New city-pair connections made possible by the MAX (and the neo)

- The two recent tragic accidents involving Boeing 737MAX aircraft have led to the grounding of the world's fleet of these planes. While safety concerns remain paramount, it is also worth examining the role of this aircraft model (and its competitor Airbus 320neo family) in providing direct connections between cities, where there were none before.

- Connecting cities with speedy air transport service is the industry’s unique economic contribution. A bridge between cities is provided enabling flows of goods, people, investment, competition, ideas – all things that boost an economy’s productive capacity as well as new spending. Supply chains have spread around the world (e.g. smart phones, computers) bringing economic development to emerging economies as well as cheaper goods for consumers.

- The majority of the world’s cities are connected indirectly via hub airports in major cities. There just aren’t enough passengers wanting to fly between most cities to justify regular direct services. But passengers prefer direct services since they cut travel times, which is particularly valuable to business travelers. The importance of the B737MAX and the A320neo family is that they changed the economics of flying between many of the thinner city-pair routes. Their longer range (up to 7000km) and improved fuel efficiency meant they could connect cities that previously could only be reached with twin-aisle aircraft. For those longer haul city pairs with thin traffic flows, they made viable regular direct service possible, bringing significant benefits to passengers and the wider economy.

- The chart shows the 65-70 new city-pairs connected by the neo and MAX aircraft in regular direct service since their introduction in 2016 and 2017, respectively. These aircraft also operate on many more routes than these, as airlines have found the economics attractive on the spokes from many hub airports, or existing point-to-point markets. At present there are just over 370 B737 MAX in service and, although more than 400 are on the books to be delivered this year, this is still a rather small proportion of the world’s in-service commercial fleet of almost 30,000 jets and turboprops. B737 MAXs have been making an average 985 flights a day, which is around 1% of commercial flights today. The wider significant of this fleet, and the neo fleet, is not its current size but what it makes possible with new economically-viable connections between cities, bringing benefit to users and the wider economy.

New city pairs connected by Boeing 737MAX and A320/1neo aircraft since 2016. Source: SRS Analyser

IATA Economics’ Chart of the Week

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