CLIMATE CHANGE

Speaking on the eve of his first AGM as IATA director-general, Alexandre de Juniac insisted CORSIA can stay on course amid choppy waters after the USA pulled out of the Paris Agreement on Thursday.

“We understand that our US members are strongly committed to maintain in CORSIA as it is... to avoid having a patchwork of different regulations, taxations, different financial systems... that would tremendously complexify operations and increase costs,” he states.

De Juniac’s comments followed the announcement by the Donald Trump administration on 1 June that the USA would withdraw from the UN’s Paris accord on climate change.

“Legally and politically the two agreements are completely separate,” de Juniac says. “So the US administration can quit the Paris agreement and still be committed to CORSIA.”

IATA has not, however, had any direct assurances from the US government that it is still committed to the emissions agreement, which was hailed as “aviation’s Paris moment” by ICAO when it was ratified in October last year. The association is “waiting for the next announcement... the next tweet”, de Juniac states.

“We have no indication of any different position on CORSIA from the US administration,” he says. “So we think, with the information we have, that the US government should remain part of CORSIA agreement.”
Where are your next pilots coming from?

Right here.

Every year, we train over 120,000 pilots in our 50 training centers worldwide. Add the 1,000 experienced pilots accessed through our crew resourcing centers, plus the 1,000 new pilots graduating from our training academies yearly, and answering the question has never been so easy.

Follow us @CAE_Inc
Middle East growth slows

April data shows traffic on US routes from the region slipping for first time in seven years

IATA believes there is evidence of passenger migration away from routes affected by the US ban on cabin carriage of personal electronic devices.

The restriction was imposed on US routes from 10 airports, primarily in the Middle East, in March.

IATA has detailed passenger traffic for April 2017, the first full month since the introduction of the scheme, which requires passengers to check laptop computers and other large devices into hold baggage.

“There are indications that passengers are avoiding routes where the [electronics] ban is in place,” claims director general Alexandre de Juniac.

Its data suggests passenger traffic on Middle Eastern carriers operating US services fell by 2.8% during April.

“This was the first annual decline recorded for this market in at least seven years,” says the association, although it observes that the Middle East region’s international traffic has “tracked sideways” since January.

While traffic growth on the market segment already was slowing, the decline is consistent with some disruption from the [ban] as well as a wider impact on inbound travel to the USA from the Trump administration’s proposed travel bans.”

Middle Eastern airlines’ overall growth rate in April was slower than the five-year average pace, IATA states, Traffic was up 10.8% on the back of an 8.9% hike in capacity.

Global passenger traffic for April increased by 10.7%, adds IATA, the fastest rate for six years, while airlines increased capacity by 7.1% – generating a record average load factor for April of 82%.

April figures included the busy Easter period which fell in March during 2016.

De Juniac adds that IATA’s latest economic forecast – to be released on Monday – will paint a “reasonably optimistic” picture. He cites cargo as one improving factor. “Cargo has recovered from a period six, seven years ago when it was a disaster.”

De Juniac cautions, however, that certain geopolitical developments could threaten that positive environment. “Still we have some uncertainty related to all the protectionist rhetoric [and] the various decisions popping up here and there that could harm traffic – the [electronic] device ban is an example of that,” he says.

De Juniac is at least hopeful the US administration is listening to IATA’s overtures regarding the ban’s effectiveness, however. “We have been clearly listened to by the US authorities – they have mentioned explicitly that they are interested in the solutions we have proposed to them,” he says.

De Juniac is at least hopeful the US administration is listening to IATA’s overtures regarding the ban’s effectiveness, however. “We have been clearly listened to by the US authorities – they have mentioned explicitly that they are interested in the solutions we have proposed to them,” he says.

De Juniac is at least hopeful the US administration is listening to IATA’s overtures regarding the ban’s effectiveness, however. “We have been clearly listened to by the US authorities – they have mentioned explicitly that they are interested in the solutions we have proposed to them,” he says.

De Juniac is at least hopeful the US administration is listening to IATA’s overtures regarding the ban’s effectiveness, however. “We have been clearly listened to by the US authorities – they have mentioned explicitly that they are interested in the solutions we have proposed to them,” he says.
Delegates can ensure Sunday, Monday and Tuesday are happy days by downloading IATA’s dedicated AGM app. IATA blue suits Leslie Brown and Tiggy Walsh are pictured showing off the app on the eve of this year’s meeting. It contains everything you need to know about the event, including a full agenda, maps and speaker biogs.

To keep up to speed with all the latest app-enings, download the IATA Events app via the iOS and Android stores. You’ll need a password, so speak to an IATA representative if you haven’t received one.

United Airlines will end service to Caracas, Venezuela, in July, citing poor financial performance. The Star Alliance carrier will end its daily service between Houston International and Caracas on 1 July. The “service is not meeting our financial expectations”, United says. The airline increased Caracas-Houston frequencies to daily in April, two-and-a-half years after it cut service on the route to four-times weekly due to foreign exchange issues. American Airlines and Delta Air Lines will be the only US carriers serving the Venezuela once United discontinues flights.

American Airlines and LATAM Airlines Group’s planned joint venture is one step closer to reality with approval from regulators in Colombia. Aerocivil granted immunity for the proposed partnership, making it the second regulator to sign off on the tie-up after Uruguay. The approval covers American and LATAM Airlines Colombia. Approval is still needed from regulators in Chile, Brazil and the USA, with the latter pair unable to evaluate it until Brazil ratifies its open-skies agreement with the USA, which was originally due to enter into force in 2015. Colombia approved an application for immunity between LATAM and British Airways parent IAG in May.

Doug Parker, chief executive of the Fort Worth-based American says: “We are committed to being the preferred airline at LAX.”

The deal comes less than a year after Delta Air Lines agreed to invest $1.9 billion in rehabilitating terminals 2 and 3 at LAX, as well as covering the costs of moving nearly a third of carriers at the airport to facilitate its relocation. The Atlanta-based carrier increased the number of gates it has preferred access to at the airport to 23 from 14 with the move.

American has preferred access to 19 gates in terminals 4 and 5 at LAX, plus a remote terminal for its regional operation and access to a common use gates in the Tom Bradley International terminal.

United Airlines is now the only one of the big three that has not announced multi-billion investment plans for LAX. The Chicago-based carrier operates from 20 gates in terminals 7 and 8 but is in talks with LAWA regarding preferential access to a possible future terminal 9.

Air Canada, a Star Alliance partner of United, relocated to terminal 6 in May, helping to ease connections between the two carriers at the airport.

American is the largest carrier at LAX with a nearly 20% share of seats in 2016, FlightGlobal schedules show. Delta was second with a 16.3%
A Network of Solutions, Advancing Travel Payment

- ELIMINATE CREDIT CARD FEES — NEW REVENUE STREAMS
- COMPETITIVE MARKET INTELLIGENCE — SELF-FUNDING PROGRAMS
- CONNECT TO ALTERNATIVE FORMS OF PAYMENT THROUGH UATP

Learn more, visit UATP.COM
marketing@uatp.com
Unlock the treasures of Florida’s West Coast through
Tampa International Airport – Florida’s Premier Gateway.

- Conveniently located between Tampa’s business core and America’s Best Beaches in Pinellas County
- 19 million passengers enjoy access to 82 nonstop domestic and international destinations
- $1 Billion Master Plan remodel and nearing completion ensuring TPA remains America’s Favorite Airport
- Expanding our international destinations 100% since 2010*, providing connectivity to the Americas, Europe and Beyond
- Consistently ranked in the top 3 airports internationally and domestically by travelers and industry leaders
Alexandre de Juniac has barely paused for breath since his appointment as IATA director-general. The global geopolitical, regulatory, security and operational quandaries have come thick and fast since his appointment was formally ratified last June.

“When you move from an airline to IATA the two big differences are the following: you don’t have the operational and social pressures on your back any more, and on the contrary, you deal with the same subject from a different angle – from the industry perspective, from an international perspective,” he tells FlightGlobal in his office overlooking Geneva airport’s runway.

“You travel more and you meet more government officials to defend the industry. It’s the same issues, dealt with differently. You significantly broaden your scope.”

Eyebrows were raised in some quarters when de Juniac was confirmed as Tony Tyler’s successor as IATA director-general last year, mainly because his name had not been among the frontrunners in much of the industry gossip. But a review of his experience shows why he was viewed as an attractive candidate by IATA’s board of governors.

**WIDE-RANGING REMIT**

That experience covers the public and private sectors, arguably leaving him well placed for his current role, which requires him to initiate and oversee dialogue with stakeholders, including governments, on a range of issues affecting the industry.

