

Airlines, airports and air traffic control: Serving the ever-growing demand for international traffic

Hall 3, Level +1

Thursday, May 28, 2015, 17:00 - 18:30

This session explored the main challenges in dealing with the growing need of travellers and shippers to be globally connected. They discussed issues included aviation liberalisation, congestion (both on the ground and in the air) and the mitigation of environmental effects.

Demand for air transport has grown rapidly over the years. Aviation liberalisation has fuelled this development by encouraging competition and enabling new airline business models to emerge, such as the low-cost carriers. Some countries have embraced aviation liberalisation as a means to connect their economy with the rest of the world. (For example, Australia's liberal approach towards foreign ownership of airlines serving the Australian domestic market has led to foreign investment which has benefitted Australian passengers. Also on an international level it has opened access for international services from foreign areas which has stimulated connectivity and economic growth.)

The centre of gravity of air transport demand is changing. New air routes are fast developing, on the back of new trade flows, and new aviation hubs have emerged. Against this background, some countries have fully integrated aviation into their economic development policies by establishing a policy and regulatory framework which is extremely supportive of aviation growth. As a result, some existing hubs are increasingly at risk of being by-passed as providers of direct global connectivity. This has led some of their governments to reconsider their policy towards liberalisation.

ACI Europe states that these developments show that air connectivity cannot be taken for granted and that governments clearly have a role to play to support the development of connectivity. However, it was emphasised that Open Skies policies have been essential to growing air connectivity and delivering increasing benefits to the travelling public and the wider economy and should remain a top priority. In addition, congestion, both at airports and in the air needs to be addressed as airspace remains very fragmented and inefficient. Hence, airport capacity often lacks where passengers need it the most.

Different interests and priorities among the several stakeholders within the sector make it difficult to reach consensus on these issues. The International Civil Aviation Organisation (ICAO) emphasises the need for a more holistic approach and proper user consultation on national and regional initiatives. Forecasting demand is crucial for airport planning and air traffic management, yet the dynamics of airline networks generates uncertainties with

regard to investments. Satellite-based navigational systems and advanced digital communications promise to increase airspace capacity, thus resulting in more efficient and environmentally friendlier operating procedures without compromising safety. Yet, these improvements come at a cost which is to be shared among the different stakeholders. Increased collaboration is needed to overcome the last-mover incentive of investing in the new technologies. The ICAO investment incentive scheme is one of the measures to facilitate this, but more collaboration between governments remains essential to increase the interoperability in air traffic control services.

Risks associated with investments in airport capacity expansion have also increased as new airline business models and short-term airline partnership have emerged which enable airlines to switch operations between airports more quickly. Airports planners can deal with this by building in modular construction and flexibility and peer into the future using a scenario approach, such as the Airports Commission of the United Kingdom has done recently.

All in all, the panelists agreed that serving the needs of the travelling public whilst maintaining the highest level of safety and protecting the environment is a challenge that requires the collaboration and coordinated action of numerous stakeholders, including airlines, airports, air navigation service providers and aviation regulators. The ongoing growth in air travel drives the need to modernise airport and air traffic control infrastructure.

Quotes:

"60% of open skies agreements do not provide any business opportunities for airlines".
Toru Hasegawa

"Rapid air transport links are the reason why Apple and Dell have got globalised value chains". Brian Pearce

"We can't ignore the people aspect of aviation"...That's another challenge we face on the infrastructure side, the human equation". James Billing

"Air transport is one of the most rapidly growing sectors in the world". Brian Pearce

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Speaker**Warren Truss**

Deputy Prime Minister

Australia

Warren Truss has been Australia's Deputy Prime Minister and Minister for Infrastructure and Regional Development since 2013. From 2006 to 2007, Truss served as Minister for Trade, having been Minister for Transport and Regional Services from 2005 to 2006. He has repeatedly been the elected representative for Wide Bay, Queensland since 1990.

