Airline Business Daily

From FlightGlobal

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Setting the recovery pace

The AGM host airline Pegasus and co-host AnadoluJet are helping to serve soaring demand for air travel as the industry emerges from the Covid-19 crisis.

Driven by factors including the strong demand for tourism, a booming low-cost sector and the effectiveness of Turkish Airlines' hub in Istanbul, capacity in terms of flights touching Turkey is some 11% higher in June 2023 compared with June 2019, according to Cirium schedules data.

That demand is feeding through to airlines' financial performance: Pegasus' first-quarter 2023 revenue was 52% up on 2019, while AnadoluJet parent Turkish Airlines' was some 57% higher.

'NOW IT'S YOUR TURN'

IATA director general Willie Walsh tells governments to keep their sides of the bargain on the industry's pressing issues

Willie Walsh is in Istanbul with a positive message about the industry's recovery from the pandemic – and a rebuke for the governments that will play a crucial role in ensuring airlines' hard work and investments are not in vain.

Walsh airs frustration

BillyPix

"We're in a good place; we're clearly recovering strongly," the IATA director general says of the industry's progress out of the Covid-19 crisis, speaking to *Airline Business* on the eve of this year's AGM.

But when it comes to the role of politicians in tackling the sector's most-pressing challenges, "it's time for honesty with these people", he says. "There's no point in complaining about what airlines are doing when the root cause is in many cases within direct control of the governments."

Walsh's frustration is particularly acute because he believes airlines are "playing our part and delivering on the promises that we have made" on key issues.

Walsh cites two topics in particular: sustainability and air traffic control.

On the latter, he expresses concern about air traffic controller shortages in the USA and delays caused by ATC issues in Europe.

"What disappoints me the most is that governments will talk about airlines getting their act together, but this is an area under their control," he states.

On sustainability, Walsh notes that airlines committed to achieving net-zero CO_2 emissions at the height of the Covid-19 crisis, while continuing to allocate "scarce resources" and make "big bets" on sustainability-linked investments amid "very, very scarce capital".

At the same time, however, "it frustrates me on environmental issues when we get lectures from politicians on what we must do and yet they don't do anything that's within their own control".

He highlights the absence of progress on the EU's Single European Sky initiative as an example of that phenomenon.

(See p4-6 for full interview)

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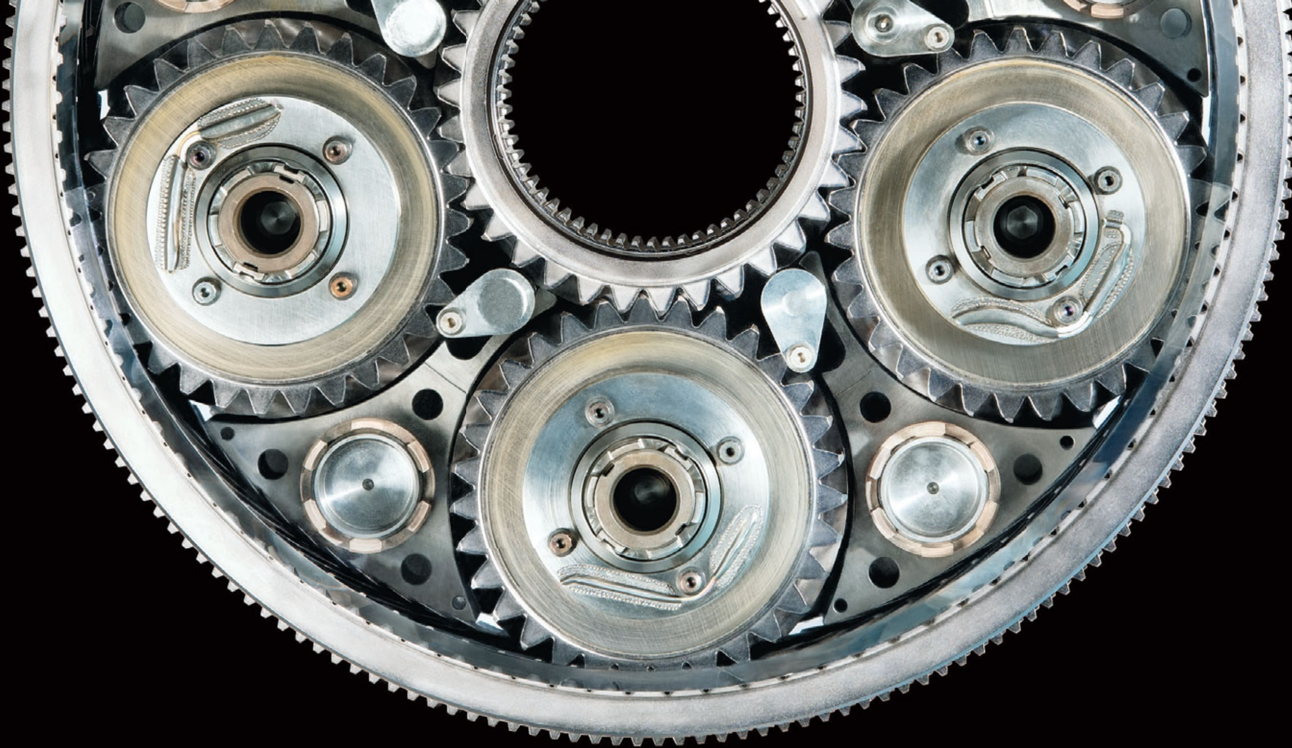

LEWIS HARPER LONDON

Industry nears pre-Covid benchmarks

Global metrics reflect a strong airline recovery, with some markets already looking beyond their 2019 performance

The global airline industry could have chosen few more appropriate places than Istanbul to highlight its confident emergence from its deepest crisis.

The Turkish market is among the strongest performing globally in terms of the demand recovery and the financial performance of its airlines over the past few months and years.

And it is contributing to the brighter global picture, where in some markets the focus is now firmly on growth beyond pre-Covid levels.

That is significant, because looking back at the pandemic, there were points where predicting when the airline industry would recover to 2019 levels almost became a competitive sport.

And as is the case with actual competitive sports, some people were simply not interested. They would often argue that the industry's focus should have been on 'building back better', rather than building back for the sake of it.

