



October 2009

Volume 7, Issue 1

## Newsletter

We present our latest Newsletter with general news and projects of interest.

## White Shoots Where Are You?

IATA is expecting losses from commercial airline operations worldwide in 2009 to reach a staggering \$11 billion, up from our previous forecast of \$9 billion. Their initial assessment of 2010 suggests that losses will continue next year, albeit to a lower level of \$3.8 billion! The white shoots of recovery appear a long way off.

IATA international traffic statistics show for the first eight months of 2009 airline Revenue Passenger Kilometres were down across the industry by 6%. Only the Middle East showed any signs of growth with an 8.4% rise.



Empty Airport Terminals—Only the Middle East region showing any Traffic Growth

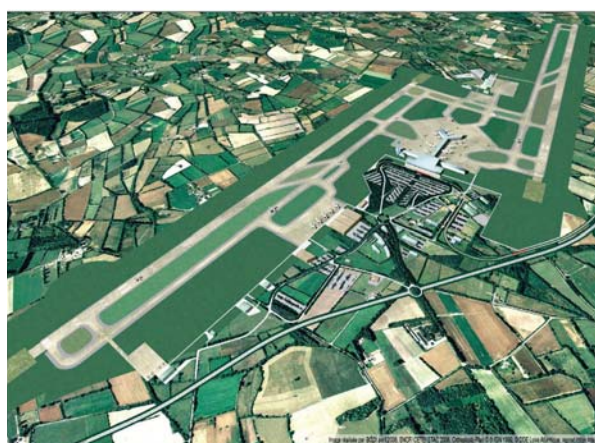
All other regions saw a decline in traffic with the most severe drop recorded in the Asia Pacific region with a fall of 9.4%.

## New Airport for Nantes

The building of an airport on the site of Notre-Dame-des-Landes has been in the pipe-line for more than 30 years. A public consultation organised in 2003 concluded with a public enquiry in 2006 culminating in a declaration of public utility on the 9 February 2008. The project is planned to finally open in early 2015.

The new airport will eventually replace the present Nantes Atlantique Airport which lies to the south of the City of Nantes. Its runway orientation requires aircraft to fly directly over the built-up city centre and the new airport located in a rural area to the north west of the city will entirely remove this problem.

In 2008 Nantes Atlantique airport handled over 2.73 million passengers up 5.5% on the previous year. Low cost carrier activity accounted 0.41m pas-



New Notre Dame de Landes Airport near Nantes in north western France planned for opening 2015

sengers (or 15% of total traffic) with Ryanair an important user. The airport acts as a gateway for many inbound tourists attracted to the Loire, Brittany and Vendée regions. It is also a major departure point for French outbound holidaymakers and several major tour operators run programmes from the airport.

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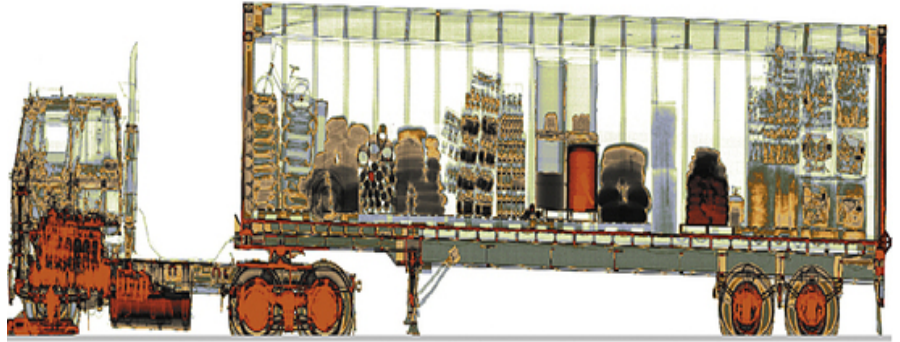
- UK Airports Lose Traffic

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## Smiths plc: Seeing it Through

Shares in the technology company Smiths plc rose 7.3% at the end of September after it reported headline pre-tax profits of £371m, ahead of forecasts.

