



HERMES

AIR TRANSPORT ORGANISATION

THE MAGAZINE

03 | JULY - SEPTEMBER 2018

ANGELA GITTENS

Interview
with ACI's
Director General





INDEX

3

Editorial

Dr Kostas Iatrou
Director General,
Hermes - Air Transport Organisation



6

Top News

July-September 2018

Latest Industry News and Updates



Copyright © 2018:

HERMES | Air Transport Organisation

Material (either in whole or in part) from this publication may not be published, photocopied, rewritten, transferred through any electronic or other means, without prior permission by the publisher.

16

HERMES News

Air Transport Club has been succeeded by the Hermes - Air Transport Organisation

18

Summary

Ownership and Control in Airlines

- The Regulatory Environment for a Successful Airline Industry
- The Director General of Hermes participates in the 36th Plenary
- 4TH ICAO World Aviation Forum (IWAF/4)
- Arab Air Carriers Organization and Hermes signed a Partnership Exchange Memorandum of Understanding
- The 2018 Hermes Report Committee met in Athens



22

Events

ECAC-CEAC 36th Plenary (Triennial) Session of the European Civil Conference
• Plenary Session



29

The Fourth Annual ICAO World Aviation Forum | 17-19 September
Fortaleza, Brazil



18

20

20

21

21



HERMES

AIR TRANSPORT ORGANISATION

THE MAGAZINE

03 | JULY - SEPTEMBER 2018

INDEX

32

Interview

Angela Gittens

ACI's Director General



37

Articles

Goldair Handling:

Ground Handling: Behind the Scenes

Dimitris Papamichail

Chief Executive Officer (CEO)

Goldair Handling



39

Statistics



JUNE - AUGUST 2018:

Air Passenger Market Analysis 43

42

Statistics



AIRPORTS COUNCIL
INTERNATIONAL

**APR-JULY: Worldwide Traffic
Results**

Passenger traffic/Freight volumes
(Summary)

48

Statistics



ICAO

JUL-SEPT 2018:

Economic Development

Air Transport Monthly Monitor
(Domestic and International)



EDITORIAL



Dr Kostas Iatrou
Director General
Hermes - Air Transport Organisation

Dear Hermes members,

I would like to welcome you to the third issue of The Magazine.

I am pleased to inform you that Hermes - Air Transport Organisation was officially registered with the Government of Quebec on 10th July 2018 as a not for profit organisation. With its new status Hermes will be able to cooperate more closely with the different stakeholders of the air transport sector.

Hermes secretariat received nine position papers from the aviation stakeholders on the topic of ownership and control in airlines, namely from ACI, IATA, CANSO, Word Bank, AACO, AFRAA, AASA, ECAC and ERA.

The 2018 Hermes Report Committee under the lead of the ex-Secretary General of ICAO and Honorary Member of Hermes, Raymond Benjamin, met in Athens between 20-22 September and came up with the summary on the topic of ownership and control in airlines, which is presented in this issue.

In June I had the pleasure to participate in the 36th Plenary Session of the European Civil Aviation Conference after the invitation we received from ECAC.

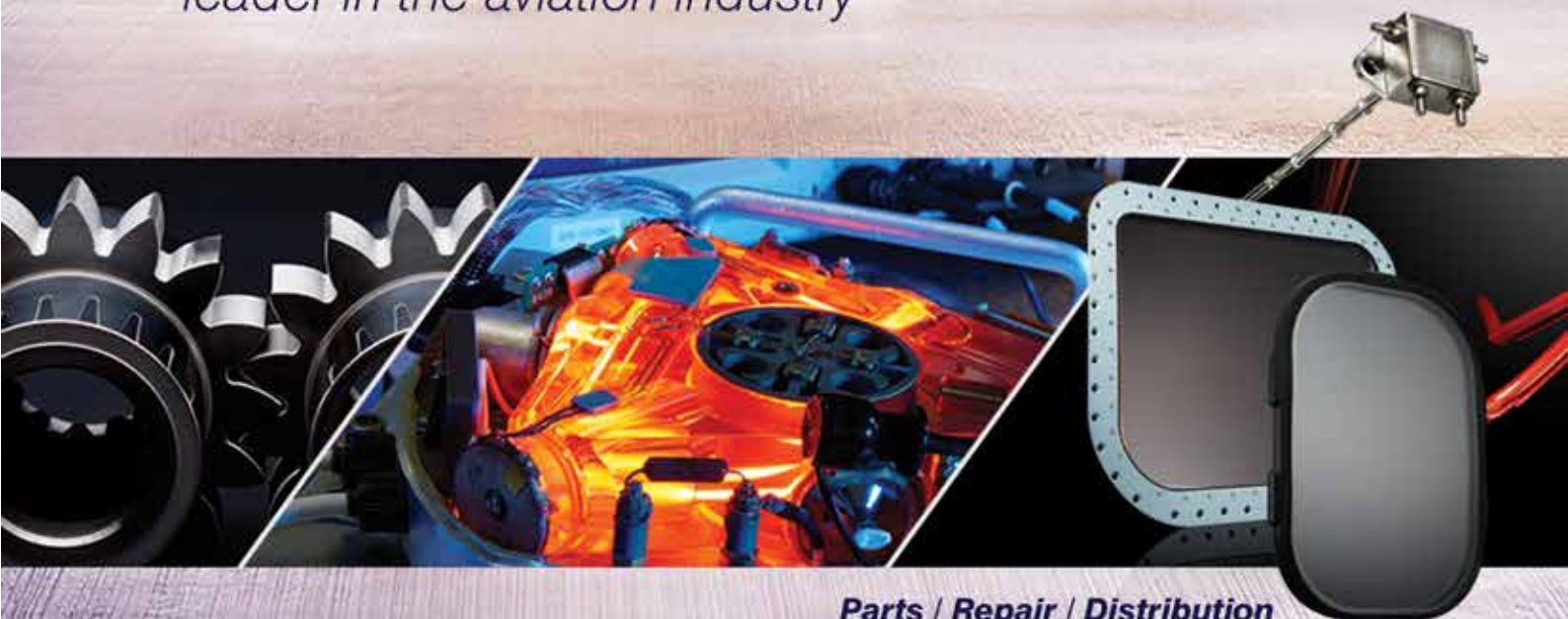
In July Hermes signed its first Memorandum of Understanding with the Arab Air Carriers Organization (AACO). Finally, we have the pleasure to host an interview with Angela Gittens, Director General of ACI.

Kostas Iatrou

HEICO



*Cost saving solutions combined with trust, integrity and attention to detail, define **HEICO** as a leader in the aviation industry*



Parts / Repair / Distribution
www.HEICO.com

6/07/2018

BOEING AND EMBRAER TO ESTABLISH STRATEGIC AEROSPACE PARTNERSHIP TO ACCELERATE GLOBAL AEROSPACE GROWTH

Boeing (NYSE: BA) and Embraer (B3: EMBR3, NYSE: ERJ) announced they have signed a Memorandum of Understanding to establish a strategic partnership that positions both companies to accelerate growth in global aerospace markets. The non-binding agreement proposes the formation of a joint venture comprising the commercial aircraft and services business of Embraer that would strategically align with Boeing's commercial development, production, marketing and lifecycle services operations. Under the terms of the agreement, Boeing will hold an 80 percent ownership stake in the joint venture and Embraer will own the remaining 20 percent stake.



Source: Airbus

10/07/2018

AIRBUS INTRODUCES THE A220-100 AND A220-300

Airbus has revealed the A220 at a ceremony held at its Henri-Ziegler Delivery Centre, near Toulouse. Witnessed by Airbus employees and members of the global news media, the A220-300 landed directly from the painting at 12:25 am CEST wearing its new Airbus name and colours. The A220 family comprises two models, the A220-100 and A220-300, formerly Bombardier Inc.'s C Series (CS100 and CS300). The aircraft are fully optimized for the 100 to 150 seat market and perfectly complement Airbus' existing best-selling A320neo family.

16/07/2018

ICAO SECRETARY GENERAL HIGHLIGHTS CONTINUED PROGRESS ON COMPLIANCE AS KEY TO AFRICA'S AVIATION DEVELOPMENT

ICAO Secretary General Dr. Fang Liu concluded the UN aviation agency's 2018 'AFI Week' series of events last week, reaffirming that the continent has now established the necessary partnership and policy foundations to help African States realize the full socio-economic potential of future air transport growth. "Aviation is recognized as crucial to the achievement of the United Nations Agenda 2030 Sustainable Development Goals. It supports almost seven million jobs and generates more than 72 billion dollars in Gross Domestic Product (GDP) in Africa," the ICAO Secretary General declared.



Source: ICAO

16/07/2018**AIR FRANCE, KLM ROYAL DUTCH AIRLINES, CHINA SOUTHERN AIRLINES AND XIAMEN AIRLINES NOW FORM A SINGLE JOINT VENTURE**

The four airlines are merging their two existing agreements to create a single joint venture;

- A simplified and streamlined trip for 1,250,000 passengers carried on average per year via this global alliance;
- Air France-KLM consolidate its position on the Chinese air transport market.

19/07/2018**BOEING SHOWCASES THE FUTURE OF AEROSPACE WITH SUCCESSFUL FARNBOROUGH AIRSHOW, ANNOUNCING \$100 BILLION IN ORDERS AND COMMITMENTS**

Boeing (NYSE: BA) strengthened its position as the global leader of the aerospace industry, booking historic orders and showcasing its innovation and strategy for growth at the Farnborough International Airshow. At the close of the industry portion of the show, Boeing announced a total of \$98.4 billion in orders and commitments for commercial airplanes at list prices and \$2.1 billion in commercial and defense services orders and agreements. Boeing marked an outstanding week for order capture in commercial aviation, with customers announcing 673 orders and commitments in total, reflecting a continued resurgence in demand for freighters and strong order activity for the 737 MAX and 787 passenger airplanes. Boeing secured 48 orders and commitments for the 777F, five for the 747-8F, reflecting continued strengthening in the cargo market globally.



Source: Airbus

19/07/2018**FIRST BELUGAXL BECOMES AIRBORNE FOR ITS MAIDEN FLIGHT**

Source: Airbus

The first BelugaXL took off this morning from Blagnac in Toulouse, France at 10:30 hrs local time, for its maiden flight over south-western France. The aircraft is the first of five BelugaXL to enter into service later in 2019 and to gradually replace the BelugaST transporters.

**20/07/2018****DELTA AND WESTJET TO CREATE NEW TRANSBORDER JOINT VENTURE**

Delta Air Lines (NYSE:DAL) and WestJet (TSX:WJA) have signed a definitive agreement to create a comprehensive transborder joint venture arrangement that will offer customers an extensive route network within the U.S. and Canada. The agreement deepens the existing codeshare partnership between the carriers and follows the signing of a memorandum of understanding in December 2017 announcing the intention to form a joint venture. The joint venture will provide substantial reach into Canada and the U.S. with transborder service to more than 30 cities covering over 95 per cent of U.S.-Canada demand, providing customers of both airlines with more travel choices than ever before. The new JV will also enable Delta and WestJet to compete more effectively against other carriers.