FIGHTING BACK

But whatever one's view was two or three years ago, today the industry is on the verge of reaching 2019 levels by several metrics, having already seen its revenues surpass the pre-crisis benchmark.

Indeed, our latest *Airline Business* Index *(see p18)* shows that in revenue terms, the industry continued to power beyond pre-Covid levels in the first quarter of 2023 *(see p17)*, as airlines enjoyed strong yields.

The index also shows that the gaps between the fundamentals of the global industry – workforce and fleet sizes – and the performance metrics are nearly, or already, closed. Having recovered from its lowest index score of 10 (2019 = 100) in the second quarter of 2020, passenger numbers are now at 90, behind revenue at 109 (its lowest score was 20, also in the second quarter of 2020). Workforce and fleet are now at 94 and 98 respectively, having trended above 80 throughout the crisis.

GAINING MOMENTUM

Overall, the index scores the global industry size at 98, just two points off the 2019 benchmark. The odds are that it will reach parity or beyond later this year.

The index chimes with IATA's latest passenger-demand data, which covers March 2023 and shows that recovery momentum has significantly stepped up this year, notably after the reopening of China. Global passenger traffic – measured in revenue passenger kilometres – was at 88% of 2019 levels in March, on capacity at 89.5%. Both metrics had been below 80% as 2022 ended.

There is still significant room for recovery by some metrics. Our latest airline share-price index, for example, shows the industry was some 35 points down on prices five years ago at the beginning of May – only a modest improvement from the low point of -54 at the height of the crisis.

And ironically, given the industry's desperation to fly during the pandemic, its recovery to 2019 levels is today being hampered by the fact that it simply cannot get enough aircraft into the air to meet demand – partly thanks to supply-chain-related MRO and delivery delays.

Ultimately, though, whether or not one believes the industry is 'building back better', it is undeniable that by many of the metrics that matter, it is nearly – or already – back. ■

Strategic decisions move back to the fore

In a further sign of carriers being able to concentrate on the longer-term strategic picture as the impact of the Covid-19 crisis fades, a major consolidation move in Europe was announced on the eve of this year's AGM.

Lufthansa Group on 25 May agreed to potentially take full control of Italian flag carrier ITA Airways after striking a deal to purchase 41% of the operator.

Lufthansa Group chief executive Carsten Spohr (*pictured left*) was in Rome to sign the deal with Italian finance minister Giancarlo Giorgetti (*right*).

Discussing the rationale for its interest in ITA during a wide-ranging interview with FlightGlobal earlier this year, Spohr noted a market like Italy "speaks for itself". He said: "It's our most important European market outside of our home markets and globally it's number two for us after the US."

It also serves as an opportunity to develop in the southern hemisphere, given Lufthansa's five existing European hubs are more northerly located. "Any new hub needs to bring some advantages to the group," says Spohr. "It needs to be a brand that fits into our multi-brand system. And it needs to be a hub that brings along advantages that our existing hubs don't have.

"Brussels, the latest hub we added, added a huge competence and network in terms of Africa. Now looking at a southern European hub, we are looking at a hub perfectly located for our planned expansion into Africa and Latin America."


Sealing the deal

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LEWIS HARPER LONDON

'We're clearly recovering strongly'

As the industry powers out of the Covid-19 crisis, Willie Walsh is working to ensure all stakeholders do their part

A significant proportion of Willie Walsh's time at the helm of IATA has been dominated by anything but a straightforward industry narrative.

Walsh succeeded Alexandre de Juniac in April 2021, as most airlines were emerging from the depths of the pandemic, with travel restrictions still largely in force and huge ground to make up on the sector's 2019 performance.

After a much more optimistic AGM gathering in 2022, however, things are looking markedly better still at this year's event, notably since China's reopening at the turn of the year.

Predictions at last year's AGM have been accurate

"I think we're in a good place," he tells *Airline Business* ahead of this year's AGM. "We're clearly recovering strongly."

Crucially, it has become apparent that Walsh may have been correct when, at last year's AGM in Doha, he characterised the industry's long list of headwinds as "business as usual" concerns, even if the sheer number of factors combining at once was unusual. The strong financial performances of many carriers in recent quarters is testament to that.

And Walsh insists he is not hearing any concerns about weakness in passenger demand, "even in this period where people might have expected that pent-up demand to flow through".

So has the industry fully regained it's pre-Covid momentum? Not quite, Walsh says; there is still work to do, even if the airline narrative is beginning to look much more like its pre-Covid one.

"If you look at the traffic figures at the end of March, we were at 88% of where we were in 2019," he states. Within that figure, domestic markets were effectively back to 2019 levels and international markets were at around 82% of pre-Covid traffic, IATA analysis shows.

"We expect that to recover more strongly as we go through the rest of the year," Walsh says of international traffic, citing China's reopening as a "pleasant surprise for us".

RESTRICTIVE INFLUENCES

But there are factors that mean the recovery is not quite a strong as it could have been.

"The closure of Russian airspace to European, some Asian and US carriers will have an impact on the pace of the recovery," Walsh states. Citing USA-China markets, he adds: "It's clearly way behind where it was in 2019 and I don't see that changing significantly."

Walsh also expects the traffic recovery in China to "lag the shape of recovery we've seen in other parts of the world", partly thanks to the piecemeal way it has removed restrictions since the turn of the year. "Most of [the restrictions are] gone now, so it will gather momentum," he says.

But airlines globally are also being more cautious about adding capacity back this year, thanks to the supply-chain issues that are weighing on aircraft availability in many markets.

"There was an expectation that we would begin to see some improvement as we go through this year, but we're not seeing it," Walsh says of widespread delays to the delivery of new aircraft. "I think there's little confidence in the industry now when it comes to the OEMs declaring when the aircraft will be delivered."

Combined with aircraft maintenance often taking longer than expected, airlines will be taking the capacity limitations into account when scheduling and planning "into next year", Walsh says. "I don't hear much confidence being expressed by airlines about the issues being resolved… There is a lot of frustration in that area, a lot of disappointment at the OEMs," he says.