De Juniac has already coined a “business of freedom” catchphrase in response to one industry challenge, first using it in November, days after Donald Trump had won the US presidential election and a few months after the UK had voted to leave the European Union.

“We think that this [business of freedom] message is particularly essential these days,” de Juniac says. “We are seeing in the current period protectionist and border restriction rhetoric in many countries.”

His early confidence reflects the fact that as a former member of the IATA board of governors, de Juniac could draw on a strong understanding of the association’s function. And de Juniac has already made fundamental changes that mark him apart from previous directors-general. Most prominent is the introduction of the IATA 2020 initiative, setting out 10 aims. Previously, the director-general would discuss the next year’s priorities with the board every December, but de Juniac recognised this created a short-termism unsuited to the issues at hand.

 “[The IATA 2020 goals] correspond to our day-to-day business or horizon, which is not a short-term horizon for many things we are doing,” he says.

He has helped to create 10 goals covering topics such as infrastructure, regulation, safety and security. “They have been approved by the board of governors. We are now developing the action plan for this organisation to have a clear strategic roadmap,” he states.

De Juniac is also pitching IATA as the main port of call for stakeholders such as governments when they need industry input. “I want to increase IATA’s position as a reference authority,” he says. “When we talk about aviation, the eyes should turn to IATA.”

A key element in fostering that authority is IATA’s geographical scope. De Juniac’s experience so far is that demand for the organisation’s expertise is strongest in regions with less-developed aviation. “In [a recent visit to] India for instance, we met with all levels of government, including the top dog,” he recalls. “IATA’s voice plays a key role in a big country like India. In China, the same thing.”

**DIFFERING DEMANDS**

In countries with developed aviation frameworks, however, need for IATA input is naturally reduced. “The countries in which aviation is strong and very old… they value IATA slightly less…. That’s normal,” de Juniac states.

This means that Africa – potentially “the next frontier of our industry”, he says – Asia and the Middle East are places where demand for IATA’s input is particularly strong.

IATA’s authority to speak for the industry looks to be built on solid foundations; de Juniac says the organisation represents about 83% of global passenger traffic, for example. A notable gap in IATA’s membership list, however, features some of world’s biggest low-cost carriers. Ryanair and Easyjet are not members, despite being in the top 10 global airlines by passengers carried. De Juniac wants to address this.

“We are more and more low-cost, but you’re right to say the biggest ones are not members,” he states. “It is among our priorities for 2020 to enlarge our membership base to the low-cost companies.” When asked how IATA will achieve this, de Juniac says: “We will convince them that being a member of IATA is profitable for them, that we add value.”
Profit yields concerns

While this remains a prosperous period by historic standards for the industry, developments over the first half of the year underline the continued challenges airlines across the globe face in keeping a firm grip on strong profitability.

As airline chief executives meet in Cancun for this year’s AGM, the results disclosed in the first quarter of the financial year across the globe confirm one thing: after the recent profit peaks, things have been getting tougher.

This is, of course, not unexpected. The boost from the sharp drop in fuel costs was always going to wear off when oil prices resettled from the lows of 2016. The barrel price of Brent crude oil has largely stayed above the $50 mark, and though still relatively favourable, is becoming a slight headwind for many.

Likewise the macro-uncertainty that has accompanied the unprecedented political shifts of 2016 was always going to create a tricky economic backdrop. Uncertainty remains the order of the day.

Competition, too, remains intense. Fuel savings have largely been passed on to consumers through lower fares, and with capacity remaining high in many markets, yields are struggling.

In its December outlook, IATA projected industry profits would slip $5 billion from the record highs of around $35 billion enjoyed in 2015 and 2016. It will update its outlook in Cancun.

NORTH AMERICA

Industry profits have been led by North American carriers, contributing more than half of the total. Fresh from consolidation and with limited hedging in place, US carriers were among the first to enjoy the fruits of low oil prices and posted profits airlines had previously only dreamed of.

But collective operating profits among 10 leading US carrier groups almost halved to just over $3 billion in the first quarter. This is, of course, no crisis. North American carriers are still more profitable than they have been in a generation. And the later falling of Easter this year also has an impact. But unit revenues fell at most US carriers in the first quarter.

Allegiant Air, Alaska Airlines, Delta Air Lines, JetBlue Airways, Southwest Airlines and Spirit Airlines saw declines in passenger unit revenue (PRASM) or unit revenue (RASM) of up to 5.8% during the period. PRASM was flat at United Airlines, but rose as much as 7.7% at American Airlines and Hawaiian Airlines.

“While the pace of the revenue recovery was a bit slower than we had originally anticipated, we are continuing to see improvement in revenue trends across our network,” said Delta president Glen Hauenstein in April.

PRASM at the Atlanta-based carrier fell 0.5% in the first quarter, but Hauenstein says the metric rose in March—the first monthly increase since November 2015.

“It does feel we have reached an inflection point here in April,” said Tammy Romo, Southwest’s chief financial officer. Unit revenue at the carrier declined 2.8% year-on-year in the first quarter. Southwest, like other US low-cost carriers, expects a boost from the shift of the Easter holiday into April.

Airline executives initially forecast the first quarter as the long-sought inflection point for unit revenues. Most expected the jump in bookings following the presidential election in November 2016 to continue through the quarter, resulting in yield growth.

That target, yet again, proved elusive for most carriers. Airlines cited a range of reasons, from slower-than-expected business demand to storms in California and the Easter shift for the weaker-than-expected performance.

American and Hawaiian bucked the trend to some extent. Both carriers had previously reported growth in unit revenues—American for the fourth quarter, and Hawaiian throughout much of 2016.

Revenues were robust at US carriers, despite the still-weak unit-revenue performance. Operating revenue increased across the board except at Delta and JetBlue, which saw small declines.

“While these results are lower than last year, due largely to higher fuel prices, they still represent the second-best March quarter in Delta’s history,” reminds Delta chief executive Ed Bastian.
Progress mostly happens in inches, in tweaks, and in increments. But sometimes there’s a shift that changes everything. Those leaps require vision, intelligence, and effort. They require the kind of courage that made flight possible in the first place. It’s this boldness that drives Bombardier’s relentless pursuit of excellence, and has seen us create the cleanest, quietest and most profitable aircraft in the skies.

Ingenuity in Flight.
At FlightGlobal we help businesses across the globe cut through industry complexity to reach their full potential. Providing a complete view of the aviation industry with pioneering data, insight and analytics for today, tomorrow and beyond.

Find out more at flightglobal.com

#FlightGlobal
Cautious Latin steps despite Brazil lift

Most Latin American airlines saw their first-quarter operating results shrink, as carriers continued to grapple with uncertainty in the region.

An ongoing economic recovery in Brazil gave some airlines reason to hope for further strengthening later in the year, but executives also cautioned that it was too early to declare that all was back to normal in Latin America’s biggest economy.

Brazil’s airlines are seeing continued recovery in traffic, pointing to economic indicators and the appreciation of the Brazilian real. In perhaps the most concrete sign so far that the economy is on its way to turning a corner, Azul finally became a publicly traded carrier in April, after two scrapped attempts at an initial public offering dating back to 2013.

BACK IN BLACK

The David Neeleman venture reported a first-quarter operating profit of R$205 million ($66.1 million), and returned to the black with a net profit of R$5 million. The airline had posted a net loss of R$7 million in the first quarter of 2016.

LATAM Airlines Group says the healthier economic trends have led to a strengthening in unit revenue at its domestic Brazilian affiliate and on international flights from the country. Long-haul service between Brazil and the US and Europe also saw a “strong improvement”, says LATAM’s vice-president of corporate affairs, Gisela Escobar.

Despite these encouraging signs, airlines with a major presence in Brazil have cautioned that capacity discipline remains in place. LATAM chief commercial officer Roberto Alvo says traffic numbers now “look like 2012, 2013 figures”. He says: “We see a picture of demand that is better but still not strong… Brazil has lost four to five years of growth.”

Azul’s Neeleman says that while Brazil’s economic indicators are ticking up, “we don’t want anyone to think that Brazil is back to robust because it is not”.

Even as Brazil shows signs of recovery, other countries in Latin America saw weak demand in the first quarter. Of particular concern is softness on US-bound travel from Mexico, following proposed travel restrictions by the Trump administration that were later struck down by US courts. A weaker Mexican peso, and diplomatic tensions between the US and Mexican governments, have led to new challenges for Mexico’s airlines.

In South America, airlines reported softness in some markets. LATAM says demand in Chile and Peru was weaker than expected in the first quarter. The airline is the biggest domestic carrier in both countries.

Latin American airlines point out that the second quarter is the seasonally most challenging quarter for the region, and reiterate that capacity discipline is still very much the strategy going forward.