23/07/2018

BOEING FORECASTS UNPRECEDENTED 20-YEAR PILOT DEMAND AS OPERATORS FACE PILOT SUPPLY CHALLENGES

Boeing [NYSE: BA] today released its 2018 Pilot & Technician Outlook, projecting demand for 790,000 pilots over the next 20 years. This represents double the current workforce and the most significant demand in the outlook's nine-year history. The demand is being driven by an anticipated dou-

bling of the global commercial airplane fleet — as reported in Boeing's Commercial Market Outlook — as well as record-high air travel demand and a tightening labor supply. This year's outlook also includes data from the business aviation and civil helicopter sectors for the first time.

25/07/2018

EUROPEAN COMMISSION ADOPTS NEW RULES ON MENTAL FITNESS OF AIRCREW

This week, the European Union adopted new safety rules to sharpen the mental fitness rules for pilots and cabin crew. The new rules follow the lessons learned from the Germanwings flight 9525 accident in 2015 and introduce the following requirements:

- Give all pilots access to a support programme in case of psychological problems;
- Oblige airlines to perform a psychological assess-

- ment of pilots before commencing flying;
- Introduce systematic testing for psychoactive substances of flight and cabin crew upon employment and unannounced testing after rehabilitation and return to work;
- Make random alcohol testing of pilots and cabin crew mandatory for all European and foreign airlines in the European Union.

29/07/2018

AIRLINES AND AIRPORTS HAVE THEIR EYES OPEN TO HUMAN TRAFFICKING

In support of the United Nations World Day Against Trafficking in Persons, Airports Council International (ACI) World and the International Air Transport Association (IATA) emphasized their joint commitment and work to help combat human trafficking. Aviation connects the world, carrying more than four billion passengers a year, but this global network is also used nefariously by traffickers to transport people against their will.

Airlines and airports are determined to assist authorities by reporting suspected human trafficking cases, and making it as difficult as possible for the global air transport network to be exploited for this evil trade, which affects some 25 million people annually. The industry is committed to raising awareness, helping to train staff to recognize the signs of trafficking, and putting in place reporting protocols to alert the appropriate authorities.



30/07/2018

**SAFETY INVESTIGATION REPORT:
MALAYSIA AIRLINES BOEING B777-
200 ER (9M- MRO) 08 MARCH 2014**

This Safety Investigation Report (Report) builds on the previous Factual Information Report and extends the available information publicly released to include analysis, findings/conclusions and safety recommendations. Recognising that at the time of issue of this Report, the main aircraft wreckage, including the aircraft's Flight Data Recorder (FDR) and Cockpit Voice Recorder (CVR) have not yet been located, this Report will necessarily be limited by a significant lack of evidence.

Based on the available evidence, the analysis of factors considered relevant to the disappearance of MH370 include:

- Diversion from Filed Flight Plan Route;
- Air Traffic Services Operations;
- Flight Crew Profile;
- Airworthiness & Maintenance and Aircraft Systems;
- Satellite Communications;
- Wreckage and Impact Information;
- Organisation and Management Information of DCA and MAS; and
- Aircraft Cargo Consignment.

Other factors examined by the investigation and not considered relevant include the aircraft weight and balance, the amount and quality of fuel on-board and meteorological conditions.

13/08/2018

**DELTA LAUNCHES INDUSTRY-FIRST ALIGNED
CORPORATE BENEFITS PROGRAM WITH AIR
FRANCE-KLM**

Delta and its joint venture partner Air France-KLM are launching an industry-first program of aligned benefits for corporate customers to enhance their travel experience, including better seats and priority boarding.

The latest milestone to deliver the best international experience for corporate customers, Global Corporate Priority aligns the most highly valued corporate traveler benefits, based on customer feedback. Beginning in the fourth quarter of 2018, Delta, Air France and KLM's joint corporate travelers will enjoy the following benefits, regardless of which airline they're flying and which airline they booked their ticket through.



1/08/2018

**TRANSPORT CANADA CERTIFIES 90-
SEAT CABIN CONFIGURATION FOR
BOMBARDIER'S Q400 AIRCRAFT**

Bombardier Commercial Aircraft announced today that its 90-passenger Q400 aircraft configuration has received its certification from Transport Canada, becoming the first in-production commercial turboprop in the world to reach that capacity.

14/08/2018

**ICAO AND SOUTH AFRICA PARTNER ON MAJOR
STEP FORWARD FOR GENDER EQUALITY IN
GLOBAL AVIATION**

In a major step forward for gender equality and gender action in international air transport, ICAO and South Africa's Civil Aviation Authority (SACAA) were joined by over 500 leaders and experts from around the world in Cape Town for the opening of the first-ever Global Aviation Gender Summit.

16/08/2018**BOARD OF DIRECTORS APPOINTS
BENJAMIN SMITH AS AIR FRANCE-KLM CEO**

Benjamin Smith is a reputed senior airline industry executive at international level. He has played a major role at Air Canada over the past two decades, where he has been a key player in the airline's economic and commercial development, its transformation, its value creation and the engagement of the teams. Until today, he was Air Canada's President Airlines and Chief Operating Officer.

Benjamin Smith will take up his duties at Air France-KLM at the latest on September 30, 2018. In the meantime, the interim governance structure established on May 15, 2018 will remain in place. Anne-Marie Couderc, non-executive Chairman of the Air France-KLM and Air France Boards, and the Management Committee consisting of three members, will continue to perform their duties until then.

**20/08/2018****SIGNIFICANT GROWTH IN AVIATION
JOBS EXPECTED IATA SURVEY
REVEALS CHALLENGES IN TALENT
ACQUISITION AND TRAINING**

The International Air Transport Association (IATA) published the results of a global survey of Human Resources professionals in the aviation industry highlighting key challenges in talent acquisition, training and retention:

- More than 73% of respondents expect the major areas of job growth to be in ground operations, customer service and cabin crew.
- 48% report that finding new talent is a challenge, both because of the lack of availability of candidates with the right skill levels and qualifications as well as, in some cases, salary demands of new applicants.
- In addition to the salary and benefits package of each employee, the HR professionals identified career progression opportunities (49%) and development and training (33%) as high priorities in job satisfaction and retention.
- Only 28% of respondents reported that current training is effective, with many organizations seeking to complement their in-house training with external partners to improve the effectiveness of the training.

**23/08/2018****TIACA'S NEW
ONLINE CARGO
SERVICE QUALITY
(CSQ) TOOL**

TIACA's new online Cargo Service Quality (CSQ) tool is aimed at improving visibility and facilitating global standards across the air cargo supply chain. Over the summer 18 airports and 179 forwarders participated in a pilot program, to astounding success. TIACA Board member Cheemeng Wong is Senior Vice President Cargo Services at SATS Ltd, which took part in the CSQ pilot. Below, he shares his experience of the program and what it means for airfreight.

Qantas has today announced an extension of its global lounge improvement program
The Qantas Group has reported an Underlying Profit Before Tax of \$1.6 billion for the 2018 financial year – a record for the national carrier.

26/08/2018

AIRBUS PERLAN MISSION II SOARS TO OVER 62,000 FEET, SETTING SECOND ALTITUDE WORLD RECORD AND CROSSING ARMSTRONG LINE

Perlan Mission II, the world's first initiative to pilot an engineless aircraft to the edge of space, made history again in El Calafate, Argentina, by soaring in the stratosphere to a pressure altitude of over 62,000 feet (60,669 feet GPS altitude). This set a new gliding altitude world record, pending official validation.

The pressurized Perlan 2 glider, which is designed to soar up to 90,000 feet, passed the Armstrong Line, the point in the atmosphere above which an unprotected human's blood will boil if an aircraft loses pressurization.

This marks a second glider altitude world record for Jim Payne and Morgan Sandercock, the same two Perlan Project pilots who soared the Perlan 2 to 52,221 feet GPS altitude on Sept. 3, 2017, in the same remote region of Argentine Patagonia. The 2017 record broke a previous record that was set in 2006, in the unpressurized Perlan 1, by Perlan Project founder Einar Enevoldson and Steve Fossett.



27/08/2018

ACI WORLD'S NEW POLICY PAPER WILL HELP AIRPORTS RESPOND TO THE RAPID GROWTH IN DRONE USE

In response to the rapid growth of the drone and Remotely Piloted Aircraft Systems (RPAS) market worldwide, Airports Council International (ACI) World has today launched a policy paper on drones providing informed and practical recommendations for airports. Drone operations are expected to soon surpass the number of manned aircraft operations and airport operators have a vested interest in the development of regulations and standards that determine how drones will be integrated into the aviation system.

To aid this process, the ACI World Governing Board requested the ACI World Safety and Technical Standing Committee to develop a comprehensive policy paper, following on from the ACI advisory bulletin on Drones and Remotely Piloted Aircraft Systems issued in 2016.

The policy document aims to ensure that useful drone operations are facilitated without negative impact to the safety, security, efficiency or capacity of airport operations.

27/08/2018

BOEING FORECASTS GREATEST DEMAND FOR PILOTS, TECHNICIANS, CABIN CREW IN ASIA PACIFIC REGION

Boeing [NYSE: BA] reports that the Asia Pacific region will have the greatest global demand for new civil aviation personnel over the next 20 years. The region is projected to account for 33 percent of the global need for pilots, 34 percent for technicians and 36 percent for cabin crew.

The 2018 Boeing Pilot & Technician Outlook is an industry forecast of new aviation personnel demand. It is closely tied to projections for new airplane deliveries around the globe. As with personnel demand, the Asia Pacific region leads demand for new commercial airplane deliveries over the next 20 years. Forty percent of all new passenger airplane deliveries in the next 20 years will be delivered to airlines in the Asia Pacific region. According to the outlook:

- The 20-year demand for new commercial sector pilots in the region remains strong at 240,000. While demand decreased five percent, this was driven by regional trends that indicate a peak in pilot retirements in the first decade of the forecast and a softening of replacement demand in the later years, due to a younger generation entering the pilot ranks long before reaching mandatory retirement age.
- New commercial technician demand decreased five percent to 242,000. This is due to advancements in product development on the 737 MAX, which have resulted in increased maintenance efficiencies. Overall, maintenance hours required over the life of the airplane will be reduced.
- New commercial cabin crew demand increased three percent to 317,000 due to anticipated fleet mix, cabin configuration and regulatory requirements.

2/09/2018

AIRBUS PERLAN MISSION II GLIDER SOARS TO 76,000 FEET TO BREAK OWN ALTITUDE RECORD, SURPASSING EVEN U-2 RECONNAISSANCE PLANE

or the third time in a week, Airbus Perlan Mission II has set a new world altitude record for a glider, this time soaring the engineless Perlan 2 to 76,124 feet, in the process collecting vital data on flight performance, weather and the atmosphere. Pilots Jim Payne and Tim Gardner surpasses even the maximum recorded altitude in level flight of the U.S. Air Force's famous U-2 Dragon Lady reconnaissance aircraft: 73,737 feet, flown by pilot Jerry Hoyt on Apr. 17, 1989.