That plays into the pace at which the industry will recover, Walsh says. "You would have expected us to be slightly ahead of where we are if you were just looking at the demand side, but we are seeing supply-side issues."

REMAINING CONCERNS

On the topic of capacity constraints, a key talking point at last year's AGM were the high-profile operational challenges in a number markets, with airports often the target of criticism.

Walsh believes many of those issues have been resolved as the industry heads into this year's northern hemisphere summer, but warns that another factor is causing significant worry among airline leaders.

"ANSPs in particular are an area of concern," he states. "There have been well-documented air traffic control shortages in the US, which has led already to capacity being constrained in the eastern seaboard in particular. We are not seeing any evidence of that being recovered or repaired very quickly."

Europe is also facing ATC challenges. "We are seeing ATC delays across Europe that are disappointing at this stage of the year," Walsh says. "It doesn't augur well for peak summer."

French air traffic controller strikes are a particular worry, "not just because that impacts on France and overflying France, but because it impacts on all the »

Carriers retain cargo appreciation

Despite air cargo's fall from pandemic-era highs *(see page 10)*, Walsh believes the sector is still viewed more favourably by carriers, even as the passenger traffic recovery takes most of the headlines.

"We still expect the contribution from cargo to be higher than average in 2023," he states. "Having gone through the period of the pandemic when airlines realised just how significant cargo revenues were, I don't think it's lost its lustre at all."

Walsh notes that many carriers have invested in the cargo side of the business over the past few years and that some will have regretted not having more dedicated freighters during the pandemic, when air freight demand rocketed.

"Cargo will always be important and I think there's an increased awareness and appreciation over what cargo has done and what it can do for the industry going forward," he says.


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» regions around France because of the additional workload that it places on ANSPs in the countries surrounding France".

There is better news from airports, however, with Walsh believing they "largely will be ready" for summer demand, and the airlines themselves, which Walsh says "are ready".

But on ATC, Walsh expects governments to do more.

"I've said it before – it frustrates me on these issues and environmental issues when we get lectures from politicians on what we must do and yet they don't do anything that's within their own control," he says.

He cites the European Union's lack of progress on the Single European Sky as a frustration that would bring improvements in terms of both ATC and sustainability challenges.

SUSTAINABILITY DUTY

Indeed, the IATA chief has mixed views on government records when it comes to sustainability, including on the pressing need to build up the global supply of sustainable aviation fuel (SAF).

"We're very encouraged by the commitment being demonstrated by airlines, and encouraged in some areas by what we're seeing from government, but we need to see more of that," he says regarding action on SAF.

Walsh is impressed by SAF-related incentives included in the US government's Inflation Reduction Act, saying it is "leading the way" globally. "We're seeing investment in infrastructure that will help to provide greater production of sustainable aviation fuel, which is absolutely critical," he states.

Europe, however, is "still trying to figure out where they need to be", Walsh observes.

"Europe has gone with a combination of carrot and stick but more stick than carrot, which I think is wrong. You can't force somebody to buy something that isn't available.

"So what we want to see is greater awareness around the need to get investment into infrastructure, so that we can see wide-scale production of sustainable fuels."

In terms of assessing the airline industry's own sustainability

IATA

efforts, Walsh is keen for people to stop focusing on the past and instead recognise the work that is under way to reach net zero.

"A lot of people point to [the industry's] historical track record – I think those examples are not really credible," he states. "What you have now is an industry that is committed to net zero in 2050.

"We'll be looking at 2030, 2035, 2040 – I think these will be important [sustainability] milestones for the industry," he says in reference to the adoption of SAF in particular.

As the industry grapples with that longer-term challenge, a more immediate concern will be airlines' progress through the rest of the 2023 and into 2024. Walsh is optimistic, recalling his observations about negative outside factors at last year's AGM.

"When people highlighted the headwinds last year, I was highlighting them as business as usual, compared to what we had gone through during the pandemic", he recalls. "I didn't see them as major obstacles for airlines because in effect we had had situations like that previously… high interest rates, high inflation. And we'd seen higher fuel prices before."

Today, Walsh notes that with some of those headwinds not being quite as strong as expected, and with jet fuel prices coming down in line with crude oil, there are reasons to believe the recovery has firm foundations.

Notably, unemployment levels are still "very low" around the world, Walsh says. "That normally gives consumers confidence in continuing to spend money," he states.

"The other positive we see is that there is GDP growth and some of the talk of recession has eased," Walsh continues. "And the forecast GDP for this year, I would describe as healthy, quite positive, and the same applies to 2024."

He points out that GDP growth has historically been a strong indicator of the airline traffic growth trend. "That augurs well for the industry," he says. "There are challenges without question [and] still a lot of work to do, but there are reasons to be optimistic about the rest of 2023 and 2024." ■

Airlines undertake crucial work in earthquake recovery response

The devastating earthquake that hit southern Turkey and Syria earlier this year proved how important aviation can be to disaster-relief efforts, in Walsh's view.

"You've got to give huge credit to the Turkish carriers, all of them, for the way they stepped in to provide immediate relief that was absolutely critical to the survival of people in that region that had been hugely devastated by the earthquake," he states.

Turkish Airlines and Pegasus were among operators that helped authorities to deliver aid and emergency supplies to the region, and evacuate those affected by the disaster.

"The speed at which people can get aid into the affected areas is unmatched by any other form of transport, so the Turkish carriers deserve great credit, as do the international carriers serving the market, who have also made a lot of resources available," Walsh states.

"It was a horrible, tragic event, but it demonstrates how important aviation is at times like that."

Metropolitan Washington Airports Authority

GRAHAM DUNN LONDON

Stepping up to global challenge

While IATA fleshes out the likely roadmaps to achieve the industry's net-zero goal, senior vice-president, sustainability and chief economist Marie Owens Thomsen argues states should be doing what they can now to make a difference

One change within IATA since the last AGM sees IATA chief economist Marie Owens Thomsen now heading up the sustainability mission within the association. For Owens Thomsen this reflects the "obvious connection" between economics and sustainability.

That connection is one the airline industry finds itself having to make the case for, given strong lobby groups and regulators, for whom cutting flights offers a fast track to reducing CO2 emissions.