“We are planning to remain cautious this year even though Latin America has recuperated quite a bit,” says Copa Airlines chief executive Pedro Heilbron. “We are not going to go crazy with capacity.”

And in growth markets, too, the pressure is on. In Asia, international expansion by Chinese carriers has hit yields. Big network carriers in the region Cathay Pacific and Singapore Airlines have both embarked on business reviews amid a decline in profits – the Hong Kong carrier posting its first net loss since 2008.

SIA though does point to some early signs of stability and a possible turnaround of its yields, as fuel prices rise and with some major competitors reporting financial stress. Speaking to reporters and analysts at the SIA results briefing, executive vice-president of commercial Mak Swee Wah said there has been excess capacity from the aggressive growth of low-cost carriers in the region, as well as Middle Eastern and Chinese airlines. Some industry indicators, however, shows that yield decline in some areas has “bottomed out”.

Perhaps most striking are the challenges being felt in the Gulf. Emirates’ commentary on its 71% slump in operating profit was stark, talking about airline margins “taking a battering” as they work to stimulate traffic against a weak economic backdrop.

The outlook for the Gulf carriers has been further clouded by travel restrictions implemented by the Trump administration. If the initial hit from the ban on foreign nationals was averted, restrictions around taking electronic devices on board have taken a toll.

The mooted prospect of the US ban being extended to European flights could provide a further hit on travel demand.
LEADERSHIP

Setting a new heading

There will be a number of fresh leaders in town at the AGM in Cancun as several airlines have changed personnel over the past year – though many of the new incumbents face challenges that would be familiar to predecessors.

Leading airlines have largely kept faith with their chief executives over the past 12 months, with none of the 10 biggest operators by traffic making a change at the top since June 2016.

By contrast, four new chief executives among the 10 biggest airlines, in terms of RPKs, were in position, or about to take up roles, for the first time at IATA’s AGM last year.

But the past 12 months have seen other leading carriers change – or begin to change – chief executives. Sixteen of the 100 biggest operators have new leaders, which is down slightly from last year, when more than a fifth had new chiefs.

Those 16 include three of the 20 biggest airlines. Cathay Pacific appointed chief operating officer Rupert Hogg to replace Ivan Chu from the start of May; Yuki Hirako in April took the helm of Japan’s All Nippon Airways, succeeding Osamu Shinobe who became chairman at parent company, ANA Holdings; and Turkish Airlines changed leadership last autumn when civil aviation authority head Bilal Eksi succeeded long-standing Temel Kotil.

Chief operating officer Hogg took the helm of Cathay after Ivan Chu’s three-year tenure ended when he move to head up John Swire & Son (China). It continued a decades-old tradition that Cathay’s COOs eventually became the top gun and also came after Hogg had been leading the airline’s critical review since October.

Hogg took up his new role at the start of May with the task of implementing the new pillars of Cathay’s strategy: focus on customers, operational efficiency, raising productivity and enhancing employee experience. It comes against the backdrop of Cathay’s first net loss since 2008.

The first moves became clear later in May when Cathay announced plans to cut around 600 jobs from its head office and restructure its cargo division. Hogg says it has had to make tough decisions to secure the future of its business. “Changes in people’s travel habits and what they expect from us, evolving competition and a challenging business outlook have created the need for significant change,” he adds.

The airline continues to face the same the challenges that plagued Chu’s tenure. The Oneworld carrier needs to deal with Middle Eastern airlines, which have been expanding quickly into Asia, luring passengers away with aggressive pricing, impressive products and comprehensive networks. Cathay has also stubbornly refused to take on the growing number of low-cost carriers in the region, which have been chipping away at its customer base.

Most critically, there is no stopping the Chinese carriers from launching direct long-haul services, diminishing Hong Kong as a transit hub and directly impacting Cathay’s revenues.

MAS OUT OF ITS MALAISE

When Christoph Mueller stepped down from his job of transforming Malaysia Airlines, the baton passed to group chief operating officer Peter Bellew last summer.

Speaking to FlightGlobal in March this year, Bellew said that despite a “strong result” in the first quarter of 2016, MAS still has “lots to do to trim the excess fat” around its operations.

Snapshot: New airline chief executives since June 2016

<table>
<thead>
<tr>
<th>Airline</th>
<th>New CEO</th>
<th>Previous CEO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cathay Pacific</td>
<td>Rupert Hogg</td>
<td>Ivan Chu</td>
</tr>
<tr>
<td>Turkish Airlines</td>
<td>Bilal Eksi</td>
<td>Temel Kotil</td>
</tr>
<tr>
<td>All Nippon Airways</td>
<td>Yuki Hirako</td>
<td>Osamu Shinobe</td>
</tr>
<tr>
<td>Thai Airways</td>
<td>Usanee Sangsingkeo</td>
<td>Charamporn Jothikasthira</td>
</tr>
<tr>
<td>TAM Linhas Aereas</td>
<td>Jerome Cadier</td>
<td>Claudia Sender (still president)</td>
</tr>
<tr>
<td>Elihad Airlines</td>
<td>Ray Gammell (interim)</td>
<td>James Hogan (leaves 1 July)</td>
</tr>
<tr>
<td>Air Berlin</td>
<td>Thomas Winkelmann</td>
<td>Stefan Pichler</td>
</tr>
<tr>
<td>Malaysia Airlines</td>
<td>Peter Bellew</td>
<td>Christoph Mueller</td>
</tr>
<tr>
<td>Saudia</td>
<td>Jaan Albrecht</td>
<td>Saleh Ben Naser Al-Jasser</td>
</tr>
<tr>
<td>Alitalia</td>
<td>Administrators</td>
<td>Cramer Ball</td>
</tr>
<tr>
<td>China Airlines</td>
<td>Hsieh Su-Chien</td>
<td>Chang Yu-Hern</td>
</tr>
<tr>
<td>Garuda Indonesia</td>
<td>Pahala Mansury</td>
<td>Arif Wibowo</td>
</tr>
<tr>
<td>Vietnam Airlines</td>
<td>Duong Tri Thanh</td>
<td>Pham Ngoc Minh</td>
</tr>
<tr>
<td>Virgin America</td>
<td>Ben Minicucci</td>
<td>David Cush</td>
</tr>
<tr>
<td>Pakistan Int’l Airlines</td>
<td>Nayyar Hayat (acting)</td>
<td>Bernd Hildenbrand</td>
</tr>
<tr>
<td>Aerolineas Argentina</td>
<td>Mario Dell’Acqua</td>
<td>Isela Constantini</td>
</tr>
</tbody>
</table>

Based on 100 biggest airlines by RPKs in 2015 where CEO role exists

Peter Bellew (left) and Rupert Hogg are now leading Malaysia Airlines and Cathay Pacific respectively.
Orlando earned “#5 in Job Creation Index Score”
Gallup, 2015

Destination for Medical Meetings in the U.S.

Family Tourist Destination in the World

Largest Convention Center in the U.S. and more than 116,000 hotel rooms

Busiest Passenger Cruise Port in the World — Port Canaveral

World’s Favorite Place to Play

Modeling, Simulation & Training Capital of the World

Medical, Aerospace, Convention, and Tourism Leader

Epicenter for Digital Media and Digital Education

MCO. Your Florida Airport of Choice.

MCO. Your Florida Airport of Choice.
Cost control remains MAS’s focus. It has identified another MYR400 million ($90 million)-worth of cost reductions in 2017 to offset currency issues resulting from the Malaysian ringgit’s decline against the US dollar.

Bellew says the carrier will “continue relooking at and negotiating various contracts, including those for fuel, catering, ground handling, and maintenance, repair and overhaul, as well as seeking to house various operations together. “If we want to succeed, we need to know that cost-cutting is never, ever ending. Airlines just breed nonsense costs.”

MAS, which has been unlisted since end-2014, recorded a smaller loss than initially projected under the business plan for the fiscal year 2016. It did not disclose its financial numbers.

“The only real blockage is us losing focus on the hard work”

While MAS previously expected to break even in 2017, Bellew admits the carrier “could still make a small loss this year... before being consistently in profit in 2018”.

One potential internal option appears out of the running after former Air France executive Bruno Mathieu stepped down from his role as head of its airline equity partners division in April. That division governs the investment strategy and its interests in carriers including Alitalia, Air Berlin, Jet Airways and others. Robin Kamark, a former chief commercial officer at SAS Group, has been named as Mathieu’s replacement.

One of the main tasks for Hogan’s successor is to complete the Gulf carrier’s strategic review, which has brought its flagship European investments into focus. Here too there have been changes at the top. Air Berlin recruited former Germanwings head Thomas Winkelmann to lead its restructuring, replacing Stefan Pichler at the start of the year. The latter took up a new role as chief executive of Royal Jordanian at the start of June.