Smiths is one of the main producers of airport security screening equipment. In fact data published by IMS Research shows that, in the combined transportation, critical infrastructure and ports & borders sectors, Smiths Detection has a 31% market share, compared to its main competitors L3 Security & Detection Systems (10.5%), Rapiscan Systems (9.7%), Nuctech (8.6%) and AS&E (6.4%).



Smiths detection systems—a key part of border protection

## More Hajj Pilgrims using Madinah



The Distinctive Tented Terminal used by Hajj Pilgrims at KAIA – King Abdulaziz International Airport Jeddah.

King Abdulaziz International Airport at Jeddah is the largest airport in Saudi Arabia handling 17,626,000 passengers in 2008.

It is the traditional point of entry for Hajj pilgrims en-route to Mecca but most recently there has been an increased share of visitors using Madinah (Medina) Airport which is actually closer to the holy shrine.

Opened in 1974, Madinah handles mostly domestic flights, although it has limited scheduled international services to regional destinations such as Cairo, Damascus, and Istanbul. During the Hajj season, which this year takes place between 25th-30th November, most passengers arrive on dedicated charter services. It is the fourth busiest airport in Saudi Arabia, handling 3,407,000 passengers in 2008.

Currently there is a terminal expansion plan under way, which should increase the capacity of the Hajj terminal to an estimated 5 million passengers. This will involve expansion of the terminal facility by 12,000 square metres and include departure/arrival areas, service counters, immigration facilities, baggage handling and flight information systems, and security screening equipment. The project is scheduled for completion in 2010.

## Feliz Aniversário! ASA!!

Aeroportos e Segurança Aérea (ASA) the Airports and Air Traffic Authority of Cape Verde have been celebrating their 25th anniversary in 2009. Formed in 1984, soon after the Nation's independence from Portugal, ASA has seen significant change with a new en-route centre and its continued long term responsibility for SAL Oceanic FIR (Flight Information Region) a major area of South Atlantic airspace.

However it is in its airports that it has seen the greatest change. Two new international airports at Praia and Boa Vista have come on stream in the last four years and the new airport at Mindelo is expected to be fully operational shortly.

Special events have been held throughout the year including a conference on Open Skies which took place in Praia in May. Feliz Aniversário! (Happy Birthday!) ASA!!



2009 has been a proud year in the history of Cape Verde as ASA celebrates 25 years of operation.

## New 767 ERF for DHL



The brand new aircraft on approach at East Midlands Airport soon after delivery from the US

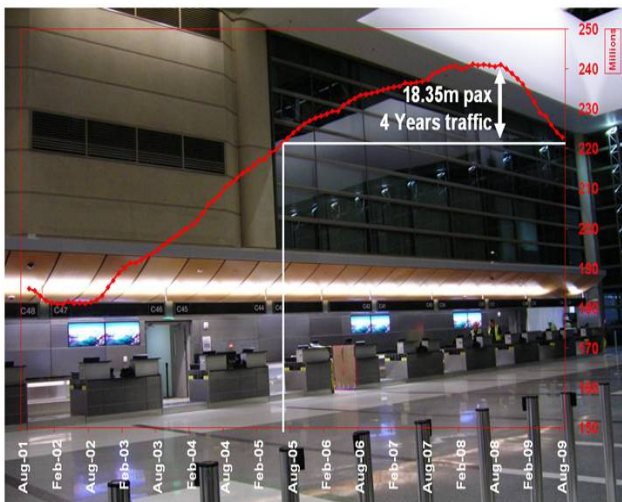
DHL Express is currently introducing the new Boeing 767 Extended Range Freighter aircraft into its fleet.

	Europe	Americas	Asia Pacific
<b>Market Value</b>	€15.3bn	€7.5bn	€5.9bn
<b>DHL</b>	25%	9%	34%
<b>UPS</b>	18%	17%	12%
<b>TNT</b>	15%		8%
<b>FedEx</b>	7%	24%	24%
<b>Other</b>	35%	51%	22%

The first commercial flight left Leipzig airport en-route to JFK during September. Operated by DHL Air (UK), a total of six Boeing 767ERF will eventually join the fleet.