'Focusing on the long-term goal should not prevent action being taken where it can today'

"For me, it is obvious we have to fly," Owens Thomsen tells FlightGlobal in an interview ahead of the AGM. "We all understand we have to fly and in order to fly we must fly sustainably, because we now understand that our well-being depends on the well-being of the planet. That is how these two pieces are totally inseparable."

She highlights that the primary goal of sustainable development is to eradicate poverty and that connectivity is an "essential ingredient" in achieving that. "Humanity has always made its leaps and bounds through innovations in connectivity. I'm not trying to make an outsize claim for the aviation part, but it's nevertheless an important part.

"Sometimes I don't really understand why we need to discuss this, because we did see this during Covid and the negative impact of the loss of connectivity on the global economy and that we now have 100 million more people living in abject poverty."

However, the airline industry does repeatedly find itself having to discuss the value of air transport. "I think we still struggle with getting messages across as an industry," she concedes. "I don't know why it is so hard for us to get our messages across other than the power of the lobby. We are not the most powerful lobby, if we compare ourselves to the oil companies.

"I find it fascinating that we are so much in the focus, that airlines in particular are in the focus of how aviation should decarbonise, although airlines don't possess many of the tools with which we can achieve this decarbonisation," she says. "Obviously this energy production is currently outside the airlines, how we manage our airspace is outside of the airlines, how we can make the aircraft more sustainable is also outside of the airlines.

"All we can do is commit and engage. In that respect I think aviation has been a leading light, with CORSIA in 2016; IATA's commitment to net zero by 2050 came in 2021; ICAO came in 2022. So we have the whole industry, the UN body for aviation and all these people totally aligned. I don't know of any other industry which has made this type of strong commitment with one voice."

ROADMAP TO 2050

In support of the industry goal to reach net-zero by 2050, IATA set out a roadmap that would make that possible – the biggest contributor to which, at about two-thirds of the total, is sustainable aviation fuel (SAF). The next steps – several of which will be outlined at the AGM – are to provide more detail on the elements needed to achieve this.

"We are working on these more specific roadmaps under the conceptual paths. We are developing five: technology, infrastructure, operations, policy and finance. I don't know if we will have all five [ready for the AGM]. I'm feeling quite comfortable we will have the first three.

"These roadmaps are still hypothetical, but progressively less hypothetical is what we are aiming for. Then under the roadmaps, we really want to identify the specific actions that we can take. Then we want to facilitate those actions for all those airlines that might struggle to do that on their own," she says, noting that for an airline to cover all elements of a sustainability strategy involves developing new departments and divisions. "As an industry organisation we have a role to play in facilitating this for our member airlines."

Countries and regulators are also setting their own targets and policies – some, such as the US Inflation Reduction Act, provide more carrot than stick in supporting the SAF energy transition. Owens Thomsen stresses the importance of realism within such target setting. "We don't know yet what kind of intermediate industry targets we are going to end up with. But given that it might take five to seven years to get a SAF plant to become productive, and we are already in 2023, whatever is not happening this year is going to struggle to be available in 2030," she observes.

"Policy-making needs to be technology agnostic so we don't hinder the development of things we don't know about yet from happening," she adds. "We don't want to lock-in solutions at the expense of other possible solutions in the future. That's what you might tend to do with mandates. That is something for us to be super-careful about, that we allow all solutions to co-exist, because we are going to need them all."

Similarly, she believes that focusing on the long-term goal should not prevent action being taken where it can today. "It is intimidating to talk about all the financing needs, as important as those discussions are, but we could have the Single European Sky in Europe and cut emissions in one big swoop by 10% already. That would make the rest of the path less intimidating. And we could stop subsidising fossil fuel."

She adds: "I don't really know why we are refusing to do the things we can do, and focusing so much on how difficult it is to do the rest." ■

Owens Thomsen stresses importance of connectivity

IATA

IATA's Sullivan remains positive

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DAMIAN BRETT, REBECCA JEFFREY & MEGAN RAMSAY ISTANBUL

Air cargo 'still attractive' but demand weakening

Sector has moved past the Covid-era boom, but its status and yields remain elevated

The air cargo market is facing a set of challenges in 2023 that mean its pandemic-era demand highs are firmly in the rear-view mirror.

But as speakers pointed out at IATA's World Cargo Symposium in Istanbul in late April, that does not mean air cargo is returning to its pre-crisis status within the wider industry.

"Air cargo is a different industry [from] the one that entered the pandemic," said IATA's global head of cargo Brendan Sullivan as he opened the symposium. "Revenues are greater than they were pre-pandemic. Yields are higher. The world learned how critical supply chains are. And the contribution of air cargo to the bottom line of airlines is more evident than ever.

"Yet, we are still linked to the business cycle and global events," he continues. "So, the war in Ukraine, uncertainty over where critical economic factors like interest rates, exchange rates and jobs growth are concerns that are real to the industry today."

Indeed, in early May, IATA released its latest data on the sector, showing that air cargo demand slipped back below pre-Covid levels in March after a volatile first quarter.

Cargo tonne kilometres in March fell 8.1% compared with 2019, having shown an improvement against 2019 in February.

In year-on-year terms, cargo tonne kilometres (CTKs) declined 7.7% in March – an improvement on the percentage declines registered for most of last year.

Meanwhile, cargo load factors in March slipped 8.8 percentage points from a year ago to 46.2%.

The airline association notes that the purchasing managers' indices for new export orders and for China had both fallen below the 50-mark in March, indicating declining confidence.

There were also indications of high inventory levels, which does not bode well for air cargo.

Such developments reflect a mixed picture for the full-year outlook, with IATA economist Bojun Wang predicting at the Istanbul symposium that air cargo demand was set to decline by 4% compared with 2022 levels, reflecting the ongoing challenging economic environment.

Wang points out that the International Monetary Fund has recently downgraded its GDP growth outlook for the year to 2.8% from a previous forecast of 2.9%. That figure also lags behind the 3.4% recorded in 2022 and the historical average of around 3.8%.

CONTRIBUTING FACTORS

"We had a challenging year in 2022 with the war in Ukraine, a high inflation rate, high oil prices and the Covid-19 pandemic – these headwinds haven't really gone away in the new year of 2023," Wang says.