Alitalia meanwhile, at which Cramer Ball had been attempting to implement a turnaround plan, filed for extraordinary administration at the start of May. Three administrators are leading the Italian carrier’s efforts to secure a new strategic investor.

**SOUTH AFRICA ACTING UP**

Troubled carrier South African Airways approached the IATA AGM still under acting head Musa Zwane – who has been in the interim role since replacing Thuli Mphele in November 2015.

That followed a string of temporary appointments at the helm of the carrier. That include two turns as acting chief executive for Nico Bezuidenhout.

Bezuidenhout returned to focus on low-cost unit Mango. But last summer he left to head pan-African budget carrier Fastjet. Mango filled the gap on an interim basis with its general manager Nic Vlok.

A third SAA operation, regional carrier SA Express, is also seeking a new chief executive, after Inati Ntshanga resigned from his post at the end of March. He had led the carrier since 2010 following the departure of Siza Mzimela.

South African finance minister Malusi Gigaba in May told Parliament it had completed a first round of interviews for the SAA chief executive and a final round of interviews would follow. ■

**WHAT NEXT AT ETIHAD?**

The man Bellew replaced at Malaysia Airlines, Mueller, has been linked with one of the most eagerly awaited new appointments – the successor to James Hogan as Etihad group boss. The latter, together with finance chief James Rigney, steps down on 1 July after more than a decade at the helm of the Gulf carrier.

Hogan will be succeeded in the interim by chief people and performance officer Ray Gammell. The latter, who has been with Etihad since 2009, took full management responsibility at the Abu Dhabi-based company in May.

Work meanwhile continues on a permanent successor, with Etihad saying – at the time of announcing Gammell’s interim role – it hoped to make an announcement on Hogan’s replacement within weeks.

Mueller, who took up the role of chief digital and innovation officer at neighbouring Emirates in the autumn, has been linked as a potential successor to Hogan.

One potential internal option appears out of the running after former Air France executive Bruno Mathieu stepped down from his role as head of its airline equity partners division in April. That division governs the investment strategy and its interests in carriers including Alitalia, Air Berlin, Jet Airways and others. Robin Kamark, a former chief commercial officer at SAS Group, has been named as Mathieu’s replacement.

One of the main tasks for Hogan’s successor is to complete the Gulf carrier’s strategic review, which has brought its flagship European investments into focus. Here too there have been changes at the top. Air Berlin recruited former Germanwings head Thomas Winkelmann to lead its restructuring, replacing Stefan Pichler at the start of the year. The latter took up a new role as chief executive of Royal Jordanian at the start of June.

**Albrecht and Dube among new chief executives in position**

**Former Star Alliance and Austrian head Jaan Albrecht** took up the role of chief executive of Saudia in January. He had latterly served as the head of Turkish carrier Sun Express. In his new role he has been overseeing Saudia’s SV2020 strategic development programme.

Garuda Indonesia has appointed **Pahala Mansury** as its new chief executive, in a management shake-up following a fall in 2016 net profit. Mansury, formerly chief financial officer at Bank Mandiri, replaces Arif Wibowo, who was in the role since December 2014.

Kenya Airways has named **Sebastian Mikosz** as chief executive to replace Mbuvi Ngunze. Mikosz was chief of Polish flag carrier LOT for two years until August 2015. LATAM’s former chief marketing officer **Jerome Cadier** became chief executive of the airline’s Brazil affiliate, LATAM Airlines Brazil. Claudia Sender retains her role as president of LATAM Airlines Brazil. Long-serving Virgin America chief executive David Cush stepped down at the end of last year when Alaska Airlines completed its acquisition of the carrier. Alaska executive **Ben Minicucci** took up the role of Virgin chief, but Alaska chief executive Brad Tilden heads the enlarged company.

Airline Americas recruited a new president and chief executive after Isela Costantini resigned at the end of 2016. She is succeed- ed by Mario Dell’Acqua, the former president of state-owned air services company InterCargo.

Thai Airways is back looking for a new president after Charramporn Jothikasthira retired in February. **Usanee Sangsingkeo** has been serving as acting president.

India’s Jet Airways has named **Mario Dell’Acqua** as its new chief executive. Chief financial officer **Amit Agarwal** has acted in the role since Cramer Ball left in December 2015.
Narita Airport, your gateway to explore Japan

The country of hospitality, fine cuisine. Many places to visit, experience and feel. Enjoy many advanced technologies. You can be sure to get there through Narita.

https://www.narita-airport.jp/en
Chairman’s view

Outgoing chair of the IATA board of governors Willie Walsh speaks about a year in which Alexandre de Juniac needed to hit the ground running amid pressing industry challenges.

Outgoing chairman of IATA’s board of governors, Willie Walsh, believes the association’s recruitment of Alexandre de Juniac has given it the right voice at a crucial time for the industry.

IAG chief executive Walsh completes his year as chairman of the IATA board at the end of the AGM – a year in which former Air France-KLM chief de Juniac took over from Tony Tyler at the helm.

“One of my key responsibilities was to make sure that [the transition] went well and Alexandre felt comfortable in the new role and I provided him with the support he might require,” Walsh told FlightGlobal ahead of the AGM.

“I think it’s healthy for IATA to get different styles of leadership,” he adds. “I think Alexandre has done that in a very professional and very diplomatic—but when he needs to be, a very forceful—manner, and that is a style that is appropriate at the moment. So I think IATA’s voice is being heard.”

De Juniac’s predecessor, the diplomatic Tony Tyler, marked a stark contrast to the more vocal approach of Giovanni Bisignani. And Walsh believes the further change in style and personality will again benefit the association.

FRESH DELIVERY

“He’s only the seventh director-general or CEO of IATA, so it doesn’t come around all that often to have a change in leadership,” says Walsh. “I think it’s healthy for the organisation to get different styles of leadership appropriate to the challenges that the industry faces at that stage.

“It is not just the message, its how that message is delivered that is important,” he adds. “I think Alexandre has done that in a very professional and very diplomatic—but when he needs to be, a very forceful—manner, and that is a style that is appropriate at the moment. So I think IATA’s voice is being heard.”

A challenging first year in charge for de Juniac began at the crunch ICAO general assembly last autumn, at which a global market-based measures scheme to tackle aviation emissions was agreed – an outcome Tyler’s tenure had been working to secure.

If ICAO was at the top of the in-tray when de Juniac took up the role in the summer, less expected had been moves by the US and UK authorities to introduce restrictions on carrying personal electronic devices on board on certain flights.

IATA RESPONSE

IATA issued a strongly worded response to the mooted extension of the US ban on PEDs from specific countries, to also apply to European flights, on the eve of a crunch meeting between EU and US officials. For now, at least, the US seems to have put the measures on hold.

Existing restrictions from US and UK authorities remain, however. That the US and UK measures applied to different countries raised eyebrows, particularly given that the US ban applied to several Gulf states.

“What we want as an industry is a dialogue of a common understanding of the problem and a common understanding of the actions that can be taken to mitigate the risks that have been identified, and none of us want to see the competitive landscape distorted by different measures being applied by different countries.”

This issue will doubtless be among the topics discussed during the AGM. But overall Walsh expects the industry to be focused on IATA’s core role.

“It will continue to be the basics of IATA which are fundamental to the industry,” he says, citing things like ensuring the settlement systems operate in a secure fashion, that IATA’s voice is heard at ICAO and that the decision to adopt CORSIA gets translated into an effective scheme.

As for Walsh, he says he has enjoyed his year as chairman. “It’s great to see so many leaders within the industry wanting to participate. We’ve looked at our governance to see is it effective and can we make it more effective, and we actively involve more people in the running of IATA.” ■
Uncovering new opportunities and achieving profitability demands a creative mindset. At Embraer we understand the many challenges airlines face to reach their goals, so we have created a solution that adds more to your bottom line – FleetSmart. Based on 3 performance pillars, Design Smart, Experience Smart and Business Smart, FleetSmart is helping operators sustain profitability and outperform their rivals.