- Aug. 26, 2018: Jim Payne and Morgan Sandercock soar to 63,100 feet, besting the record of 54,000 feet set by Airbus Perlan Mission II on Sept. 3, 2017
- Aug. 28, 2018: Jim Payne and Miguel Iturmendi reach 65,600 feet
- Sept. 2, 2018: Jim Payne and Tim Gardner climb to 76,124 feet

5/09/2018

LATEST EDITION OF ICAO SAFETY REPORT CONFIRMS 2017 AS AVIATION'S SAFEST YEAR

ICAO works in partnership with the international aviation community to improve safety, with an emphasis on improving safety performance through standardization, monitoring and implementation. The 2018 edition of the ICAO Safety Report, released this week, provides a high level summary of ICAO's safety initiatives and achievements to enhance aviation safety in 2017, along with key safety performance indicators pertaining to the 2013–2017 time period.

In 2017, there were 4.1 billion passengers travelling by air worldwide on scheduled commercial services. Tragically, these flights resulted in 50 fatalities. Nonetheless, this rate of 12.2 fatalities per billion passengers represents the safest year ever on the record for aviation. The number of fatal accidents also decreased, to 5 from 7 in 2016, which is also the lowest on the recent record. Despite a spike in fatalities due to a number of acts of unlawful interference in 2014 and the tragic events which caused significant loss of life in 2015, there was a general trend of lower number of fatal accidents and fatalities over the past ten years.

12/09/2018

TURKISH AIRLINES BRINGS A NEW ELEGANT STYLE TO THE SKIES WITH ITS NEW CABIN CREW UNIFORMS

In celebration of 85 successful years, Turkish Airlines has unveiled a fresh look with a new uniform specially designed for its cabin crew. The new uniforms will begin to be used following the opening of the Istanbul New Airport, the “new home” of the flag carrier airline.

Inspired by many classic elements of Turkish design and culture, the new uniforms incorporate traditional patterns found in artisanal glassware, ceramics and calligraphy with contemporary textures and details. The collection combines shapes and colours found in Istanbul Bosphorus with a new ‘flow detail’, created to symbolise the effortless and dynamic energy flowing through Turkey’s most dynamic city as an intersection between East and West.



Source: Turkish Airlines

13/09/2018

WORLD’S FIRST ELECTRONIC DANGEROUS GOODS DECLARATION HANDLED AT FRANKFURT AIRPORT

Lufthansa Cargo, using the INFr8 platform, has handled the world’s first dangerous goods shipment with an electronic Dangerous Goods Declaration (eDGD) at Frankfurt Airport. A shipment from healthcare giant Abbott Diagnostics in Wiesbaden was flown on board cargo flight LH8222 to Mexico City

17/09/2018

STEFANO BORTOLI APPOINTED CEO OF ATR

ATR, with the unanimous support of its shareholders Airbus and Leonardo, has appointed Stefano Bortoli, currently President of the ATR Board and Senior Vice President Strategy, Marketing Development and Sales of Leonardo Aircraft Division, as new CEO of ATR with immediate effect. This follows the announcement last week by Airbus appointing Christian Scherer as its Chief Commercial Officer.



Source: ATR

17/09/2018

CATHAY PACIFIC, BOEING TO DONATE WORLD'S 1ST 777 TO AVIATION MUSEUM

Cathay Pacific and Boeing announced today that they are donating the first-ever Boeing 777 airplane to the Pima Air & Space Museum in Arizona, one of the world's largest facilities devoted to celebrating aerospace.



Source: Cathay Pacific

20/09/2018

ACI WORLD PUBLISHES ANNUAL WORLD AIRPORT TRAFFIC REPORT

Airports Council International (ACI) World today published the 2018 edition of its Annual World Airport Traffic Report (WATR) which found that global passenger and cargo growth remained resilient and robust in the face of threats from trade and political tension around the world.

All regions experienced growth with a robust year-on-year global passenger increase of 7.5% in 2017 over 2016, one of the strongest growth rates on record. Air cargo also experienced a revival across many of the world's airports in 2017, posting a record-breaking jump of 7.7% from the previous year.

As well, aircraft movements increased by 3% in 2017, the highest annual percentage growth increase since 2004.

All told, the world's airports accommodated 8,277,676,508 passengers, 118,612,750 metric tonnes of cargo, and 95,772,011 aircraft movements.

Aviation's centre of gravity continued to shift eastward in 2017. Most of the world's fastest-growing large airports are located in emerging markets; 16 of the fastest-growing top 30 airports with over 15 million passengers are located in just two countries, China and India.



21/09/2018

BOMBARDIER DELIVERS FIRST 90-SEAT Q400 AIRCRAFT TO SPICEJET

Bombardier Commercial Aircraft today announced the delivery of its first 90-seat Q400 aircraft. The aircraft was handed over to India's SpiceJet Limited ("SpiceJet") the launch operator for the extra-capacity, 90-seat aircraft.

Source: Bombardier



26/09/2018

AIRBUS A330-900 RECEIVES EASA TYPE CERTIFICATION

The A330-900 has received its Type Certification from the European Aviation Safety Agency (EASA). The aircraft is powered by Rolls-Royce Trent 7000 engines. The Type Certificate was signed by EASA's Certification Director, Trevor Woods, and handed over by EASA's Head of

Large Aeroplanes Certification, Ludovic Aron, to Airbus' Head of Engineering for Commercial Aircraft, Jean-Brice Dumont. Federal Aviation Administration (FAA) certification is expected to follow shortly.

A330-900
Powering into the future

EASA Certification:
26th September 2018
Less than one year after first flight

Flight Test Campaign
✓ 3 aircraft
✓ >1,400 flight hours

First member of the A330neo Family

- New Wing with composite sharklets
- New Rolls-Royce Trent 7000 engine
- +400 nm as A330-300
- New cockpit systems
- New Composite Nacelle
- 25% in fuel burn

New AIRSPACE
cabin for an exclusive in-flight experience

- More personal space
- Latest generation In-Flight Entertainment System
- A quieter cabin

A true new generation aircraft

AIRBUS

Source: Airbus

26/09/2018

ACI SIGNS MEMORANDUM OF UNDERSTANDING WITH AEROCIVIL TO PROMOTE AIRPORT EXCELLENCE IN COLOMBIA

Airports Council International (ACI) World and Unidad Administrativa Especial de Aeronautica Civil de Colombia ("Aerocivil") have signed a Memorandum of Understanding (MoU) that will see enhanced cooperation on vital airport programmes and initiatives, including airport safety and security reviews, customer experience solutions and training, to promote operational excellence at the country's government-owned airports. The agreement will also see the deployment of peer review missions from ACI to help Aerocivil evaluate their airport infrastructure projects and initiatives.

*We are pleased to inform you that Hermes Air Transport Club
has been succeeded by the Hermes - Air Transport Organisation*

Hermes - Air Transport Organisation has been officially registered with the Government of Quebec on 10th July 2018 as a not for profit organisation.

The purposes of Hermes - Air Transport Organisation (Hermes) remain the same, namely:

Hermes is a not for profit Organisation that represents individuals who are widely perceived and acknowledged as leading personalities/professionals in the air transport sector.

The Mission and Aims of the Organisation are:

- A. To provide a worldwide forum for networking and exchange of ideas among its members;
- B. To contribute to the development, progress and promotion of air transport at a global level;
- C. To promote and present to the wider public the work of aviation and its contribution to the economic, political and social development around the world;
- D. To collaborate, as a bridging platform, with all key stakeholders in the air transport sector, and partner with Higher Education Establishments in the field;
- E. To recommend strategies and policies of added value to all the stakeholders in the air transport supply chain.

The Member of the Board of Directors are :

Vijay Poonoosamy, *President*

Robert Deillon, *Vice President & Treasurer*

Dr Kostas Iatrou, *Secretary & Director General*

Angela Gittens, *Member*

Henrik Hololei, *Member*

Jeff Poole, *Member*

Hermes - Air Transport Organisation has the following classes of Members:

Regular Members

Any person interested in promoting the Mission and Aims of Hermes and who has contributed to aviation at a leadership level for at least 5 years may become a Regular Member.

Permanent Members

The status of Permanent Member may be granted to any person interested in promoting the Mission and Aims of Hermes and who has contributed to aviation at a leadership level for at least 10 years.

Lifetime Members

The Directors may grant the status of Lifetime Member to any person interested in promoting the Mission and Aims of Hermes and who has contributed to aviation at a leadership level for at least 15 years. Lifetime Members will pay a prescribed fee in lieu and instead of annual fees.

Associate Members

Any person who does not meet the conditions for becoming a Regular Member but who demonstrates an intention to promote the Mission and Aims of Hermes and has been closely associated to aviation at a leadership level for at least 3 years may be accepted as an Associate Member.

Honorary Members

Each year the Directors may designate as Honorary Members of Hermes persons who have made and may continue to be making highly distinguished contributions to aviation at a top leadership level. With its new status Hermes will be able to cooperate more closely with the different stakeholders of the air transport sector.

*Every year there will be the Hermes Leaders Forum and AGM
to elect the Board of Directors.*

Lettres patentes

Loi sur les compagnies (RLRQ, chapitre C-38)

Le Registraire des entreprises, en vertu de la partie III de la Loi sur les compagnies, délivre aux requérants ci-après désignés les présentes lettres patentes, les constituant en personne morale sous le nom

Air Transport Organisation - Hermes

et sa ou ses versions

Hermes - Air Transport Organisation

Fait à Québec le 10 juillet 2018.

Déposé au registre le 10 juillet 2018 sous le numéro d'entreprise du Québec 1173812729.


Registraire des entreprises



Services Québec

Ownership and Control in Airlines

THE REGULATORY ENVIRONMENT FOR A SUCCESSFUL AIRLINE INDUSTRY

Air transport is a major contributor to the world economy characterised by solid growth and in need of large capital injections. Global air traffic was estimated at 3.7 billion passengers in 2017 (about 10 million passengers and 105,000 flights daily) and is expected to double by 2035. This amounts to a growth rate of approximately 4.5%, which is about twice as high the growth rate of world GDP. To accommodate this growth, it is forecasted that about 37,500 new passenger and dedicated freighter aircraft at a value of US\$5.8 trillion will be needed over the next 20 years, compared to the current fleet of around 26,000 aircraft. These already immense capital requirements are intensified by the need of airlines to fund other processes including investments in big data analytical systems, product customization and baggage handling. At present, the Rate on Invested Capital (ROIC) is approximately 10%, while the Weighted Average Cost of Capital (WACC) is about 8%. Yet, this is only an industry average across the 1,400+ commercial airlines operating today in almost 4,000 airports around the world on about 53,000 routes. At a micro level, airlines are characterised by mixed success. Out of the six different airline business models that currently exist (i.e. full-service network, low fare, charter, regional, all-business, all-cargo) two seem to be prevalent, namely network and low fare with a noticeable trend of hybridization too. Several low fare airlines seem to perform well in terms of recording high profits and increased market shares thus putting additional pressure on network carriers to reduce their cost base and improve their product offering to lure not only passengers but also investors.