On the other hand, inflation is expected to have peaked in 2022, he states.

Wang adds that yields are expected to decline by around 23% this year, following on from a 7% increase last year, a 24% increase in 2021 and a 50% increase in 2020.

"23% seems like a big shift, but if you look at the growth in 2021, 2022 and 2023, it is just returning from a high level," he says.

This yield and demand decline will in turn put pressure on air cargo revenues, although they are expected to remain more than 50% above pre-Covid levels.

Looking at supply figures compared with pre-Covid levels, Wang says increases are being driven by the return of bellyhold capacity, which was at 41% of the total capacity in the market in March, up from 26% last year. Historically, bellyhold has accounted for around 50-60% of the market capacity.

Another trend highlighted by Wang is that air cargo's competitive advantage over maritime has ended as shipping prices have declined in recent months.

The high cost of ocean shipping and market disruption had helped push volumes over to air freight during the pandemic.

At the same time, pressure on airline operating costs remains due to elevated jet fuel prices.

"We are also expecting to see fuel prices remain at a high level even though it is trending downwards," Wang says.

Reflecting those pressures, older freighters are being grounded, according to Sander Schuringa, manager of market intelligence at Seabury Cargo, also speaking in Istanbul.

With yields and freighter utilisation falling, older freighters tend to be more expensive to operate and are therefore taken out of operation first when margins are squeezed by lower market rates.

"What we see now, is that older freighters are being grounded in relatively greater numbers than younger aircraft," he says.

Comparing the first quarter of 2023 to the same period of 2022, Seabury data shows that in terms of international air cargo capacity utilisation, the Boeing 777-200LRF was up 6%, while the Boeing 747-8F was up by 5%.

But there was a capacity utilisation drop for older freighter aircraft of 43% for the MD-11 and 18% for the Boeing 747-400.

The fashion, chemicals, pharma, raw materials, high-tech and automotive industries are largely responsible for the demand decline and shift back to ocean, says Schuringa.

Still, while demand has declined, cargo capacity continues to tick upwards when bellyholds are taken into account. ■

Damian Brett, Rebecca Jeffrey and Megan Ramsay write for Airline Business *sister publication* Air Cargo News

LEWIS HARPER LONDON

More women leading top carriers

Our latest industry survey shows a significant rise in female chief executives being offset by falls elsewhere in the C-suite

The global airline industry gathers in Istanbul with reasons for optimism that it is making genuine progress on gender diversity among airline leaders.

That progress is being reflected in the high-profile figures at this year's AGM, with Guliz Ozturk heading host airline Pegasus and RwandAir chief executive Yvonne Makolo taking over as chair of the IATA board of governors.

Indeed, the latest *Airline Business* survey of the top 100 passenger airlines identified 12 women leading airlines among the top 100 carriers at the end of 2022 – doubling an end-2021 figure that was itself the highest number in five years of data.

Pegasus chief Ozturk is on the growing list of female leaders

ASIA-PACIFIC LAGS

But the data also marked a year of mixed progress towards the industry's efforts to meet the goals of IATA's landmark 25by2025 initiative, which has a headline target to increase the number of women in top airline roles. Aside from the rise in female leaders, there were falls in female representation elsewhere in the C-suite, according to the survey, with weaker data from the Asia-Pacific region weighing on the global performance.

Still, with many industry stakeholders pointing out that one of the key drivers of change when it comes to diversity is that young people can see 'people like them' in top jobs, the rise in the number of women leading airlines is particularly noteworthy – even if gender parity is still a distant target.

The new chief executive appointments during 2022 were Stephanie Tully at Jetstar Group, Marjan Rintel at KLM, Ozturk at Pegasus, Annette Mann at Austrian Airlines, Dina Ben Tal Ganancia at El Al and Katarzyna Lewandowska as acting chief executive of LOT Polish Airlines.

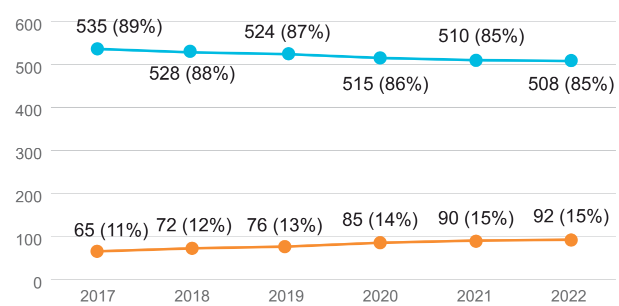
Aer Lingus's Lynne Embleton, Air France's Anne Rigail, Air Transat's Annick Guerard, TAP Air Portugal's Christine Ourmieres-Widener, VietJet's Nguyen Thi Phuong Thao and Virgin Australia's Jayne Hrdlicka were the other female chief executives among the top 100 airlines and groups.

Since then, Ourmieres-Widener has departed from TAP, and Thao is now chair of VietJet, but there have been more women appointed to top roles, including Dorothea von Boxberg at Brussels Airlines and Vanessa Hudson at Qantas (she is yet to take up her post), boding well for further improvements when the 2023 data is compiled.

In the wider survey, which takes five further C-suite roles into account, women accounted for 15% of incumbents in the 600 surveyed at end-2022 – a figure flat with end-2021.

Offsetting the positive developments in the chief executive role were falls in the overall number of women employed in the chief operating officer, chief commercial officer and chief information officer roles, or their equivalents, in the global data.

Gender mix in 600 surveyed executive roles at top 100 airlines



Source: Company websites, financial reports, LinkedIn and FlightGlobal data. Notes: Data at 31 December 2022. Covers the airlines and groups in FlightGlobal's ranking of the top 100 by RPK (2020-2022 uses 2019 ranking)

Men

Women

DIVERSITY CHAMPION

In terms of standout airlines, JetBlue this year retained its status as the only airline with female incumbents in more than 50% of the six surveyed positions in the history of FlightGlobal's surveys.

JetBlue's performance in employing women in four of the six surveyed roles stands out even more because only a handful of carriers have achieved a 50:50 gender mix in six years of FlightGlobal surveys.