#LoveFleetSmart
embraercommercialaviation.com
The Airbus Widebody Family
featuring the new Airspace cabin
Almost everything about the A330neo is new
new A350 generation engines
new wings with A350 sharklets
new A350 cabin
Flying further with less fuel
Global alliances enter their third decade covering well over half industry capacity and touching almost every corner of the globe. This infographic charts the development of Star Alliance, Oneworld and SkyTeam over the last 20 years from founding members to those who fell away.
**Number of full-member airlines in Star Alliance as of June 2017**

<table>
<thead>
<tr>
<th>Year</th>
<th>Airline</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>Ansett, Mexicana, US Airways, Blue1</td>
</tr>
<tr>
<td>2002</td>
<td>Austrian, Singapore Airlines, British Midland, Malaysia, TAP Portugal, South African Airways, Swiss, Air China, EgyptAir</td>
</tr>
<tr>
<td>2007</td>
<td>Austrian, Singapore Airlines, British Midland, Adria Airways, Croatia Airlines, LOT Polish, Spanair, LOT Polish, Adria Airways, Croatia Airlines, US Airways, Blue1</td>
</tr>
<tr>
<td>2012</td>
<td>Austrian, Singapore Airlines, British Midland, Adria Airways, Croatia Airlines, US Airways, Blue1, TAP Portugal, South African Airways, Swiss, Air China, EgyptAir, Turkish Airlines, Brussels Airlines, Ethiopian Airlines, Continental, Aegean Airlines, TAM, AviancaTaca, Copa, Shenzhen Airlines, EVA Air, Air India, Avianca Brazil</td>
</tr>
<tr>
<td>2017</td>
<td>Austrian, Singapore Airlines, British Midland, Adria Airways, Croatia Airlines, US Airways, Blue1, TAP Portugal, South African Airways, Swiss, Air China, EgyptAir, Turkish Airlines, Brussels Airlines, Ethiopian Airlines, Continental, Aegean Airlines, TAM, AviancaTaca, Copa, Shenzhen Airlines, EVA Air, Air India, Avianca Brazil</td>
</tr>
</tbody>
</table>

**Number of full-member airlines in the Oneworld alliance as of June 2017**

<table>
<thead>
<tr>
<th>Year</th>
<th>Airline</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>British Midland, Ansett, Austrolia, LOT Polish, Scandinavian Airlines, Singapore Airlines, Thai Airways, Thai Airways International, United, Lufthansa, Air New Zealand, American</td>
</tr>
<tr>
<td>2002</td>
<td>British Midland, Ansett, Austrolia, LOT Polish, Scandinavian Airlines, Singapore Airlines, Thai Airways, Thai Airways International, United, Lufthansa, Air New Zealand, American, Mexicana, Austrian</td>
</tr>
<tr>
<td>2007</td>
<td>British Midland, Ansett, Austrolia, LOT Polish, Scandinavian Airlines, Singapore Airlines, Thai Airways, Thai Airways International, United, Lufthansa, Air New Zealand, American, Mexicana, Austrian, Singapore Airlines</td>
</tr>
<tr>
<td>2012</td>
<td>British Midland, Ansett, Austrolia, LOT Polish, Scandinavian Airlines, Singapore Airlines, Thai Airways, Thai Airways International, United, Lufthansa, Air New Zealand, American, Mexicana, Austrian, Singapore Airlines, British Midland</td>
</tr>
</tbody>
</table>

**Star Alliance member airline chiefs mark the grouping’s 20th anniversary at an event in Frankfurt**
ALLIANCES

Grouping together

Much of the first 20 years of global alliances was focused on building their respective networks, but having penetrated most of the world’s major markets, their emphasis is now shifting towards providing a seamless service for travellers.

Since the first global alliance was established 20 years ago, these airline groupings have become a central part of the industry and travel offering.

Alliances have matured, from the five carriers that established Star Alliance on 14 May 1997 to the 62 airlines now spanned by Star, Oneworld and SkyTeam.

As Star marks its 20th anniversary, FlightGlobal schedules data shows that carriers in these three alliances account for 57.7% of capacity, in terms of ASKs, in May.

But with this maturity has come a slowing in the pace of airline member recruitment. Only one carrier has joined as a full member of any global alliance in the last three years – and that was the relatively small addition of Avianca Brazil to Star two years ago.

And as the faster-growing low-cost carrier sector remains outside these alliances – and the restructuring and retrenching of several networks of carriers within them continues – the capacity market share of these alliances has actually fallen from almost 60% in September 2015.

Moves to grow the alliances – and address existing white spots through the development of affiliate membership options – continue. Star in May added Chinese carrier Juneyao Airlines as the first carrier under its new Connecting member programme.

ORIGINS OF ALLIANCES

“Alliances filled a gap that existed in the industry landscape,” says SkyTeam chief executive Perry Cantarutti. “You had – and still have – a lot of restrictions on cross-border investments. The alliances were an important platform for facilitating the development of codeshares and connecting networks.”

Air Canada, Lufthansa, United Airlines, Thai Airways and Varig – the Brazilian carrier one of several carriers to have left alliances, either of their own accord or through their demise – were the first to show their hand in establishing the Star Alliance in May 1997.

Little more than a year later, partners American Airlines, British Airways, Canadian Airlines, Cathay Pacific and Qantas established the Oneworld alliance.

Canadian Airlines was to prove only a brief member – within two years it was Star-bound after its merger with Air Canada – but Oneworld had been bolstered since 2000 with Aer Lingus, Finnair, Iberia and LAN Airlines.

Star too continued to recruit. All Nippon Airways, Air New Zealand, Ansett Australia – albeit briefly – and Singapore Airlines were among the early additions.

Singapore joined after ditching its role in the Global Excellence three-way alliance it had been in with Delta Air Lines and Swissair. Two years later the Atlantic Excellence partnership was dissolved when Delta quit after agreeing a co-operation with Air France. That proved the precursor to the creation, in 2000, of SkyTeam – established by Air France and Delta with Aeromexico and Korean Air; and swiftly joined by Alitalia and Czech Airlines.

Over the following years, membership of all three groupings has continued to swell. Star has always been the largest alliance in terms of members – it has 28 airlines today. SkyTeam has 20 airlines and Oneworld 14 full members.

Most of the more recent recruitment has focused on emerging markets – Asia-Pacific, Latin America and the Middle East – with limited new member activity in mature markets. Air Berlin was the last new European member, joining Oneworld five years ago, while moves by North American carriers – such as US Airways’ switch to Oneworld – have been aligned to consolidation in the country.

“If we want a partner in those markets we have to rethink how we collaborate”

ROB GURNEY
Chief executive – Oneworld

The first of the global groupings, Star Alliance, marked its 20th anniversary in Frankfurt on 14 May.
High-speed inflight connectivity is now a reality

Whether flying across the country or around the globe, JetWave™, the exclusive hardware that powers Inmarsat’s GX Aviation service, is the only global Ka-band network designed for mobility. Passengers can have the same Wi-Fi experience at 40,000 feet as they do on the ground. The end result? Your passengers will have a consistent global connection — provided by a single operator — over land and water.

Contact Honeywell and find out why JetWave is the right solution to meet your passengers’ demands today and in the future.

For more information, please visit wifithatflies.com.

© 2017 Honeywell International. All rights reserved.
Star makes new connection

Chinese carrier Juneyao Airlines in May came on board as Star Alliance’s first connecting partner, filling the alliance’s gap in the Shanghai market. The privately owned carrier will offer passengers on Star Alliance flights transfer options from Pudong and Hongqiao International airports. These passengers will have through check-in, while gold status members will have lounge access, additional baggage and priority check-in.

Juneyao has entered into agreements with Air Canada, Air China, EVA Air, Singapore Airlines and United Airlines to allow loyalty members of those airlines to earn and use miles when travelling on the Chinese carrier. “With Juneyao Airlines as a connecting partner we have achieved two important goals. First, as an alliance we can offer regional airlines an attractive way to connect to our global alliance network, without requiring full membership. Going forward, this will enable us to strategically enhance our network,” says Star Alliance’s chief executive Jeffrey Goh.

“Second, with Juneyao Airlines we strengthen our market position in Shanghai, a city which is already served by 17 of our member airlines and which will now offer even better connectivity to our customers.”

The connecting partner model allows regional, low-cost or hybrid airlines to link to the Star Alliance network without becoming a full member. These partner airlines enter into bilateral commercial agreements with selected Star carriers.

Juneyao has been operating for 11 years and flies a fleet of 41 Airbus A320s and 21 A321s, largely on Chinese domestic services, with some services to Japan and Thailand. The carrier has also ordered five Boeing 787-9s, and intends to launch long-haul routes in the coming years. It provides a welcome boost for the alliance in Shanghai. It had previously counted Shanghai Airlines among its ranks before the carrier followed its partner China Eastern into SkyTeam in 2010. “We are proud to be back in Shanghai,” says Goh.

All continents are covered, and almost every major country, by at least one of the alliances – the most notable absentee, India, being addressed when Air India’s protracted membership of Star finally came to fruition in 2014.

“We will never say no, but we are pretty comprehensive in our network today,” said Star chief executive Jeffrey Goh when asked by FlightGlobal about the prospect of adding the alliance’s ranks, during a media event in Frankfurt marking the 20th anniversary of the grouping.