Speaker**James R. Billing**Managing Director Market
Analysis**Boeing Commercial
Airplanes**

James Billing is the leader of Boeing Commercial Airplanes' Airline Market Analysis Group. His team is responsible for providing Boeing's market outlook for the future of air transportation and the demand for commercial jet airplanes. The Market Analysis team consists of experts from a variety of fields including economics, airline strategy, network development, fleet planning, air cargo, aviation infrastructure, product development, and aftermarket services. Each year, Market Analysis publishes Boeing's "Current Market Outlook", a forecast of the future of air transportation developments, including an assessment of key industry trends, traffic growth, fleet development, and airplane delivery requirements. The group also prepares the biennial Boeing "World Air Cargo Forecast" which focuses on the future of the air cargo industry, provides a forecast of air cargo growth and the freighter fleet.

Speaker**Adrian Littlewood**

Chief Executive

**Auckland International
Airport, New Zealand**

Adrian Littlewood was appointed Auckland Airport's chief executive in 2012. He leads the senior management team and is responsible for setting the strategic direction and working with the Board to drive travel, trade and tourism growth. During his time as the company's general manager retail and commercial, Littlewood led strong growth and development of non-aeronautical revenue lines. He has undertaken a number of strategy, marketing, management and corporate law roles during his career in New Zealand and the UK. He is the Chair of the New Zealand Airports Association, a director of North Queensland Airports Limited and the co-chair of the Australia New Zealand Leadership Forum.

Speaker**Olivier Jankovec**

Director General

ACI EUROPE

Olivier Jankovec became Director General of the European Region of the Airports Council International (ACI EUROPE) in 2006. The organisation represents more than 460 airports in 45 European countries. Member airports handle 90% of commercial traffic in Europe and welcome nearly one and half billion passengers each year. Olivier has 21 years of governmental and lobbying experience, having worked for Alitalia (2002-2006), Air France (2000-2002) and the Air Transport Directorate of the European Commission (1994-2000). Immediately prior to joining ACI EUROPE Olivier was the Director of Institutional Relations for Alitalia where he was in charge of governmental affairs at national, European and International levels. During this time he was also Chair of the Association of European Airlines Policy Committee.

In 2006 and 2007, he participated in the EU's High Level Group on the future of aviation regulation in Europe and he is also a member of the Advisory Board of the World Tourism Forum.

Speaker**Brian Pearce**

Chief Economist

**International Air
Transport Association
(IATA)**

Brian Pearce has been the International Air Transport Association (IATA) Chief Economist for the past 11 years. His role is to direct research into policy and economic issues affecting the industry worldwide. He is also Visiting Professor at Cranfield University, UK, President of IATA's pension foundation and is on their senior leadership team. Pearce also sits on the UK Airports Commission expert panel and Air New Zealand's sustainability panel. Previously he was Director of the Centre for Sustainable Investment at Forum for the Future, Head of Global Economic Research at SBC Warburg, and was Chief Economist at Ernst & Young's ITEM Club.

Speaker**Toru Hasegawa**Deputy Director,
Economic Development,
Air Transport Bureau**International Civil
Aviation Organization
(ICAO)**

Toru Hasegawa was appointed as a Deputy Director, Economic Development, Air Transport Bureau of the International Civil Aviation Organization (ICAO) in January 2015. He has been working in ICAO since 2000, where he served as Chief, Revenue and Product Management Section, an Assistant to Director, Air Transport Bureau, as well as an Economist in charge of economic policy and infrastructure management. Prior to joining ICAO, he worked at Northwest Airlines and the Nomura Research Institute in Japan. He holds a Doctoral Degree in economics from Tokyo University with specialisation in industrial organisation and applied economics of pricing theories. He has published eight books (in Japanese) on airline pricing and economics.

Moderator



Elisif Elvinsdotter

Moderator

**TV and Radio Journalist
for Sweden's public
broadcaster**

Elisif Elvinsdotter is a Swedish TV and radio journalist with broad experience from some of Sweden's top news and current affairs programmes. She has been the anchor for Sweden's no. 1 investigative programme, Uppdrag Granskning, as well as the host of both commercial TV4 and public SVT's morning show. Since 2009 she has worked as a professional moderator, specialising in transport and business issues. In 2011 she was given an honorary award for "Best moderator" in Sweden. Her clients include EY, VTI and a number of governmental departments and institutions.