In a slight improvement from last year's survey, five carriers employed women in three of the six surveyed positions, with Air New Zealand and Southwest Airlines being joined by Alaska Airlines, Jetstar Group and Cathay Pacific.

That left 94 airlines with two or fewer female executives in the six surveyed roles. Some 39 employed men in all six positions.

In terms of the regional split, North America continues to outperform other regions.

Some 23 of the 90 surveyed positions – or 26%, up from 23% in 2021 – at North American airlines and groups had female incumbents.

After North America, Europe is the next strongest performer, with 19%, or 36, of surveyed roles taken by women among the 32 airlines in the top 100.

The region with the most airlines in the top 100, Asia-Pacific saw a drop in the number of women employed across the six surveyed roles year on year. The survey recorded some 27 female incumbents across 210 roles – or 13% – at the 35 Asia-Pacific airlines in the survey, versus 31 – or 15% – in 2021.

Just two of the 48 executives identified at the eight Latin American airlines in the top 100 were women, alongside four of the 48 executives at Middle Eastern carriers. No female executives were recorded among the two African carriers in the top 100. The region is, however, known for demonstrating a better gender mix when smaller operators are considered. ■

The full survey of women in the C-suite was published in the March 2023 issue of Airline Business *and is also available to FlightGlobal Premium subscribers*

Efficiency at the busiest airports has increased significantly

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In support of the European slot rules

IATA's Conrad Clifford argues 30 years of 'unsung hero' regulation has delivered huge benefits for travellers

CONRAD CLIFFORD
IATA

The global air transport network is a miracle of coordination, planning and organisation. Every day, tens of thousands of flights take off and land, connecting every continent of the world. Many of these flights use airports that have become very congested. The demand for the best take-off and landing times exceeds the capacity at many of these airports.

Ensuring that the allocation of these scarce slots is done fairly and transparently is down to the rules and principles of the Worldwide Airport Slot Guidelines (WASG), which have been developed by the Worldwide Airport Slot Board comprising airlines, airports and slot coordinators.

With more than 40% of passengers going through a slot-coordinated airport, the WASG form the foundation of international schedules. Some airlines have 100% of their flights managed by the slot process, others have more flexibility and only need worry about slots on some of their operation. The WASG are the unsung hero of this system. In the three decades that the WASG have been in operation, more people have been able to fly, more efficiently, at lower cost, and to more places than ever before.

Since half the world's slot coordinated airports are in Europe, let us look at the European story more closely. The European Slot Regulation was brought in in 1993 to mirror the WASG. Since then, it has been a story of more choice, more competition and greater efficiency.

Over the period 2009-2019, passenger traffic in Europe grew by 395 million. The pandemic caused it to crash, but it has been rebounding strongly and we expect that it will resume growing again from 2024.

And these passengers have enjoyed an ever-greater choice of destinations. Over 5,000 routes were added at European airports in the decade from 2009, over half of these coming at the most congested (Level 3) airports.

SHARED SERVICES

And at the same time, the competition on these routes has also increased. From 2012-2022 the share of single carrier routes has decreased from 72% to 65%, and the share of routes with three or more carriers has increased from 9% to 12%. Low-cost carriers have particularly benefited: according to ACI Europe, between 2009-2019 LCCs grew 135.6%, whereas full-service carriers declined by 7%.

And the efficiency has also strongly increased. The capacity utilisation at the busiest airports is now around 95-98%, thanks to the discipline of the existing slot rules. And the average number of passengers per flight in the EU has risen from 95 to 121. That is helping to drive down the emissions per passenger too.

Over 5,000 routes were added at European airports in the decade from 2009

Of course, the slot regulation cannot wholly compensate for the increasing congestion at European airports. We must not forget that the core problem here is a fundamental lack of new airport capacity. Nevertheless, within those huge constraints, it is clear that the European Slot Regulation has been working well, and continues to, for the aviation industry and more importantly for travellers.

Can it be improved? Yes, in two main ways: the European Slot Regulation should be aligned to stay up to date with the WASG. The WASG have undergone a number of updates in recent years to better reflect changes in market conditions. Regulators in Europe and around the world should consider making sure that their slot regulations match these improvements. For example, the rules for granting half of new slots to new entrant airlines have recently been tweaked to allow more new carriers to qualify.

Secondly, the slot system is built on the first principle of accurate capacity declarations from airports. Post-Covid, there has been a big disparity between the capacity some airports say they can deliver, compared to the actual capacity when it comes to the operation. If this could be improved, then thanks to the WASG we could give travellers even more choice, and deliver even more efficiency.

The European Slot Regulation turns 30 years' old this year. It is a cause for quiet yet emphatic celebration. If it were a person, we would say it was entering the prime of its life. It is a Regulation which has helped deliver huge benefits to European travellers, and is set to deliver more to come. ■

Conrad Clifford is deputy director general and corporate secretary at IATA and is responsible for leading the association's global advocacy efforts and governance

Carriers bring in fresh fleet options

Amid growing confidence about the strength of the airline industry's recovery, carriers have been boosting their line-ups with aircraft variants and types that are new to their fleets, with narrowbodies dominating recent activity

Vistara

Vistara welcomes A321LRs

Vistara took delivery of its first Airbus A321LR in February, as it focuses on building up its international network.

It has since taken delivery of another three A321LRs, according to Cirium fleets data, bringing its A321neo-family line-up to 10 jets, all powered by CFM International Leap-1A engines.

Vistara is India's first A321LR operator. The carrier is in the process of being integrated into Air India, following the purchase of the latter by Tata Group.

Qatar Airways

Qatar Airways adds Max jets

Qatar Airways has been introducing Boeing 737 Max 8s into its fleet this year, and is due to be operating nine of the type by the end of July.

The Middle Eastern carrier took delivery of its first example in mid-April after taking advantage of an opportunity to introduce a batch of the CFM International Leap-1B-powered twinjets.

"Utilisation of the [Max 8s] will add capacity to help drive future growth, especially in short-haul markets," says the carrier.

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Porter heads west with E2s

Porter Airlines put its first Embraer E195-E2s into regular service in February this year.

Toronto-based Porter is using the E195-E2s for its North American expansion, having received its first examples in late 2022.

Porter says the Pratt & Whitney PW1900G-powered twinjets have 132-seat economy configurations.