Securing airline financing is faced by severe difficulties. As in every industry including other parts of the air transport supply chain, investors are expected to carefully balance expected returns

against undertaken risks. Small markets and inability to reap economies of scale and scope may significantly discourage investors who also prefer to avoid funneling money into fragmented sectors characterized by hyper-competition. Moreover, complexities in the regulatory environment and legal uncertainties create further disincentives for investment. These regulatory barriers may limit market size; allow inefficient carriers to remain afloat; and raise investment risks from a legal perspective. In fact, these barriers may significantly inhibit financial/portfolio investors, while the inability to effectively control an airline may discourage strategic investors and deny any potential synergies emerging at a systemic airline level. Securing financing from governmental sources is also a difficult issue. In some regions, like in Europe, subsidizing airlines is forbidden for competition reasons. In several cases, governments have other priority sectors to finance rather than aviation.

Current attempts to circumvent the regulatory restrictions, whilst producing benefits, are not allowing the industry to realize its full potential. In particular, there seems to be empirical support that effectively dealing with ownership and control clauses either through circumvention or through non-application by governments may have a positive impact for the airline sector. The European Union has created new industry dynamics by substituting national with community ownership and control clauses thus encouraging inter alia the development of low fare airlines and allowing consolidation through mergers and acquisitions among network carriers. In Latin America, LAN has successfully engaged in transnational acquisitions, creating among others LATAM, while Australia and New Zealand have also adopted a liberal stance vis-à-vis international ownership and control of their carriers. It is of interest also to note that even in parts of



Ownership and Control in Airlines

the world where national clauses in ownership and control are powerful, alternative market responses are also possible. In fact, the establishment of the three strategic alliances (i.e. Star, SkyTeam and oneworld) among network carriers about twenty years ago is certainly a success story in terms of creating a seamless global network experience. Similarly, low fare airlines such as Air Asia/JetStar and Air Arabia have managed to establish a solid presence in Australasia and Middle East/North Africa respectively by establishing local subsidiaries. Yet, all these circumvention efforts, irrespective of how successful they may prove in the short- and possibly in the medium term, add costs; raise complexity; and create legal uncertainties. Thus, they fall short of achieving the benefits of full integration offered by a relaxation of ownership and control clauses. Even the community clause introduced in the European Union may face legal challenges on international routes and markets when third (i.e. non-EU) countries are reluctant to accept it in the renegotiation of their bilateral agreements.

In any case, financing will flow to the airlines that investors believe are most likely to be successful. Successful airlines will be the carriers that have the lowest operating costs and/or the greatest ability to generate revenues. For example, airlines that can best use customer data to develop ancillary revenues may be able to gain market share, since the ancillary revenues will allow the carriers to lower base fares.

We see the future industry as one dominated by carriers pursuing cost leadership and/or revenue generation models that extend beyond national boundaries. These carriers will have the access to private financing necessary for fleet acquisition and will be able to gain market share over carriers that are more reliant on government financing. Clearly, the industry will require a shift from a nationally-based industry to a market that better allows for international growth. As an example, the European Union community carrier approach has allowed for the development of carriers with successful business models that offer consumers increased choices in air travel. This approach requires individual states to recognize community-wide ownership and control of carriers domiciled in the community of states. Other regional blocs could adopt similar approaches to facilitate the creation of successful carriers.

The successful airline industry that will emerge will be well-managed, attract investments, benefit travelers and drive GDP growth. Regulatory barriers, such as ownership and control, are obstacles to the movement towards this emerging industry, but are not insurmountable obstacles. The barriers can be lifted by governments or circumvented by airlines. However, the barriers may remain in certain regions of the world due to the political will and priorities of the countries in those regions. Ultimately a new multilateral approach to airline regulation will only emerge under the auspices of ICAO.

In conclusion

Decision makers should consider the benefits of being proactive in creating the environment that will allow airlines access to the capital necessary to effectively compete in the industry. This may include relaxing ownership and control restrictions within a regional context. States should consider acting in concert with like-minded states to seek regional solutions to develop the environment needed to support aviation growth. Moreover, regional blocs should develop a dialogue with other regional blocs to facilitate aviation growth for the benefit of their populations and economies.

Although ownership and control may not be seen as a major problem to some governments and airlines given the advent of alliances and the other workarounds employed to facilitate air transport, it may be the case that the states that are proactive in developing policies that facilitate aviation growth will produce the winning airlines in the long run.

2018 Hermes Report Committee

Chairman

Raymond Benjamin,

Honorary Member, Hermes - Air Transport Organisation & ex Secretary General, ICAO

Members

- Robert Deillon, VP,

Hermes - Air Transport Organisation

- Professor Martin Dresner,

University of Maryland & President, ATRS

- Professor Dr Andreas Papatheodorou,

Editor-in-Chief, Journal of Air Transport Studies

- Ulrich Schulte-Strathaus,

Managing Director, Aviation Strategy & Concepts



The Director General of Hermes participates in the 36th Plenary (Triennial) Session (ECAC/36)

Dr Kostas Iatrou, Director General of Hermes participated in the 36th Plenary (Triennial) Session (ECAC/36) that took place at the European Parliament in Strasbourg, France on 10 and 11 July 2018. Participation in the Triennial Session is upon invitation only.

The Session is open to ECAC Member States, ICAO Member States which are not members of ECAC, and a number of international organisations, industry representatives, NGOs and press are invited to attend the meeting with observer status.

4TH ICAO World Aviation Forum (IWAFF/4)

At the Fourth ICAO World Aviation Forum held in Fortaleza from 17-19 September three Hermes Board Members participated as panelists, Angela Gittens, *Director General of ACI* and Jeff Poole, *Director General of CANSO* spoke on Investing for Growth—Strategies for Aviation Development and Dr Kostas Iatrou, *Director General of Hermes* spoke on Reaping Benefits—Multimodal and Intermodal Mobility to Enhance Air Connectivity.



Luis Felipe de Oliveira, *Executive Director, ALTA*, **Dr Kostas Iatrou**, *Director General, Hermes - Air Transport Organisation*, **Michael Comber**, *Director, Member & External Relations, ICAO Affairs of IATA*, **Angela Gittens**, *Director General, ACI*, **Jeff Poole**, *Director General, CANSO*.

On the 23rd July the Arab Air Carriers Organization and Hermes signed a Partnership Exchange Memorandum of Understanding

Under the partnership, AACO agrees to provide Hermes with a subscription to its Industry Partnership Programme. Under this programme Hermes will attend AACO Annual General Meeting and Forums .



In return, Hermes agrees to provide AACO with a membership at the highest level offering all privileges and benefits Hermes provides to its members. Under this membership, AACO will attend Hermes meetings and conferences, will be entitled to present and discuss working papers during Hermes meetings.

The 2018 Hermes Report Committee met in Athens

The 2018 Hermes Report Committee under the lead of the ex-Secretary General of ICAO and Honorary Member of Hermes, Raymond Benjamin, met in Athens between 20-22 September and came up with the summary on the topic of ownership and control in airlines.

The members of the committee are:

Chairman

Raymond Benjamin, *Honorary Member, Hermes - Air Transport Organisation & ex Secretary General, ICAO*

Members

-Robert Deillon, *VP, Hermes - Air Transport Organisation*

-Professor Martin Dresner, *University of Maryland & President, ATRS*

-Professor Dr Andreas Papatheodorou, *Editor-in-Chief, Journal of Air Transport Studies*

-Ulrich Schulte-Strathaus, *Managing Director, Aviation Strategy & Concepts*



From left: Dr Andreas Papatheodorou, Raymond Benjamin, Dr Kostas Iatrou (Director General of Hermes), Ulrich Schulte-Strathaus and Professor Martin Dresner.



ECAC-CEAC 36th Plenary (triennial) Session of the European Civil Conférence *Strasbourg 10/11 July 2018*



PHOTOS CREDIT @MarcDossman

Directors General of the 44 European Civil Aviation Conference (ECAC) Member States came together with high level representatives from a wide range of ICAO Member States and international organisations, including ICAO, the European Commission, EUROCONTROL, EASA, IATA and ACI-EUROPE, in order to debate current issues in international civil aviation and adopt the ECAC work programme and budget for the next three years.

ECAC-CEAC 36th Plenary (triennial)
Session of the European Civil Conference,
Strasbourg 10/11 July 2018



Plenary Session

The President of the Council of ICAO Olumuyiwa Benard Aliu highlighted Europe's status as one of the most liberalized and integrated air transport markets in the world.

He praised the Region for its high levels of safety and security even as it carries half of the world's international passengers, but stressed that forecast growth poses significant challenges in this regard, and that States and operators alike could benefit from ICAO's global planning as they seek to optimize the socio-economic benefits of increasing flight volumes in finite air space.

"The most important step which governments seeking to modernize and expand their air transport systems today can undertake is to work closely through ICAO and strengthen their ICAO compliance," President Aliu remarked. "We have global strategies, plans, programmes and agreements in place to ensure that new civil aviation standards are continuously developed to address emerging challenges, and in particular I would emphasize the importance of the ICAO Global Aviation Safety and Air Navigation Plans."

The ICAO President also updated the European audience on the recent progress made by the ICAO Council on the standards for its CORSIA emissions offsetting programme, set to commence in 2021, and set the stage for what will be decided at ICAO's 13th Air Navigation Conference this October.

"Today we are exploring new methods to enhance global harmonization and interoperability, researching new technologies and innovations to continuously make air transport operations more safe, secure, efficient and environmentally-friendly, and we continue to advocate for the more liberalized multilateral approaches and open skies which are so vital to a truly global and accessible network," he said.

"Taken together, air transport's many and diverse benefits are of critical importance today to every country's Sustainable Development Goals (SDGs), but in order to realize them, and improve local prosperity for their citizens and businesses, States must make due commitments to modernize and expand capacity, and to effectively implement ICAO's global standards and policies."





ICAO Secretary General Fang Liu, emphasized that the 27 percent of global traffic managed by Europe today corresponds to some 11.9 million jobs being generated in the Region, and a €735 billion impact on local GDP. *“With low-cost carriers being responsible for over 40 percent of the seats available to passengers travelling in Europe today, we may also wish to recognize the synergies between air transport affordability and sustainability,”* she highlighted.