Featuring distinctive blended winglets the new fleet should save the company about 3,500-4,000 litres of fuel on a typical round trip between the EU and the U.S. or about 6,000,000 litres per year.

## UK Airports Lose Traffic



18.35 million fewer passengers using UK airports since March 2008.

The cumulative annual number of passengers for all airports within the United Kingdom in July 2009 reached 222.8million. Total throughput hit a peak in March 2008 when there were 241.1million passengers handled in the preceding 12 months. Since then there has been steep decline in traffic with a loss of 18.35million passengers. In fact there are as many passengers travelling through UK airports as there were nearly four years ago in June 2005.

BAA Airports have been the biggest losers since the peak with more than half of the cumulative sum, 9.9m passengers, gone missing. Manchester International has lost 2.45m passengers, Newcastle 0.8m and Luton 0.63m.

There have been few real gainers of traffic since the peak with only Belfast George Best City Airport seeing significant numbers of additional passengers (up 0.2m). Other smaller increases have been seen at Birmingham (up 95k) and surprisingly at both the two airports in the far South West of England: Plymouth (up 33k) and Newquay (up 15k).

## Abu Dhabi International Airport: Above the Gloom

In January 2009, Abu Dhabi International Airport became the first airport in the Middle East to receive regulatory approval for enhanced low visibility operations or CAT III B. This allows for aircraft to land safely and manoeuvre in low visibility conditions. It is expected to help reduce delays associated with foggy weather, which can cause severe operational problems for airports in the region at certain times of the year.

The airport has seen an 8% increase in passenger traffic in the first eight months of 2009. At this rate of growth the airport should reach around 9.7million passengers by the year end.

India is the airport's largest market from the airport followed by Pakistan, UK and Saudi Arabia. Australia continues to increase rapidly due to new Athens-Melbourne connectivity, from Etihad, becoming the airport's fifth country destination.



A view from the world's highest building in Dubai during a period of dense fog.

# Airline Ownership: Time for Change

It is a salutary thought that whereas the airline industry may have carried over 20 billion passengers in the last 10 years it will have lost according to some estimates\* over USD56.6Bn. Think about that:- it means that every single passenger boarding an aircraft in this time has cost the industry USD2.83! Furthermore if agencies and governments continue to press airlines for measures to reduce CO<sub>2</sub> emissions, adding further costs to an industry already in dire straits, this figure can only get larger. Clearly things cannot go on like this; the industry is not sustainable in its present form and something must give.

No current operating framework appears able to withstand the distorted market regulation and restrictive economics—even the unquestioned success of low cost carriers is changing as they even push “scratch cards” to make their model stack up. As yet no-one seems prepared to confront the new strategic vision needed for the air industry of the future.

There are some that see aviation to be no different from other public transport modes and would like it to return to controlled capacity, licensed competition and limited market access. The Japanese carrier JAL’s application for help from its Government may herald the return of state intervention. However in the current cash-stripped world how much state funding will be forthcoming? In any case hasn’t this approach failed in the past?

Surely what is needed is a long awaited overhaul of the international airline ownership rules and recognition that a system, designed in Chicago 65 years ago, is dead. More robust businesses models exist in other industries such as Telecoms, Pharmaceuti-



Final plenary Session of the Chicago Convention in the Stevens Hotel 1944—65 years ago: time for change?

cals, Oil and Gas, where multi-national entities operate irrespective of country of origin and without hindrance to trade. Why cannot the airline industry follow this pattern?

It can only be hoped that the competition regulators currently investigating the proposed Iberia/BA/American tie up and similar Star Alliance and Sky Team deals will take note. Otherwise the future of the whole sector will remain bleak and not unsurprisingly continue to fail.

\*Centre for Asia Pacific Aviation

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