By late May 2023, Porter had nine E195-E2s in service from a firm order for 50 of the type and purchase rights for 50 more.

Comac

C919's commercial milestone

China Eastern Airlines was scheduled to operate its first commercial flight with the Comac C919 in the days leading up to the AGM, after receiving its first example in December 2022.

Shanghai-headquartered China Eastern is the launch customer for the Chinese programme.

The carrier had been conducting flight tests from Shanghai Hongqiao airport with the CFM International Leap-1C-powered aircraft, pending service entry.

Airbus

A321neo debut at EgyptAir

EgyptAir received the first Airbus A321neo for the African continent in late February.

The airline has introduced the variant with a two-class configuration comprising 16 business-class and 166 economy-class seats.

Airbus identified the first airframe as SU-GFR, which is powered by CFM International Leap-1A engines. EgyptAir has since added a second example and is due to receive a further four – all leased through AerCap.

CityJet

CityJet flying larger CRJs

Irish-based wet-lease operator CityJet introduced its first Bombardier CRJ1000 in early April, complementing its 21 CRJ900s.

CityJet is due to take five CRJ1000s this year.

The General Electric CF34-powered aircraft was originally delivered to French regional carrier Brit Air in 2011.

It is being used to "support our wet-lease business", CityJet says, and has been assigned to operations on behalf of Lufthansa Group.


Cem Air

CemAir

The South African operator counts Johannesburg OR Tambo International Airport as its main base. Its fleet of around 20 aircraft includes Bombardier CRJ-family jets and De Havilland Canada Dash 8s, serving mainly domestic destinations.

Five of the newest IATA members

The global association has welcomed more carriers to its member list this year, pushing it over the 300 mark


Challenge Group

Challenge Airlines BE

Belgian cargo carrier Challenge Airlines BE began operations in mid-2019 from its base at Liege airport. Part of the Challenge Group, its fleet includes three Boeing 747 freighters, serving countries including China and the USA.

Kevin Porter/Shutterstock

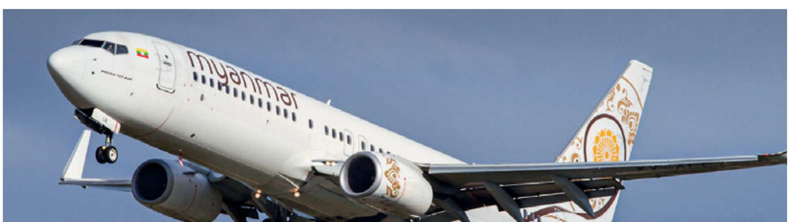
Global Crossing Airlines

Canadian charter group Global Crossing Airlines offers both passenger and cargo services – the latter with its growing roster of Airbus A321P2Fs, the first of which was delivered earlier this year. It also has 10 A320s in its fleet.

MHernandezp05/Creative Commons

Tag Airlines

Guatemalan carrier Tag Airlines operates domestic and international operations from its home country, including to destinations in Belize, Honduras and Mexico. Its fleet includes five Saab 340s, an Embraer ERJ-145 and two ATR 72-500s.



Chittapon Kaewkiriya/Shutterstock

Myanmar National Airlines

State-owned Myanmar National Airlines serves domestic and regional destinations from its Yangon and Mandalay hubs. The flag carrier's fleet includes a couple of Boeing 787-800s, plus eight ATR 72-600s.

Global first-quarter results snapshot

Earnings from the opening three months of 2023 provided some reassurance that markets are 'normalising' after the traffic lows experienced during the pandemic. Notably revenues for many airlines outpaced 2019 levels, often even where carriers are still to restore passenger capacity back to the highs seen before the crisis

Air China

	Operating profit (CNY m)	Net profit (CNY m)	Revenue (CNY m)	RPKs (m)	ASKs (m)	Fleet
Q1 2019	3,980	3,237	32,554	57,268	70,319	676
Q1 2020	-6,789	-5,616	17,256	27,593	40,669	699
Q1 2021	-8,658	-6,947	14,581	23,534	35,614	719
Q1 2022	-10,450	-9,872	12,918	16,985	27,699	751
Q1 2023	-3,295	-3,274	25,068	42,140	59,312	762

Air France-KLM

	Operating profit (€ m)	Net profit (€ m)	Revenue (€ m)	RPKs (m)	ASKs (m)	Fleet
Q1 2019	-268	-324	5,942	65,589	75,586	550
Q1 2020	-815	-1,801	5,020	54,304	67,295	555
Q1 2021	-1,187	-1,482	2,161	14,015	34,600	548
Q1 2022	-356	-552	4,445	43,134	58,064	538
Q1 2023	-304	-337	6,329	59,921	69,583	528

American Airlines

	Operating profit ($ m)	Net profit ($ m)	Revenue ($ m)	RPKs (m)	ASKs (m)	Fleet
Q1 2019	375	185	10,584	88,195	107,301	1,564
Q1 2020	-2,549	-2,241	8,515	72,696	99,939	1,484
Q1 2021	-1,315	-1,250	4,008	36,152	60,775	1,399
Q1 2022	-1,723	-1,635	8,899	71,278	95,809	1,453
Q1 2023	438	10	12,189	83,708	104,617	1,464

Delta Air Lines

	Operating profit ($ m)	Net profit ($ m)	Revenue ($ m)	RPK (m)	ASK (m)	Fleet
Q1 2019	1,020	730	10,472	83,070	100,449	1,329
Q1 2020	-410	-534	8,592	69,302	94,766	1,316
Q1 2021	-1,398	-1,177	4,150	28,885	64,564	1,099
Q1 2022	-783	-940	9,348	62,282	83,380	1,227
Q1 2023	-277	-363	12,759	79,963	98,735	1,246

IAG

	Operating profit (€ m)	Net profit (€ m)	Revenue (€ m)	RPKs (m)	ASKs (m)	Fleet
Q1 2019	135	70	5,295	60,878	75,423	582
Q1 2020	-1,860	-1,683	4,585	51,617	67,522	595
Q1 2021	-1,077	-1,074	968	6,779	14,796	531
Q1 2022	-731	-787	3,435	35,432	49,080	536
Q1 2023	9	-87	5,889	58,423	71,663	561