Dr. Liu also underscored that safety performance has been a key contributing factor to Europe’s air transport growth and success, and how its improved coordination had helped its States achieve particularly admirable ICAO safety oversight audit results. *“I appreciate the important contributions ICAO has received from the European Aviation Safety Agency (EASA) and Eurocontrol toward these results, and how they represent such a positive example of enhanced pan-Regional coordination.”*

Referring to the upcoming CORSIA capacity building being undertaken by the ICAO Secretariat, Dr. Liu noted that *“States, industry and other stakeholders must commit to it together, to ensure that the CORSIA goals and objectives are met, and I would encourage European States to take a leadership role in these initiatives. One early assistance effort in need of your support will be the CORSIA implementation ‘Train the Trainer’ sessions ICAO will be conducting this autumn at our Headquarters.”*

She also recognized and supported ECAC’s objective to achieve greater pan-European harmonization on air transport policy priorities, and strongly emphasized the importance of maintaining momentum on the Region’s implementation of the ICAO Global Aviation Security Plan (GASeP).

“In light of how both aviation security threats and the methods to confront them are continuing to evolve, it is critical that your States plan and guide your cooperative progress on the basis of what the GASeP European and North Atlantic (EUR/NAT) Roadmap sets out, and to ensure that your national priorities continue to be aligned with the Plan’s provisions,” she remarked.

She concluded by noting that *“as Europe has coalesced into a more unified region in the ensuing decades, we have also seen the role of ECAC, and its relationship with ICAO, evolving as well. I believe the current and admirable levels of coordination and partnership can be further enhanced, to the benefit of ICAO and ECAC and all States and Regions.”*





Director General for Transport and Mobility of the European Commission Henrik Hololei, said: “If we look back at what we have achieved since the last ECAC Plenary session, we can say that both European and global aviation have been doing very well. Last year, we celebrated 25 years of the European Single Aviation Market by surpassing the 1 billion passengers’ number, with 10.6m flights. Last year, European carriers had collective net profits of €7.8 bn (forecast 2018 is the same) and 2017 also marked the best year for European airports since 2004.

Capacity

EUROCONTROL published the “**Challenges of Growth**” 2018 edition, which reinforces the same point that I have been making over the last years – namely that capacity on the ground as well as in the air is the most important medium and long term challenge aviation is facing.

In order to tackle this challenge we have identified at the EU level potential solutions through our Aviation Strategy for Europe.

Over the last years, we have progressed on many fronts in the implementation of our Aviation Strategy for Europe. Our objective with this Strategy was to equip Europe with rules that are adapted to the aviation of today and could serve the aviation of tomorrow.

CORSIA

Less than two years after this historic agreement, our technical experts have designed a completely new Standard to implement such a scheme. European experts have played a decisive role in such design. Europe fought hard to maintain CORSIA environmental integrity and can be proud of the result. This is a major achievement. CORSIA is the first ever Global Market based mechanism applicable to a whole industry sector and a resolute step from the international community in its efforts to mitigate greenhouse gas emissions by taking sector-wide action at a global level.



EU external aviation

Over the last years, we have made good progress in negotiations with important partners, notably with ASEAN, Qatar, Turkey and others. We are expanding the European aviation space and deepening cooperation in multiple areas like safety, security, ATM modernisation, Flow Management widening around the globe.

I am convinced, today more than ever, that openness and multilateralism are the solution. Europe and aviation are two excellent illustrations of what we can achieve if we work together towards the achievement of common goals.

Openness and globalisation have helped to tear down borders, to open up the world and create a lot of business opportunities. It made the world a better place and has offered people freedom to travel but also the freedom to provide services and do business.

I would like to put particular emphasis on the issues of Ownership & Control that are historic remnants of this global, competitive and vibrant sector. We should have the courage to change and normalise the air transport industry in this particular domain. This is essential to facilitate airlines' access to investments. The Assembly next year would be the obvious platform to express strong political support to the Convention that is currently being developed by the ATRP on the topic."

The CEO and Director General of IATA, Alexandre de Juniac called on European policy-makers to take urgent action to ensure that Europe avoids an infrastructure crisis by:

- Addressing the airport capacity crunch
- Modernizing airspace management

"160 million European fliers in 2040 will be disappointed because the infrastructure will not be able to cope with the volume of people needing to travel. And every person that cannot fly is a lost opportunity that filters throughout the economy. Long-term, the only solution is investment in airports and air traffic management," said de Juniac.

Environment

De Juniac urged EU governments to focus on the successful implementation of CORSIA following the ICAO Council's recent adoption of a comprehensive set of standards and recommended practices which set the detailed requirements for the implementation of CORSIA.





“We can all be proud of the hard work that led to the historic CORSIA agreement—particularly Europe which raised the flag early on environmental issues. CORSIA is the agreed global economic measure. So while we are trying to implement CORSIA, it is disappointing to see a number of European states looking to implement new environment taxes on top of the EU ETS.” said de Juniac.

Brexit and Protectionism

“Airlines—indeed all businesses—do better with greater degrees of certainty in the business environment. The headline uncertainty is finding agreement on Brexit conditions impacting aviation. Airlines are already selling tickets for the post-Brexit period. The EU and UK must move much faster to avoid disrupting passengers, trade and business.

“Longer term, the big uncertainty is protectionism and a retreat from globalization. Aviation is the business of freedom. It delivers its best when borders are open to people and trade. Policy-makers should facilitate its success because aviation is a powerful catalyst for an even more inclusive globalization,” said de Juniac.

Reminding of ECAC’s mission to promote safe, secure and sustainable air transport, ECAC Executive Secretary Salvatore Sciacchitano introduced the strategic discussions held on the first day of the Plenary which focused on defining the ambitions of European States for next year’s 40th ICAO Assembly Session in Montreal. Aviation security and facilitation, safety and air traffic management and aviation and the environment were each debated, in panel sessions whose members included senior figures in European aviation and beyond. The meeting also welcomed addresses from its sister regional organisations (ACAO, AFCAC, LACAC), other ICAO States (Israel, United Arab Emirates, United States) and international organisations (ITF, TIACA).



ECAC-CEAC 36th PLENARY (TRENNIAL) SESSION • Strasbourg 10/11 July 2018



The meeting took some formal decisions in relation to ECAC's principal officer appointments, work programme and budget for the next three years. It renewed the appointment of **Ms Ingrid Cherfils** (*Deputy Director General, Transport Agency, Sweden*) as ECAC President, and elected **Mr Patrick Gandil** (*Director General of Civil Aviation, France*), **Mr Alessio Quaranta** (*Director General of Civil Aviation, Italy*) and **Ms Silvia Gehrler** (*Director General of Civil Aviation International, Austria*) as ECAC Vice-Presidents. The full membership of ECAC's executive Coordinating Committee is available below.

At the close of the meeting, **Ingrid Cherfils** thanked its 170 participants for their contributions to what had proved to be fascinating, sometimes challenging, discussions, on which all would wish to reflect as ideas now began to be pulled together for specific proposals and positions to be taken to the next ICAO Assembly.

**ECAC Coordinating Committee members appointed by the ECAC 36th Plenary Session:****For President of ECAC:**

Ms Ingrid Cherfils (Sweden)

For Vice-President of ECAC:

Mr Patrick Gandil (France)

Mr Alessio Quaranta (Italy)

Ms Silvia Gehrler (Austria)

For membership of the Coordinating Committee:

Mr Pekka Henttu (Finland)

Mr Dragan Djurovic (Montenegro)

Mr Rob Huyser (Netherlands)

Mr Mario Nemeth (Slovakia)

Mr Raul Medina Caballero (Spain)

Mr Dan Micklethwaite (United Kingdom)

Mr Bahri Kesici (Turkey)





ICAO

THE FOURTH ANNUAL

ICAO WORLD AVIATION FORUM

PROMOTING INVESTMENT FOR AVIATION DEVELOPMENT

Fortaleza, Brazil | 17-19 September 2018

Major momentum to increase global public and private sector attention on air transport development priorities, particularly in the Americas, has been achieved at the **4th annual ICAO World Aviation Forum in Fortaleza, Brazil**, culminating in the adoption of a Declaration to Promote Connectivity through the Development and Sustainability of Air Transport in the Pan-American Region - Vision 2020-2035.

Through the establishment of a framework commitment to collaborate in the sustainable growth of air transport, this Declaration intends to promote investment for the development of civil aviation throughout the Americas for a 15 year period.

ICAO Council President Dr. Olumuyiwa Benard Aliu set the stage in his opening remarks, underscoring to its high-level participants that *“Aviation connects States to regional and global markets, which in turn enhances consumer benefits and choices. This fosters job creation and provides added stimulus for local tourism and trade.”*

According to the latest ICAO long-term traffic forecasts, air traffic volumes for both passengers and freight are poised to more than double by 2035. This represents an incredible amount of raw economic potential, owing to the fact that the economic benefits of aviation will also double in magnitude during the same period, supporting over 100 million jobs and generating more than six trillion dollars in global GDP.

“These substantial impacts emphasize the high degree of priority which should be accorded to aviation development in order to fully capture and realize the potential socio-economic benefits,” The ICAO President remarked. “They also explain why we have focused this year’s IWAF along the theme of Promoting investment for aviation development.”

President Aliu further noted that governments’ local and national master plans and strategies are key to this dynamic, and that they would greatly benefit from being aligned and structured on the basis of the targets and frameworks established in ICAO’s Global Plans for Aviation Safety (GASP), Air Navigation (GANP), and Aviation Security (GASeP).

“By establishing cooperatively-agreed targets and priorities, ICAO’s Global Plans provide us with useful road-maps which guide our progress in terms of infrastructure and systems modernization, capacity building, aircraft equipage, policy and regulatory adjustments, and many other goals which require both national commitments and international collaboration.”

Jose Ricardo Pataro Botelho de Queiroz, Director-President, ANAC said that the Latin American region needs the support of ICAO.

Juan Carlos Salazar, President of the Latin American Civil Aviation Commission (LACAC) pointed out that his region is one of the fastest growing regions and this

growth is expected to continue. Air transport contributes 5.2 million jobs with a 3.5% per year growth. Infrastructure issues, high charges, lack of public policies can impact the sustainability of this growth so what is needed is *“easier access to markets and to eliminate artificial restrictions”*

H.E. Mr. Valter Casimiro Silveira, Minister of Transport, Ports and Civil Aviation of Brazil in his remarks focused on the way to integrate the objectives of ICAO No Country Left Behind and to eliminate the regulatory restrictions.

In Formal Session “SHAPING AGENDA - POLICY CHALLENGES FOR AVIATION DEVELOPMENT” the first to participate was Yam Keng Baey, Senior Parliamentary Secretary, Ministry of Transport and Ministry of Culture, Community and Youth of Singapore who said that aviation has potential for further growth but critical political questions need to be dealt with is the air service regime: What will be framework for international aviation as not one framework can work for all. He stressed the need to work on people and their skills. He concluded by saying *“we need to act collectively”*

Lydia Sindisiwe Chikunga, Deputy Minister of Transport, South Africa stressed that Aviation is the heartbeat of social development and economic growth.

H.E. Carlos Manuel Vila Nova, Minister of Public Works, Infrastructure, Natural Resources and Environment of Sao Tome and Principe focused on the importance of connectivity of air transport from an island with the rest of the world.