“There are not many parts of the world to which we do not serve. Clearly if you look at the map, there are parts which are white spots for Star. But it doesn’t mean we are just going to start running out there recruiting. They have got to make sense for us and in some markets there may not be airlines that make sense for us or there may not be any airlines.”

This echoes similar comments from the other two alliances. “Although there are a few regions where we are interested in building our presence further, with few of the sort of airlines that OneWorld has traditionally targeted as potential candidates now available, the scope for adding recruits along the lines we have done in the past is limited,” said OneWorld chief executive Rob Gurney at the Aviation Club in London in February.

“At SkyTeam we are not out there actively recruiting members. It’s not how it works,” says Cantarutti, noting airlines make a case for alliance membership, then look to which alliance makes sense for them. He adds there are not many opportunities – in terms of traditional full alliance member carriers – out there. And like his counterparts at OneWorld and Star Alliance, Cantarutti believes SkyTeam has good coverage with around 80-90% of key business markets.

WHITE SPOTS

But despite their wide coverage areas, each alliance has markets where it has struggled to make its mark.

In India, for example, neither OneWorld or SkyTeam has an airline partner – the former having initially lined up Kingfisher Airlines prior to its collapse. OneWorld also lacks a partner in mainland China. Hong Kong carrier Cathay Pacific has been a member from the outset, but the major Chinese carriers have been recruited by SkyTeam and Star.

Neither does OneWorld have a full member in Africa – though BA franchise partner Comair gives it an affiliate member in South Africa. By contrast, Star has three African members and SkyTeam has Kenya Airways.

Brazil was also a market where OneWorld struggled, until TAM was tempted over through its merger with long-time One-world operator LAN.

That, in turn, dealt another blow to Star in the country, where it had already lost one partner with the collapse of Varig. Star has since turned to Avianca Brazil – sister carrier to existing member Avianca – and has been courting Brazilian low-cost operator Azul.

SkyTeam also lacks a full Brazilian partner, though several of its members – including Air France-KLM and Delta – have co-operation deals with Gol.

In Russia, SkyTeam is served by Aeroflot and OneWorld by S7, but Star has no member. “Clearly we have a white spot there,” says Goh. “But are there any airlines that make sense to be a member of Star Alliance?”

Faced with little prospect of securing a home carrier in a market, all three alliances have made much of the access and service their existing members can provide. “If you take the market of Australia, we don’t have a member here, but we are so well served by many of our established members,” says Goh.

LOW-COST CONNECTIONS

That lack of traditional options also reflects the blurring nature of the industry. The lines of demarcation between network and low-cost carriers were clear when the alliances were established. Key areas of co-operation around IT systems, codesharing, lounges and frequent-flyer...
Airline operators are excited about the breakthrough fuel savings and unrivaled noise reduction they’re seeing from the GTF innovation today. Especially knowing they’ll stay years ahead of competitors that choose the engine based on conventional technology. Cleaner, greener and quieter. Experience the engine that’s geared for the future – flying today – at www.pw.utc.com.
programmes were anathemas to budget-sector operators.

As a result, low-cost carriers, alongside Gulf carriers Emirates and Etihad, are among the biggest and most notable absences from the global alliance cast lists.

Those lines between models have since blurred, however – at least in terms of co-operation between the two – amid changing circumstances outside the alliances have often driven membership changes.

Brazilian carrier Varig was removed from Star in late 2006, when its financial challenges left it unable to meet the alliance’s full membership obligations. The carrier later ceased operations. That prompted Star to turn to another Brazilian carrier TAM to fill the gap, only for the latter to switch camps to OneWorld as part of its merger with LAN. It hopes for third time lucky after recruiting Avianca Brazil two years ago.

A look at the signatories at the formation of Star Alliances and OneWorld shows that of the founding five carriers of each alliance, only four remain members in each case. The departure of Varig from Star and Canadian Airlines from OneWorld respectively illustrate how changing circumstances outside the alliances have often driven membership changes.

FRESH CHALLENGES

Amid the changing mission of the alliances, all three have seen new leaders take the helm in the last few years. Cantarutti took over last September, Gurney took office at Oneworld in October, and Goh succeeded Mark Schwab as SkyTeam boss at the start of the year.

Canadian Airlines left OneWorld within two years of co-founding the grouping, after its acquisition by Air Canada. That prompted it to move into Star Alliance. Both cases underline how the alliances have seen partners come and go as a result of financial challenges or fresh strategic partnerships.

OUT OF THE CLUB

Mexicana, Malev and Spanair are among the other names to have left the alliances after their collapse, while Kingfisher Airlines fell by the wayside even before it got as far as joining OneWorld. While several carriers have been members of two alliances, Mexicana is the only airline to have joined and departed two different alliances. Mexicana was in Star Alliance until the spring of 2004 – leaving at the same time as it ended a partnership with Star US anchor carrier United. Mexico- na instead embarked on a US partnership with American Airlines and later, after a five-year absence from the global alliance stage, joined American in OneWorld. That though proved short-lived as Mexicana collapsed in 2010.

Aer Lingus has been on track to become the first airline to join, leave and then rejoin the same alliance. An early recruit to OneWorld, the Irish carrier quit in 2007 amid a change in its strategy. But the airline’s acquisition by British Airways and Iberia parent IAG put a return to OneWorld on the table. The partners though have prioritised its joining IAG’s transatlantic joint venture with American Airlines – and getting on for two years since joining IAG, it has yet to make a move to rejoin the alliance.

Canadian Airlines left OneWorld within two years of co-founding the grouping, after its acquisition by Air Canada. That prompted it to move into Star Alliance. Both cases underline how the alliances have seen partners come and go as a result of financial challenges or fresh strategic partnerships.

Canadian Airlines left OneWorld within two years of co-founding the grouping, after its acquisition by Air Canada. That prompted it to move into Star Alliance. Both cases underline how the alliances have seen partners come and go as a result of financial challenges or fresh strategic partnerships.

Likewise SkyTeam sees a need for a flexible approach. “We have an open mind,” says Cantarutti. “In the future candidates are likely to be different than traditional airlines and we need to have a flexible approach to membership structure,” he says.

Changing faces of global alliances over the years

A look at the signatories at the formation of Star Alliances and OneWorld shows that of the founding five carriers of each alliance, only four remain members in each case. The departure of Varig from Star and Canadian Airlines from OneWorld respectively illustrate how changing circumstances outside the alliances have often driven membership changes.

Brazilian carrier Varig was removed from Star in late 2006, when its financial challenges left it unable to meet the alliance’s full membership obligations. The carrier later ceased operations. That prompted Star to turn to another Brazilian carrier TAM to fill the gap, only for the latter to switch camps to OneWorld as part of its merger with LAN. It hopes for third time lucky after recruiting Avianca Brazil two years ago.

OneWorld’s Gurney also recognises a need to be open to working with these carriers. “There are some markets where they have skipped a cycle, and if we want to have a partner that’s operating in those markets we have to rethink how we collaborate with them,” he says. “Now we do collaborate with a number of airlines already that operate hybrid or LCC platforms, and we’ve had some success in that, but we have to look to all opportunities.”

“Out of the club”

Mexicana, Malev and Spanair are among the other names to have left the alliances after their collapse, while Kingfisher Airlines fell by the wayside even before it got as far as joining OneWorld. While several carriers have been members of two alliances, Mexicana is the only airline to have joined and departed two different alliances. Mexicana was in Star Alliance until the spring of 2004 – leaving at the same time as it ended a partnership with Star US anchor carrier United. Mexico- na instead embarked on a US partnership with American Airlines and later, after a five-year absence from the global alliance stage, joined American in OneWorld. That though proved short-lived as Mexicana collapsed in 2010.

Aer Lingus has been on track to become the first airline to join, leave and then rejoin the same alliance. An early recruit to OneWorld, the Irish carrier quit in 2007 amid a change in its strategy. But the airline’s acquisition by British Airways and Iberia parent IAG put a return to OneWorld on the table. The partners though have prioritised its joining IAG’s transatlantic joint venture with American Airlines – and getting on for two years since joining IAG, it has yet to make a move to rejoin the alliance.

Likewise SkyTeam sees a need for a flexible approach. “We have an open mind,” says Cantarutti. “In the future candidates are likely to be different than traditional airlines and we need to have a flexible approach to membership structure,” he says.

Canadian Airlines left OneWorld within two years of co-founding the grouping, after its acquisition by Air Canada. That prompted it to move into Star Alliance. Both cases underline how the alliances have seen partners come and go as a result of financial challenges or fresh strategic partnerships.

FLEXIBLE FRIENDS

Aware of the changing market conditions, all three alliances are looking at affiliate-membership options aimed at accommodating strong local players without a need for full membership.