Korean Air

	Operating profit (KRW bn)	Net profit (KRW bn)	Revenue (KRW bn)	RPK (m)	ASK (m)	Fleet
Q1 2019	238	-89	3,420	19,702	24,564	167
Q1 2020	-66	-692	2,310	13,897	18,985	167
Q1 2021	125	-29	1,750	1,382	5,551	154
Q1 2022	788	544	2,805	2,769	6,348	155
Q1 2023	415	355	3,196	13,764	16,696	156

Lufthansa Group

	Operating profit (EBIT, € m)	Net profit (€ m)	Revenue (€ m)	RPKs (m)	ASKs (m)	Fleet (start of quarter)
Q1 2019	-344	-342	7,838	61,899	79,499	763
Q1 2020	-1,622	-2,124	6,441	47,099	64,296	763
Q1 2021	-1,135	-1,049	2,560	7,584	16,843	757
Q1 2022	-569	-584	5,002	29,862	45,656	713
Q1 2023	-286	-467	7,017	47,316	59,347	710

Singapore Airlines

	Operating profit (S$ m)	Net profit (S$ m)	Revenue (S$ m)	RPKs (m)	ASKs (m)	Fleet
Q1 2019	253	203	4,075	35,308	43,066	202
Q1 2020	-803	-732	3,181	27,187	37,211	200
Q1 2021	-319	-662	1,115	1,137	10,053	168
Q1 2022	-67	-210	2,472	10,046	22,350	187
Q1 2023	703	602	4,512	31,926	36,488	195

Turkish Airlines

	Operating profit (US$ m)	Net profit (US$ m)	Revenue (US$ m)	RPKs (m)	ASKs (m)	Fleet
Q1 2019	-162	-229	2,768	34,147	42,655	336
Q1 2020	-302	-327	2,533	29,192	38,422	361
Q1 2021	-13	61	1,796	12,684	20,263	362
Q1 2022	181	161	3,051	27,274	38,838	373
Q1 2023	241	233	4,353	42,069	51,758	414

United Airlines

	Operating profit ($ m)	Net profit ($ m)	Revenue ($ m)	RPK (m)	ASK (m)	Fleet
Q1 2019	495	292	9,589	85,451	105,645	1,348
Q1 2020	-972	-1,704	7,979	69,570	98,070	1,388
Q1 2021	-1,381	-1,357	3,221	27,758	48,876	1,320
Q1 2022	-1,376	-1,377	7,566	62,191	85,720	1,343
Q1 2023	-43	-194	11,429	84,542	105,766	1,337

Note: Q1 refers to January-March period, regardless of how the airline refers to those three months

LEWIS HARPER LONDON

Airline Business INDEX

The latest *Airline Business* Index shows the global airline industry's revenue soared even further above 2019 levels in the first quarter of 2023, as the sector moved to within touching distance of its pre-Covid size.

The revenue score of 109 (2019 = 100) marked a rise of three from the previous quarter – and was achieved despite passenger numbers being 10 points below pre-Covid levels at 90.

Workforce size (94) and fleet (98) are both closer to parity with 2019, having recorded small increases over the three months.

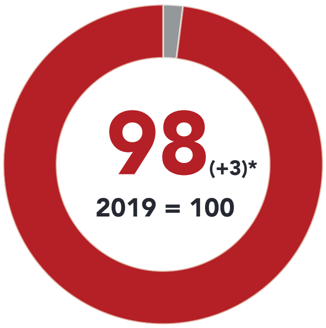
The overall score of 98 is a rise of three points from the 31 December 2022 score and six from the 30 September 2022 score. The latest score is an increase of 44 from the second quarter of 2020.

Amid a 'normalisation' of the air travel sector following the pandemic, there is no longer a mismatch between the business fundamentals – workforce and fleet size – and the performance-focused metrics of revenue and passenger numbers.

Using data from 14 of the largest airline groups that release quarterly or half-yearly results – covering the Americas, Asia-Pacific and Europe – the index considers four metrics: size of workforce by employee number, size of fleet, and revenue and passenger numbers at the end of the most recent reporting period – in this case, the first quarter of 2023.

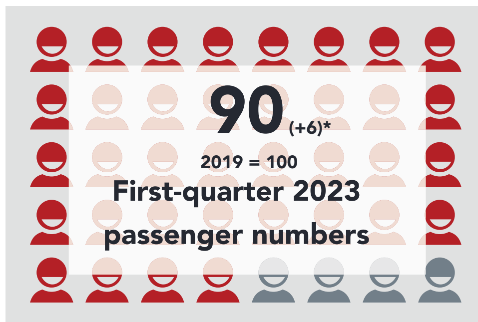
It compares those figures with pre-crisis data from 2019.

Notes: Data from reporting for the three-month period to 31 March 2023 (or nearest half-year period), taken from publicly available records. Workforce and fleet sizes compared with end-2019 levels. Revenue and passenger number metrics compared with data from the equivalent period in 2019. Basket of 14 airlines based on the largest carriers/groups that report quarterly or half-yearly results from FlightGlobal's World Airline Rankings based on revenues. Overall index score is an average of the scores for the four individual metrics.

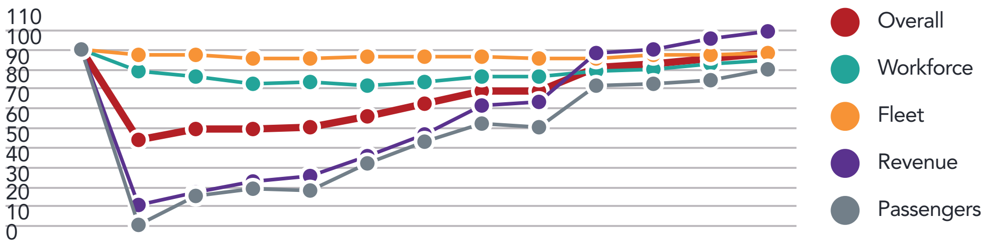


Global airline industry size on 31 March 2023

*Change from 31 December 2022
NC = no change



Airline Business Index trend



Note: Index compiled since Q2 '20