Scott Streiner, Chair and CEO, Canadian Transportation Agency (CTA) referred to the accessibility for passengers with disabilities in order to have equal access and requires international cooperation to establish a homogeneous regulatory framework. He ended by reframing the motto of ICAO to *“No Person should be left behind”*

At High-Level Interactive Discussion 1 *“Taking Action - Public Policy Solutions to Aviation Development Impediments”* Salvatore Sciacchitano, Executive Secretary of the European Civil Aviation Conference (ECAC) presented the experience of Europe with the market access

and liberalization and to show the multiplying effect of aviation he said that *“1 euro invested in aviation has an impact of 3 Euro in the overall economy and 1 job in aviation has an impact of 3 jobs in other sectors.”*

Luis Felipe de Oliveira, Executive Director of Latin American and Caribbean Air Transport Association (ALTA) said in his turn that aviation is the engine for the economy and that growth will come with investment and liberalisation. He pointed to the fact that airlines need to cover different regulations. Finally he himself repeated in his turn that *“1 job creation in aviation has an impact of 4 jobs in other businesses”*. **Capt Musa Nuhu, Permanent Representative to ICAO from Nigeria**, on behalf of the Minister of State for Aviation stressed the importance of making aviation attractive to financial institutions.

Formal Session 2 entitled *“INVESTING FOR GROWTH - STRATEGIES FOR AVIATION DEVELOPMENT”*

Angela Gittens, Director General of Airport Council International (ACI) stated that investment in airport infrastructure is critical to the global economy and global connectivity, and if governments are unable to make the required levels of investment, other sources must be tapped to accommodate traffic growth.

The panel concluded with Gittens' call to consider privatization as a valid option to address shortcomings in existing airport infrastructure and to invest in future capacity and service quality improvement as traffic is expected to be above 22 billion passengers by 2040, growing at an overall rate of 4.5% per year on average.

Jeff Poole, Director General of Civil Air Navigation Services Organization (CANSO) said that air traffic management is a fundamental part of connectivity thus states must enable investment and added that to do this they must have clear policies and strategies in local and regional level. Finally he added that consistency is important and that help is needed to secure funding.

Michael Comber, Director, Member & External Relations, ICAO Affairs of International Air Transport Association (IATA) said that aviation and airlines need to have the right development at the right time.

At High-Level Interactive Discussion 2 “*Matching Interests – Showcasing Aviation Investment Opportunities*”

Capt. Aysha Al Hamili, Permanent Representative to ICAO of United Arab Emirates presented the critical elements for attracting investment namely having the government as a leaders, having flexible policies meeting with needs of investment, mitigating pre/post investment risks providing peaceful and secured environment and respecting rule of law.

Mattijs Smith, Head of International Development of UK Civil Aviation Authority stated that aviation needs clarity, transparency and certainty.

In Formal Session 3 entitled “*BUILDING NETWORKS – FRAMEWORK FOR INTEGRATED AIR TRANSPORT AND URBAN PLANNING*” **Dr. José da Silva Gonçalves, Minister of Tourism and Transport, of Cabo Verde** stressed that world is changing rapidly and stated Cape Verde has a 10% growth every year.

Hon. Dato’ Kamarudin Jaffar, Deputy Minister, Ministry of Transport of Malaysia said that from 2004 Malaysia has recorded a 5% growth and that aviation contributes 3.5% in the country’s GDP. This growth can be translated to a comprehensive transport policy.

Flor Diaz Pulido, Head of Unit for Aviation Policy of the European Commission stressed the need to realist that the user is at the heart, “*Intermodality is the answer at the world we live*”.

At the High-Level Interactive Discussion 3 “*Reaping Benefits – Multimodal and Intermodal Mobility to Enhance Air Connectivity*”, **Hon. Monise Tuivaka Laafai, Minister for Communications and Transport, of Tuvalu** said that there are only 3 flights per week to and from Tuvalu and stressed that the country needs and wants connectivity.

Simon Allotey, Director-General of the Ghana Civil Aviation Authority announced that Ghana has established a joint aviation tourism committee that gives lev-

erages to aviation and tourism.

Dr Kostas Iatrou, Director General of Hermes - Air Transport Organisation stressed that in the modern world aviation is an essential part of urban planning. He said that aviation contributes to the local economies so cities need airports for their connectivity but these must operate in a sustainable and environment friendly way. He concluded by saying that governments facilitate, co-ordinate, cooperate and set the regulations for airport and aviation operations.

In her closing remarks to the forum, **Secretary General Liu** noted that a key takeaway for all present was that the future outlook for aviation remains very positive.

Stressing the forecast annual growth rates for passenger and freight traffic through 2035, projected to come in at 4.3% and 3.9% respectively, Dr. Liu emphasized that “*our top priority must be to ensure that air traffic growth is managed safely, securely and efficiently, with due respect for our sector’s concrete environmental commitments, and in a manner which fully optimizes all related social and economic benefits.*”

She further stressed that States must work to structurally formalize their aviation development plans, consistent with relevant international economic and financial frameworks. States also need to develop gap-analysis to define strategic aviation development targets which are fully aligned with ICAO’s Global Plans, and achieve broad-based consensus among all government and industry partners concerned, and strongly emphasized the need to target a dedicated portion of related capacity building on investment in ‘soft infrastructure’, in addition to technology and innovation.

“*National planners must keep one eye very clearly focused on the need for adequate numbers of skilled professionals to be on hand to operate their new facilities and technology, meaning that human resources planning and development must therefore be pursued hand-in-hand in order to optimize returns on all related investments.*”

ANGELA GITTENS

Director General



Why, to your opinion, are there restrictions in aviation sector, whereas they do not exist in other transport sectors (such as maritime or railway)?

Air transport exhibits some historical features of maritime transport, such as predominantly international nature of

movements and relatively low entry barriers, as well as some railway transport peculiarities, such as massive infrastructure requirements, but it is still a relatively young industry.

In a little over 100 years it has evolved from a pioneering mode of transport for

the elite and the adventurous into a form of mass transportation. To achieve this, the standards for safety had to be set very high to offset what is probably a natural human anxiety about flying. The safety-critical feature of the industry resulted in host of technical standards

and practices whose prime objective is to achieve very high levels of safety in airline operations.

In addition, the industry attracted a myriad of economic regulations, which to a large extent are legacy of the past. Traffic rights, airline designations and the related issues of ownership and control and other fundamental aspects date back to the times of the Chicago Convention of 1944 signed near the end of World War II. Since then, no strategic revision of the industry has happened, and regulation has evolved and unequally in different parts of the world.

The aviation industry is moving towards globalization, liberalization and private market responsiveness, in both the airline and airport sectors. Regulation may be appropriate to help States adapt to, participate in, and play a flexible and creative role in, such an environment but heavy-handed regulation can hamper a State's ability to attain the benefits of connectivity that the aviation sector brings

Do you consider current restrictions regarding ownership and control in the aviation industry adequate?

Since the airline business matured earlier than the airport industry, the question of ownership and control was more relevant to airlines rather than other major players in the aviation ecosystem. The criteria of national ownership and control are no longer current in the context of increasing globalization of industries and services and should be significantly modified.

Regulation that limits the possibilities for non-national ownership can be discriminatory and limit competition. However, if States consider that the modification or abolition of national ownership and control could lead to unfair competition, this could be dealt with under safeguards or applicable competition law.

Airports Council International (ACI) does not prescribe any specific type of ownership model, rather States should choose



Airports Council International (ACI), the trade association of the world's airports, was founded in 1991 with the objective of fostering cooperation among its member airports and other partners in world aviation, including the International Civil Aviation Organization, the International Air Transport Association and the Civil Air Navigation Services Organization. In representing the best interests of airports during key phases of policy development, ACI makes a significant contribution toward ensuring the global air transport system is safe, secure, efficient and environmentally sustainable. As of January 2018, provisional figures show that ACI serves 641 members operating 1,953 airports in 176 countries.

the ownership model that is best fit for their aviation vision and practical situation. Types of ownership and participation of private capital vary from airport to airport depending on local circumstances. Each formulation of the ownership model should guarantee flexibility to airport operators in developing both the air service and commercial sides of the business to meet the State's objectives and achieve a reasonable return on investment.

In an increasingly dynamic and competitive market, a regulatory framework should be proportionate to the degree of airport market power, only intervening to correct market failures. The framework should serve primarily to facilitate and incentivize commercial agreements between airports and airlines in a flexible manner, rather than burdening stakeholders with unnecessarily strict rules and procedures.

What could be the benefits of fully relaxing foreign investment in airlines?

Liberalization has the potential to improve connectivity to the economic and social benefit of the nation and local communities.

These benefits of relaxing foreign investment in airlines are potentially a better allocation of resources (both labour and capital) allowing for a better matching of supply and demand. Many national airlines which are on the verge of bankruptcy can stagnate for years and provide sub-optimal services, waste millions of taxpayers' money and hamper the efficient development of air transport in the country. If foreign capitals are eager to take advantage of such market opportunities, there should be no restrictions on them. As Dr. Barry Humphreys from the Virgin Atlantic said some 15 years ago, "the question is not whether rules governing ownership and control, or cabotage, or aircraft leasing, or anything else, should be reformed, but rather why on earth one would want to keep such restrictions? We are just shooting ourselves in the foot, indeed in both feet".

The world has seen too many failed yet heavily protected national airlines. Some States were courageous and wise enough to put an end to this – Jamaica, Lithuania, Ghana. Greece, among others, for instance.



3 trillion for the fourth consecutive year (almost half of these happened in the US), which is expected to even accelerate in 2018. We see consolidation trends in the telecom, pharmaceuticals, but also in infrastructure companies.

Whilst some mergers and acquisition (M&As) worked out successfully and resulted in a truly global companies, a number of M&As failed. The same can be anticipated in the airline industry. However, sheer size is not enough for establishing global airlines. It requires the previously discussed progressive liberalization of market access in order to serve destinations all over the world in the most efficient manner.

If we talk about airline alliances, these emerged largely to bypass the market access restrictions through a number of special vehicles, such as code-sharing and other cooperative arrangements. The three major airline alliances, however, cannot currently qualify as global airlines, as the differences between the individual airlines are apparent.

Would it be sufficient for a few States to remove ownership and control restrictions between themselves to allow their airlines to fly globally? Does it not require ICAO to work on the topic to ensure that relaxation of ownership and control between States are fully recognised and accepted by all States?

Even though ICAO and its founding document – the Chicago Convention – have been fundamental in establishing the frameworks of bilateral air service agreements and introduced the notion of aircraft nationality, the real day-to-day negotiations happen outside of ICAO at the State and regional levels. So, to answer your questions, it is not only a matter of airline ownership and control, but also a matter of more liberalized skies.

Under the Air Transport Regulation Panel at ICAO, States are working on both topics – on traffic rights between the States and airline ownership and control among

Do you believe in the creation of truly global airlines?

We see a lot of consolidation in the airline industry in the recent years. While it might be beneficial for the airlines from the financial, economic and efficiency standpoints, it raises some concerns from the competition point of view: it gives carriers more negotiating power over their hubs and more pricing power over the consumer.

