 80% of 2019 level, mainly driven by large domestic markets in the US and China.
• But the important international segment is stagnant, hovering around just 20% of 2019 level, underlined by the continued travel restrictions, complex sanitary measures and entry rules … these all impact consumer confidence
International traffic may recover to 32% of 2019 by end 2021

Share of flights by slot coordination level, 2019

- Slot coordinated airports handle 60% of international flying
- These congested airports are the backbone to international connectivity and networks
- Hub networks rely on precise slot times

Restoring global connectivity relies on slots being preserved at congested airports

- Slot coordinated airports are far more exposed to international traffic – The recovery is mainly coming from domestic markets in 2021, but only 28% of Domestic flights depart from L3 airports, or put it another way, L3 airports serve 60% of global International flights

- Slot coordinated airports see 43% of the worlds’ passengers, 1.5bn pax a year depart from just 200 airports in normal circumstances – next year we forecast this figure to be just a fraction, as int’l traffic may recover only to 34% of 2019 levels
A look at the winter demand for 2021 shows that even if there is an increase in summer, it is not necessarily going to last.

Forward bookings are lower now for winter than they were at this point last year!

For example bookings for long haul travel from the EU for Oct-Dec 2021 are only 18-25% of 2019 levels - worryingly lower than they were for the same period in 2020, which were only around 30% of 2019 levels

Demand looks set to be even lower than last winter – a period for which a full waiver of the slot rules was granted. This just shows that continued flexibility on slot rules is vital.

Why is that the case?...
A crisis requires creativity...

to serve passengers desires to get moving again

Slot Relief provides flexibility to do this

1. Demand has temporarily adjusted to the restrictions
2. Flexibility to open new routes enabled by slot rule relaxation
3. Sustainable global network recovery will come as restrictions are removed

But this change is temporary....
Global networks will be restored
Connectivity and convenient schedules will return

• Passenger demand has changed, and airlines had to adjust temporarily their schedules to where passenger can fly
• Travel restrictions and sanitary bans have focused passengers on new / alternative routes to normal
• The flexible slot rules provided by regulators enabled this pattern allowing airlines to quickly switch routes and respond to demand.
• Here we see how in 2020 and 2021 the number of newly opened routes is almost equal to the number of dropped routes – without slot flexibility this would not have been possible
• However this situation is temporary – networks will be restored, and global connectivity and convenient schedules will return.
Example of need for flexibility

- UK-Portugal example shows need for airlines to be flexible to meet demand.
- Demand can spike and collapse at mercy of government decisions
- Airlines face total uncertainty for months ahead.

- Travel restrictions despite vaccinations, impact consumer confidence
- Just one of the many examples we are seeing is the UK-PT, where we saw how quickly demand has spiked with travel being allowed and then just 2 weeks after the even bigger slump as a result of the restrictions.
- The unpredictable and volatile demand situation is reflective of the stop/start restrictions. Airlines have little time to anticipate changes and reopenings...little time to reschedule ..... maximum flexibility needed in slot management to facilitate this