Star, for example, has just added Juneyao Airlines under its new Connecting partner programme. Star says it is in deep discussions with a number of carriers about the programme, but does not expect to add “more than a handful” of carriers in the coming years.

Such schemes provide the potential for low-cost carriers to play a role of some kind with the global alliances. Multi-model operator Air Berlin has thus far been the only airline with a low-cost background to enter an alliance – and, after shedding its leisure and low-cost activities in the course of several restructurings, the OneWorld carrier is now pitching itself fully as a network airline.

“If any low-cost carrier is going to be part of any global alliance, it will have to be a strategy pretty similar or corresponding to our connecting-partner model,” says Goh, noting it has been designed in part to accommodate that segment. Indeed, South African Airways’ low-cost unit Mango was originally to be the first Connecting partner, but management changes at the carrier have put this on hold.

Canadian Airlines left OneWorld within two years of co-founding the grouping, after its acquisition by Air Canada. That prompted it to move into Star Alliance. Both cases underline how the alliances have seen partners come and go as a result of financial challenges or fresh strategic partnerships.

OneWorld’s Gurney also recognises a need to be open to working with these carriers. “There are some markets where they have skipped a cycle, and if we want to have a partner that’s operating in those markets we have to rethink how we collaborate with them,” he says. “Now we do collaborate with a number of airlines already that operate hybrid or LCC platforms, and we’ve had some success in that, but we have to look to all opportunities.”

Those lines between models have since blurred, however – at least in terms of co-operation between the two – amid changing models and LCCs’ increasing share. SkyTeam carriers’ co-operation with Gol, for example, both reflects the Brazilian carrier’s move towards catering for business traffic and its strength in the market – it became the biggest carrier in its home domestic market for the first time in 2016.

“A look at the signatories at the formation of Star Alliances and OneWorld shows that of the founding five carriers of each alliance, only four remain members in each case. The departure of Varig from Star and Canadian Airlines from OneWorld respectively illustrate how changing circumstances outside the alliances have often driven membership changes.”

Brazilian carrier Varig was removed from Star in late 2006, when its financial challenges left it unable to meet the alliance’s full membership obligations. The carrier later ceased operations. That prompted Star to turn to another Brazilian carrier TAM to fill the gap, only for the latter to switch camps to OneWorld as part of its merger with LAN. It hopes for third time lucky after recruiting Avianca Brazil two years ago.

A look at the signatories at the formation of Star Alliances and OneWorld shows that of the founding five carriers of each alliance, only four remain members in each case. The departure of Varig from Star and Canadian Airlines from OneWorld respectively illustrate how changing circumstances outside the alliances have often driven membership changes.

Brazilian carrier Varig was removed from Star in late 2006, when its financial challenges left it unable to meet the alliance’s full membership obligations. The carrier later ceased operations. That prompted Star to turn to another Brazilian carrier TAM to fill the gap, only for the latter to switch camps to OneWorld as part of its merger with LAN. It hopes for third time lucky after recruiting Avianca Brazil two years ago.

“A look at the signatories at the formation of Star Alliances and OneWorld shows that of the founding five carriers of each alliance, only four remain members in each case. The departure of Varig from Star and Canadian Airlines from OneWorld respectively illustrate how changing circumstances outside the alliances have often driven membership changes.”

Brazilian carrier Varig was removed from Star in late 2006, when its financial challenges left it unable to meet the alliance’s full membership obligations. The carrier later ceased operations. That prompted Star to turn to another Brazilian carrier TAM to fill the gap, only for the latter to switch camps to OneWorld as part of its merger with LAN. It hopes for third time lucky after recruiting Avianca Brazil two years ago.

“A look at the signatories at the formation of Star Alliances and OneWorld shows that of the founding five carriers of each alliance, only four remain members in each case. The departure of Varig from Star and Canadian Airlines from OneWorld respectively illustrate how changing circumstances outside the alliances have often driven membership changes.”

Brazilian carrier Varig was removed from Star in late 2006, when its financial challenges left it unable to meet the alliance’s full membership obligations. The carrier later ceased operations. That prompted Star to turn to another Brazilian carrier TAM to fill the gap, only for the latter to switch camps to OneWorld as part of its merger with LAN. It hopes for third time lucky after recruiting Avianca Brazil two years ago.
WITH TWO NEW GLOBAL SERVICE CENTERS, A380 OPERATORS REST AS EASY AS PASSENGERS.

Adding new GP7200 engine overhaul centers in Singapore and Dubai will only build EA’s reputation as the largest global support network in the industry. With field service engineers in 100+ cities, our network delivers flexible maintenance for uninterrupted operation on the A380’s most demanding routes. Add in 99.9% dispatch reliability, and you’ll see why our operators and their passengers already enjoy the best time on wing. Learn more at EngineAlliance.com.

Engine Alliance, LLC, a joint company of General Electric Co. and Pratt & Whitney
Twelve airlines are now using the A350-900 to update their fleets and enhance their networks, operating the Airbus widebody across a wide assortment of route lengths from short-haul to very-long-range sectors.

As Airbus closes on certification and first deliveries of the A350-1000, its smaller sibling has been earning its crust on global networks for 30 months. And the 80 A350-900s now in service with 12 operators are demonstrating the twinjet’s deployment flexibility, flying relatively short-haul routes, mid-distance sectors and very-long-range services.

The A350-900 made its Paris debut in 2013 when it flew past Le Bourget just a week after its first flight. Eighteen months later, in January 2015, the Airbus big twin made its service debut with Qatar Airways. Appropriately, the Doha-based carrier is the largest operator, with 17 in service (including three leased from LATAM Airlines) followed by Cathay Pacific and Singapore Airlines with 13 aircraft each.

Flight Fleets Analyzer shows that half of the 80 A350s delivered to date are in service with six Asia-Pacific carriers, while a fifth of the fleet is flying from the Gulf (all with Qatar Airways). European operators Finnair and Lufthansa account for 14% of the fleet.

Data from SRS Analyzer by FlightGlobal’s Drio division shows that A350 route networks span intra-Asian operations as well as Asia-Europe, intra-Europe and transatlantic services. SIA can boast the longest and shortest sectors – Singapore to San Francisco (7,340nm) and Singapore to Kuala Lumpur (160nm).

“That longest route across the Pacific between Singapore and San Francisco highlights the range capability of the type, even before the ULR variant comes into service,” says Richard Evans, senior consultant with Flight Ascend.

Source: Flight Fleets Analyzer (May 2017)

<table>
<thead>
<tr>
<th>A350 fleet by region</th>
<th>Asia-Pacific 42 aircraft</th>
<th>Middle East 17 aircraft</th>
<th>Europe 11 aircraft</th>
<th>Latin America and Caribbean 6 aircraft</th>
<th>Africa 4 aircraft</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>21.2%</td>
<td>13.8%</td>
<td>52.5%</td>
<td>7.5%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Source: SRS Analyzer (May 2017)

<table>
<thead>
<tr>
<th>A350 sector lengths</th>
<th>&lt;3,000nm 625 flights</th>
<th>3-5,000nm 361 flights</th>
<th>5-8,000nm 189 flights</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30.7%</td>
<td>53.2%</td>
<td>16.1%</td>
</tr>
</tbody>
</table>

Note: Data for number of flights per week
Prosperity BEYOND FLIGHT

Latin America & Caribbean Aviation
The engine driving social & economic prosperity

› ALTA’S MEMBER AIRLINES OPERATE 1.9 MILLION FLIGHTS A YEAR

› TRANSPORTING 207 MILLION PASSENGERS

› Aviation Employs 806,000 direct jobs and supports 5.2 million jobs

› Drives GDP $167 billion
But Wilhelm adds that, while the supply chain performance is “improving”, the difficulties are not “completely over”, highlighting the particular situation regarding seat supply.

“Significant improvement [still] needs to be done in terms of quality,” he says. “Quality at delivery but also quality after delivery.”

As new operators are joining the programme at regular intervals, analysis of the A350-900’s deployment can be slightly skewed as aircraft are allocated to relatively short routes initially to build experience on the type.

Nonetheless, the average block time for the fleet is a very respectable 7.2h, says Evans, showing the aircraft is being used on longer stage lengths than the A330 (see chart).

**SHORTER ROUTES**

“However, several airlines are using the A350-900 to replace and supplement their fleets of A340s and older 777-200ERs,” he says. “Within the average, there are airlines scheduling the A350 on many shorter routes, especially within Asia-Pacific. This explains the fact that 50% of the flights are on routes below 3,000nm.”

The proportion of sub-3,000nm routes is higher than our analysis a year ago when a total of 26 aircraft had been delivered, which partly reflects the number of shipments to the Asia-Pacific carriers. “This would appear to suggest that carriers feel the A350 is cost-competitive on these shorter trunk routes,” says Evans.