Consolidation means less airlines operating in the market and probably serving fewer routes. It also gives airlines more purchasing power, more power to dictate the conditions under which they serve their markets and so on.

The airline industry is not the only industry that has experienced consolidation in recent years. Worldwide mergers and acquisitions activity has exceeded USD

others. As for the traffic rights, the idea of drafting a multilateral agreement to liberalize market access to encompass an exchange of not only 3rd and 4th, but also at least 5th freedom traffic rights, is not working out well so far. Even though fully in line with ICAO's long-term vision toward air services liberalization, the idea remains more aspirational rather than workable.

A liberal multilateral agreement with the exchange of at least 5th freedom traffic rights would help increase air connectivity, enabling wider economic benefits through increased investment, tourism, trade, and employment. A liberal agreement would also enable the growth of airports and airlines. Airlines would be able to tap on new routes to expand their global networks, while airports would benefit from increased traffic, and the end-users will enjoy more flight options.

As for airline ownership and control, some progress has been made in developing international agreement on liberalization of air carrier ownership and control. More and more states recognize the principal place of business as an equal alternative to the traditional state or national majority ownership and effective national control in defining airline nationality.

Removing the ownership and control rules could result in worldwide consolidation of the airline industry. Do you think this would occur? If so, what do you see as the potential benefits and pitfalls of this potential consolidation?

At the risk of repeating ourselves, liberalization should always be welcomed whenever there is a potential to improve connectivity and increase competition for the benefit of customers. Meanwhile, caution is required. Without a doubt, today, airlines are able to exercise significant dominance over airports thanks to consolidation of their operations, and they have openly admitted it publicly. Consequently, they have benefited from this in order to increase their power of ne-

gotiation with airports and suppliers. As ACI EUROPE's Director General, Olivier Jankevics, mentioned in his latest editorial piece entitled "When airlines say it best", in the Airport Business Magazine, airline consolidations should give much food for thought and cause for action.

In addition, the illustrative ticket searches made by ICF reveal how air fares on monopoly air routes are consistently higher than those on-air routes where there is competition between airlines. When it comes to pricing, we have evidence showing that airlines will always exert their pricing power when competition on an air route is limited, irrespective of the level of airport charges.

Some states argue that there is a public service role for air carriers; for example, serving remote communities and promoting trade and tourism. There is concern that the removal of ownership restrictions would impede this public service function. How would you respond to this concern?

Schemes exist to serve remote communities and promote tourism even when such services would not be economically viable. The application of the Essential Service and Tourism Development Route (ESTDR) scheme, which was developed jointly by ICAO and the United Nations World Tourism Organization (WTO) could be of value. Under this scheme, subsidies would be provided to airlines with very clear socio-economic objectives and through a competitive tendering/bidding system having clearly-defined transparent criteria. This scheme may encourage better utilization of existing capacity through incentives and improvement on viability and profitability.

Removing the ownership and control restrictions may require the redrafting of hundreds of air services agreements. How would the regulatory structure for the aviation industry change with the removal of the restrictions? Would the

current bilateral system be replaced by a multilateral system? What are the advantages and disadvantages of reworking the aviation regulatory structure?

These days, the likelihood of moving from the bilateral towards the multilateral paradigm for air service agreements is very thin. In some parts of the world, we see a revival of protectionism sentiments and that includes aviation.

We also need to keep in mind that air transport services are governed by a specific annex of the General Agreement on Trade in Services (GATS) under the World Trade Organization (WTO). However, the sovereign states have no hesitation whatsoever to take protectionist actions should there be such need. And we have seen air carriers try to fan those flames in order to stymie competition.

Of course, removing ownership and control restrictions would result in a more vibrant airline market, but it would be too naïve to think that major airlines would start relentlessly chasing small airlines in all parts of the world, or that foreign investors of all kinds will chase airline shares.

The move from the bilateral towards the multilateral paradigm might resemble the General Agreement of Tariffs and Trade (GATT). The purpose of GATT was to promote international trade by reducing or eliminating trade barriers on a reciprocal and mutually advantageous basis. It took the world over 50 years to cut average import tariffs for the major GATT participants from 22% to 5% from the middle to the end of the last century.

Not to be sceptical, but the GATT case shows the typical pace of such changes and unequal economies in both absolute and relative terms as well as different geographical positions (which is a big factor for aviation) pose an obstacle to reaching such an agreement. In any case, the aviation industry is not profoundly different from other international industries, and probably GATT and the recent advancements in WTO are good sources of inspiration and knowledge, while the

trade wars in other industries should also be examined in order to avoid them in the skies.

In certain parts of the world, such as Europe, many key airports have been privatized. However, in most of the world, major airports remain under the control of local or national governments. Does your organization have a position on the privatization of airports? Do you feel that they are better equipped to operate in a competitive environment?

Our previous Policy Brief on [airport ownership, economic regulation and financial performance](#) noted that, by 2016, 614 airports had been privatized. In 2017, the airports with private sector involvement saw their share of global passenger traffic grow 2 percentage points over the previous year, to 43%. Of the top 100 airports for passenger traffic, the number with private sector participation grew to 51 in 2017, five more than in 2016. Of the top 500 airports in 2017, 39% had private sector participation — a 1 percentage point increase over 2016. Private equity flows to many of the world's busiest airports. These airports are nexuses in the air transport value chain and gateways to major destinations and centres of commerce. Eight of the world's top 20 and 15 of the top 50 airports are managed by airport companies and airport groups traded on stock exchanges. Clearly, market size matters for private investment.

That being said, ACI does not prescribe any specific type of ownership model. A range of ownership models have proven to be successful around the world. Each ownership model should guarantee flexibility to airport operators in developing both the aeronautical and non-aeronautical sides of the business to achieve the



State's objective and provide the possibility of a reasonable return on investment. Governments should take the time for a robust project preparation considering technical, legal, financial, environmental and social dimensions.


While financial pressures on governments often make them keen to privatize, regulators should consider the critical role airports and aviation play in connecting any region to the global economy. The catalytic effects of improved connectivity on a region's trade, tourism, foreign investment and locational decisions have significant impacts on the national economy. Governments should consider privatizing regional networks of airports and seek a balance between short-term returns and longer-term, wider economic benefits.

At the end of the day, one must keep in mind that airports need to invest in infrastructure to meet future demand. Global traffic is expected to be more than 22 billion passengers by 2040 and to grow at an average annual rate of 4.5%. Airports welcome future growth prospects

but the investment needed outpaces the investment planned. The G20's Global Infrastructure Outlook reports that, to meet the global traffic demand that ACI World estimates at 10.7 billion passengers by 2022, a sample of the airport investment plans of 50 countries totals US\$355 billion in the 2018–2022 period—but their actual investment needs are more than US\$433 billion.

There is, however, a global need to finance new airport infrastructure to meet future demand and if government spending cannot be relied upon as it has been in the past then there is ample evidence of the value created by private investment in airports around the world. Privatization is one option for governments. There is no one size fits-all model given the large variety of social and economic circumstances, needs and objectives across the globe but positive lessons can be learned from existing privatization processes, especially where they have been subject to stable, consistent and proportionate economic oversight.

The privatization model to use depends both on government objectives and the requirements of the private operator/investor(s) the government hopes to attract—On the other hand, governments may choose not to privatize their airports and fund airport investment themselves. ACI does not suggest that airport privatization is a necessary policy choice. The decision whether to privatize is subject to social, economic, political and other factors unique to each nation and each airport and is the sole prerogative of the government that owns/operates the airport(s).

To that end, ACI has recently launched a new Policy Brief on [airport privatization and funding](#) that provides guidance for governments and policy makers planning to adopt privatization as policy. 



GOLDAIR HANDLING GROUND HANDLING: BEHIND THE SCENES

DIMITRIS PAPAMICHAIL
*Chief Executive Officer (CEO),
Goldair Handling*

Goldair Handling

Employing hundreds of thousands of people across the world, ground handling is an important and significant industry. Yet people seems embarrassingly unaware of who we are and what sort of services we actually provide. We know that ground handlers are the ones working day and night behind the scenes at the airport; the people that ensure the aircraft takes off. From check-in to aircraft and from aircraft to baggage delivery, we are with passengers' every step of the journey.

So, why do people know not that much about our ever-growing industry? Is it possible that they have never really thought about who checks-in their bag, transports it to the aircraft and make sure that it arrives on time at its final destination? What about air cargo transportation? What about loading/unloading? What about cleaning the aircraft? Unfortunately, yes - the reality is that most people don't realize how important role ground handlers' play, especially independent ones, because

most people don't know that airlines and airports aren't usually responsible for the ground operations themselves.

By 2020, more than 70% of all ground handling operations will be provided by independent ground handling companies – serving as many as 3 billion passengers annually, which is a huge number. Today, as the demand for high-quality and innovative airport services grows, independent ground handling companies provide most of the services and continue to expand locally, regionally and globally. We tend to be the largest employers at most airports. Our expertise increases safety and efficiency, benefitting passengers and airlines. For instance, 70% fewer bags get lost today than 10 years ago. These are the success stories that ground handling sector should be proud of and must remember that, no plane can take off without ground handlers.

Early next year, it is the 20th anniversa-

ry since the opening of ground handling market in Greece, following a long-last monopoly. Independent ground handlers used to seek authorities for equal treatment and a solid regulatory framework that will allow a fair competition to stand. Today, airlines enjoy ground services competition at 24 Greek airports, have seen also their costs reduced through the years, instead, they experience a much higher level of services towards their valuable customers. Apart, thousands of new jobs have been offered to, mainly, young people across the country, indeed during tough times for Greek economy and employment.


But, in a fast changing aviation environment, Greek ground handlers must adopt to a new reality, otherwise the narrow margins will turn to losses incredibly easily. With no doubt, Athens International Airport have played a key role to the success story of Athens as a city break destination as well as a hub for Aegean Airlines



and operational base for Ryanair. Fraport Greece, will definitely upgrade and promote 14 Greek peripheral airports to the same direction. Also, Heraklion Airport (Crete) is about to follow its privatization path. All above, in addition to the record numbers of Greek tourism, create an optimistic environment to airport users, in contrast to the issues ground handlers

must deal with. Significant lack of labor, investments to fleet modernization, establishment of new airport fees & rentals, are just a few to mention.

We all agree that aviation stakeholders must benefited from the new era Greece is tend to enter, but, all members should be quite careful and take what they ac-

tually deserved. Alike, ground handlers must position themselves in accordance with the expectation of airports and airlines, ensuring punctuality, reliability and fairly wealth competition, but at the same time, handlers' effort to survive in a rapidly changing environment must be highly considered and respected by all stakeholders. 