LATAM Airlines remains the operator with the highest average sector length, at 10.7h. Four airlines are in the 9-9.5h band – Finnair (8.8h), SIA (8.7h), Air Caraibes (8.4h) and Lufthansa (8h). The most recent operator – Asiana – is averaging just 3.8h with its single aircraft.

Seating arrangements across the 12 operators vary from as low as 253 seats (SIA) to as high as 389 (Air Caraibes). The majority of operators have configurations of between 280 and 320 seats, slightly lower than the “typical” count of 325 seats that Airbus quotes for the -900. However, almost all the airlines have a three-class layout that includes business as well as premium and standard economy cabins.

“Nine of the 12 A350 operators have installed premium economy – showing how important this class of cabin has become,” says Evans. “How long can Gulf carriers like Qatar and Emirates hold out against this trend?”

The three A350s Qatar is leasing from LATAM are operating in the Brazilian carrier’s configuration, which will give it experience of premium economy. “It will be interesting to see if they view it as a benefit,” adds Evans.

As well as the production ramp-up, Airbus’s main near-term challenge is to complete the test and certification programme for the A350-1000, clearing the way for deliveries to begin to Qatar Airways later this year. Meanwhile, Airbus is preparing to welcome more -900 operators into the fold. Next in line to receive their aircraft are the first North American A350 operator, Delta Air Lines, Brazil’s Azul, Hong Kong Airlines and Malaysia Airlines.
BOOK YOUR PRESENCE TODAY

THE DESTINATION FOR AEROSPACE

12-16 NOVEMBER 2017
DWC, DUBAI AIRSHOW SITE

WWW.DUBAIAIRSHOW.AERO
IATA is urging all airlines to prepare for ICAO’s upcoming Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), regardless of whether or not their home state has volunteered to take part in the initial stage of the global market-based measure.

To drive this point home, IATA and the Air Transport Action Group (ATAG) is running an awareness campaign during the AGM to alert airlines to the steps they should be taking to prepare over the next two years.

“We’re hoping to increase awareness at airlines across the world that every airline operating international flights will have to prepare for CORSIA,” says Michael Gill, director aviation environment at IATA and executive director of ATAG.

“When CORSIA comes into effect in 2021, for states that don’t volunteer [in the initial six years when the scheme is voluntary] there is a misconception at a number of airlines that they can put it off for a number of years.”

But this is not the case, as Gill points out: “In January 2019 every airline operating international flights will have to monitor and report their CO2 emissions.” This means airlines will have to submit a plan at the end of 2018, detailing how they will monitor their fuel use and provide the results to their national authorities.

IATA has put together a checklist of actions that airlines should be taking to prepare for CORSIA, prominently displayed during its AGM. The key actions include designating a person or department within each airline to focus on CORSIA, taking part in IATA-organised webinars and training sessions over the coming 18 months, and becoming familiar with fuel measurement and emissions reporting methods.

In the first half of next year, IATA is urging airlines to identify any gaps in their resources for dealing with CORSIA, ensure their data collection systems are fit to handle data flows under the scheme, and identify the correct point of contact at their national authority.

**EXTERNAL AGENCY**

The second half of 2018 will require the submission of each airline’s emissions monitoring plan and the selection of an external verification agency, ahead of 1 January 2019 – the point from which emissions will be monitored to establish a baseline for CORSIA.

“The fundamental message is: even if your state hasn’t volunteered, if you’re an airline flying internationally you will have to prepare,” says Gill.

“Be aware this is coming, be aware of the timeframe, make sure you’ve got someone in charge of it and that you’re in touch with IATA to get the most up-to-the-minute information.”

To date, a total of 68 states have volunteered to take part in the first stage of CORSIA. The most recent additions include Saudi Arabia and Gabon. The latter would most likely have been exempt from the scheme because it is a developing country, therefore its decision to volunteer shows “climate leadership” and gives “a good political signal”, says Gill.

Although these are the only two additional states to have signed up for CORSIA since it was announced at last year’s ICAO Assembly, Gill is hopeful that “more will follow in the near future”, and says it is “more a question of when than if”.

IATA is hopeful that momentum will continue, because the success of the scheme is dependent on the level of worldwide participation.

**GLOBAL NECESSITY**

“For CORSIA to really work, it has to be applied on a global basis,” says Gill. “If there are gaps in the scheme then it’s not the global measure we pushed for, so we need to work now to ensure there are no gaps.”

Progress on developing CORSIA since the ICAO Assembly has been “positive”, says Gill, and a global seminar in Montreal in May – which followed a series of regional seminars on the scheme throughout April – proved to be “a very productive meeting”.

“From an industry perspective, where we’ve attended all the regional seminars, it was good to see the feedback from the global seminar. States are no longer asking why we’re doing it, they’re asking how it can be implemented.”

While the general mood is positive, however, he adds that “there is a lot of capacity-building still to be done”.

Two key areas of the scheme still need to be ironed out: the monitoring, reporting and verification (MRV) system and the criteria of eligibility of emission offsets. Consensus is growing around what these rules will look like, says Gill, and “hopefully by the end of 2017 we will have a clearer idea of how the final rules are going to look.”
Find your next deal with the world’s most comprehensive fleets database

Where does our data come from?
- 30 expert analysts
- Verified sources
- Analyse, verify and validate

What makes Flight Fleets Analyzer unique?
- 360K+ aircraft records
- 1.96 million aircraft events dating back to 1946
- 72,000 people records

How does Flight Fleets Analyzer help you?
- Understand the global fleet
- Identify aftermarket opportunities
- Grow your business

How we have helped people like you
- "We’re able to move quickly with a clear understanding of where opportunities are."
- "The most respected, accurate fleet data."
- "Delivered ease and efficiency to my colleagues."

Find out more and request your demo at www.flightglobal.com/fleets analyzer
Judges pick their winners

Judging is now complete for this year’s Airline Strategy Awards and preparations are under way for the big night in London on Sunday 9 July.

As usual, the final stages of judging for the awards were undertaken by vastly experienced industry professionals from across the world, including former leaders of major airlines.

The judges chose the airline industry’s top performers across six categories. A seventh honour – the Flight Airline Business Award – has been judged separately.

July’s invitation-only ceremony – taking place at Middle Temple Hall in central London – will celebrate those winners in front of a select group of guests.

Last year’s winners included Michael O’Leary of Ryanair, Enrique Beltranena of Volaris and David Neeleman of Azul. Delta Air Lines, Virgin Atlantic, Emirates Airline and JetBlue also picked up awards.

Outgoing IATA director general Tony Tyler took the prestigious Flight Airline Business Award.

Flight Airline Business delivers this year’s event with human capital management firm Korn Ferry.

To find out more, including information on attending the event and last-minute sponsorship opportunities, please visit: strategyawards.com

Flight Global has announced the return of the Flight Safety Symposium. Taking place in London on 26-27 September, the “three-in-one” conference will cover commercial flight safety, airline engineering and maintenance safety, and air traffic control. The event offers extensive networking opportunities and industry insight. Expert speakers will share best practice and advice, and demonstrate their involvement in strengthening safety processes and systems. Visit: flightglobalevents.com/flight-safety-symposium-2017

New Generation of Airline Passenger Service Systems

10 – 12 October 2017 | London, UK

Driving the Digital Passenger experience

With over 300 key stakeholders expected, discover how airline innovation is driving core architecture changes to passenger service systems.

Secure your place today: Flightglobal.com/PSS17
Beyond ticket sales lies a wealth of untapped potential

Legacy carriers are at a significant disadvantage due to underdeveloped ancillary revenue concepts when competing with low-cost airlines on short to medium-haul markets. Airlines need to adjust their business model, product and commercial processes to exploit ancillary revenue potentials. Our experts develop an integrated approach across all airline commercial areas to maximize your ancillary revenues.

Rely on our commercial expertise to improve your profitability www.LHConsulting.com

Lufthansa Consulting
Your Business Runway
THE SKY IS YOUR DOMAIN

Scale new heights at the show that attracts aviation’s top flight.

The Singapore Airshow 2016:
- Attracted over 48,000 visitors from 143 countries & regions
- Drew 1,040 participating companies from 48 countries, including 65 of the top 100 aerospace companies and 20 country pavilions
- Attracted 916 accredited media
- Hosted 1,333 meetings between Exhibitors and 286 VIP Delegations from 90 countries

Fly higher in 2018. Only the sky is the limit.

ASIA’S LARGEST AEROSPACE AND DEFENCE EVENT

Secure a space now. For more information, contact us at sales@singaporeairshow.com