STATISTICS



JUNE 2018: Air Passenger Market Analysis

RPK growth bounces back in June, capping a robust 1st half-year

Chart 1 – Air passenger volumes

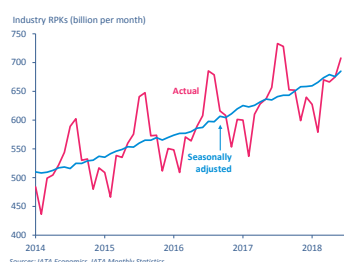
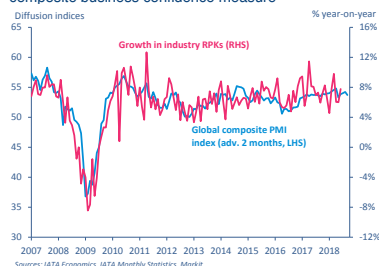


Chart 2 – Air passenger volume growth and global composite business confidence measure



Air passenger market overview - June 2018

	World share ¹	June 2018 (% year-on-year)				% year-to-date			
		RPK	ASK	PLF (%-pt) ²	PLF (level) ³	RPK	ASK	PLF (%-pt) ²	PLF (level) ³
TOTAL MARKET	100.0%	7.8%	6.5%	1.0%	82.8%	7.0%	6.1%	0.7%	81.3%
International	63.8%	7.7%	5.9%	1.4%	81.9%	6.7%	5.7%	0.8%	80.4%
Domestic	36.2%	7.9%	7.5%	0.3%	84.5%	7.5%	6.9%	0.5%	82.9%

¹% of industry RPKs in 2017

²Year-on-year change in load factor

³Load factor level

Chart 3 – Economic conditions (monthly data from composite PMIs, selected regions and countries)



Chart 4 – International passenger traffic growth by airline region of registration

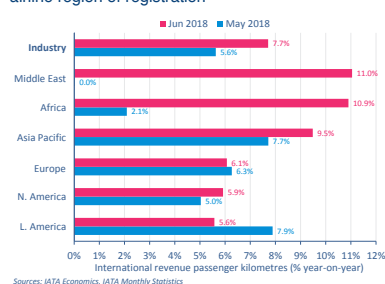
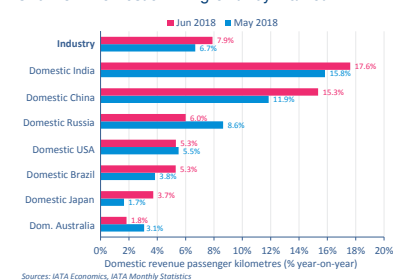


Chart 5 – Domestic RPK growth by market



Air passenger market detail - June 2018

	World share ¹	June 2018 (% year-on-year)				% year-to-date			
		RPK	ASK	PLF (%-pt) ²	PLF (level) ³	RPK	ASK	PLF (%-pt) ²	PLF (level) ³
TOTAL MARKET	100.0%	7.8%	6.5%	1.0%	82.8%	7.0%	6.1%	0.7%	81.3%
Africa	2.2%	6.3%	1.8%	2.9%	68.0%	2.7%	1.1%	1.1%	69.7%
Asia Pacific	33.7%	11.2%	9.8%	1.0%	81.7%	9.7%	8.8%	0.7%	81.5%
Europe	26.6%	5.8%	4.5%	1.0%	86.4%	6.3%	5.0%	1.1%	83.3%
Latin America	5.2%	5.3%	6.5%	-1.0%	80.3%	6.7%	6.2%	0.3%	81.4%
Middle East	9.2%	10.3%	7.5%	1.8%	71.1%	4.7%	4.4%	0.2%	73.7%
North America	23.0%	5.5%	4.3%	0.9%	87.2%	5.1%	4.6%	0.4%	83.5%
International	63.8%	7.7%	5.9%	1.4%	81.9%	6.7%	5.7%	0.8%	80.4%
Africa	1.9%	10.9%	5.5%	3.3%	68.0%	6.8%	4.5%	1.5%	69.4%
Asia Pacific	18.5%	9.5%	7.4%	1.5%	80.6%	8.3%	7.5%	0.7%	80.2%
Europe	23.7%	6.1%	4.8%	1.1%	86.8%	6.4%	5.1%	1.0%	83.9%
Latin America	2.8%	5.6%	6.5%	-0.7%	81.4%	8.2%	8.0%	0.2%	81.9%
Middle East	9.1%	11.0%	8.0%	1.9%	71.0%	4.8%	4.6%	0.1%	73.7%
North America	7.8%	5.9%	3.6%	1.9%	86.7%	5.4%	3.9%	1.2%	82.0%
Domestic	36.2%	7.9%	7.5%	0.3%	84.5%	7.5%	6.9%	0.5%	82.9%
Dom. Australia ⁴	0.9%	1.8%	1.2%	0.5%	78.0%	3.4%	1.5%	1.4%	78.3%
Domestic Brazil ⁴	1.2%	5.3%	8.0%	-2.0%	78.2%	4.8%	4.8%	0.0%	80.3%
Dom. China P.R. ⁴	9.1%	15.3%	16.3%	-0.7%	84.6%	13.1%	13.4%	-0.2%	84.4%
Domestic India ⁴	1.4%	17.6%	17.0%	0.5%	85.8%	21.1%	17.7%	2.5%	88.3%
Domestic Japan ⁴	1.1%	3.7%	1.3%	1.6%	70.9%	3.2%	1.5%	1.1%	70.0%
Dom. Russian Fed. ⁴	1.4%	6.0%	5.4%	0.5%	84.3%	6.9%	4.3%	1.9%	79.4%
Domestic US ⁴	14.5%	5.3%	4.8%	0.4%	87.9%	5.0%	5.1%	0.0%	84.4%

¹% of industry RPKs in 2017

²Year-on-year change in load factor

³Load factor level

⁴Note: the seven domestic passenger markets for which broken-down data are available account for 30% of global total RPKs and approximately 82% of total domestic RPKs

Note: the total industry and regional growth rates are based on a constant sample of airlines combining reported data and estimates for missing observations. Airline traffic is allocated according to the region in which the carrier is registered; it should not be considered as regional traffic.



JULY 2018: Air Passenger Market Analysis

Solid growth in RPKs in April, with another record high load factor

Chart 1 – Air passenger volumes

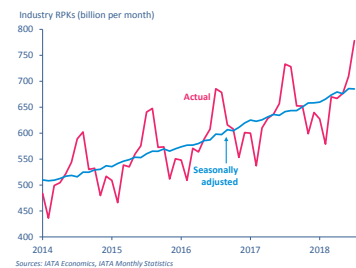


Chart 2 – Economic conditions (monthly data from composite PMIs, selected regions and countries)



Air passenger market overview - July 2018

	World share ¹	July 2018 (% year-on-year)				% year-to-date			
		RPK	ASK	PLF (%-pt) ²	PLF (level) ³	RPK	ASK	PLF (%-pt) ²	PLF (level) ³
TOTAL MARKET	100.0%	6.2%	5.5%	0.6%	85.2%	6.9%	6.1%	0.7%	81.9%
International	63.8%	5.3%	4.7%	0.5%	85.0%	6.6%	5.6%	0.8%	81.2%
Domestic	36.2%	7.8%	6.9%	0.8%	85.6%	7.6%	6.9%	0.5%	83.3%

¹% of industry RPKs in 2017 ²Year-on-year change in load factor ³Load factor level

Chart 3 – Air passenger volume growth and global composite business confidence measure

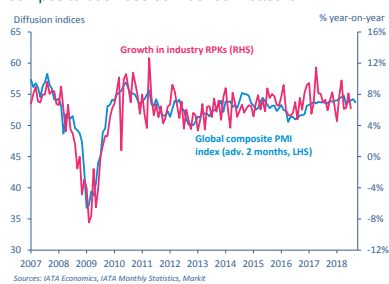


Chart 4 – Passenger load factors by region

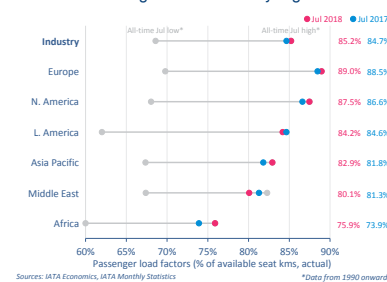


Chart 5 – International passenger traffic growth by airline region of registration

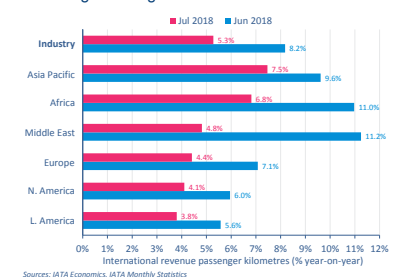
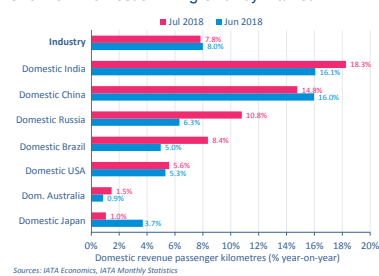


Chart 6 – Domestic RPK growth by market



Air passenger market detail - July 2018

	World share ¹	July 2018 (% year-on-year)				% year-to-date			
		RPK	ASK	PLF (%-pt) ²	PLF (level) ³	RPK	ASK	PLF (%-pt) ²	PLF (level) ³
TOTAL MARKET	100.0%	6.2%	5.5%	0.6%	85.2%	6.9%	6.1%	0.7%	81.9%
Africa	2.2%	3.5%	0.8%	2.0%	75.9%	2.8%	1.0%	1.2%	70.7%
Asia Pacific	33.7%	9.4%	7.9%	1.1%	82.9%	9.7%	8.7%	0.8%	81.7%
Europe	26.6%	4.6%	4.0%	0.5%	89.0%	6.3%	5.0%	1.0%	84.3%
Latin America	5.2%	5.3%	5.9%	-0.5%	84.2%	6.4%	6.1%	0.2%	81.9%
Middle East	9.5%	4.5%	6.1%	-1.2%	80.1%	4.7%	6.7%	0.0%	74.7%
North America	23.0%	5.0%	4.0%	0.9%	87.5%	5.1%	4.5%	0.5%	84.1%
International	63.8%	5.3%	4.7%	0.5%	85.0%	6.6%	5.6%	0.8%	81.2%
Africa	1.9%	6.8%	3.9%	2.1%	76.0%	6.8%	4.3%	1.6%	70.5%
Asia Pacific	18.5%	7.5%	6.0%	1.1%	82.1%	8.2%	7.2%	0.8%	80.5%
Europe	23.7%	4.4%	3.9%	0.5%	89.1%	6.3%	5.1%	1.0%	84.8%
Latin America	2.8%	3.8%	4.6%	-0.6%	84.2%	7.5%	7.4%	0.1%	82.3%
Middle East	9.1%	4.8%	6.5%	-1.3%	80.3%	4.8%	4.9%	-0.1%	74.7%
North America	7.8%	4.1%	2.8%	1.1%	87.2%	5.2%	3.7%	1.2%	82.9%
Domestic	36.2%	7.8%	6.9%	0.8%	85.6%	7.6%	6.9%	0.5%	83.3%
Dom. Australia ⁴	0.9%	1.5%	0.9%	0.4%	81.4%	2.9%	1.3%	1.3%	78.8%
Domestic Brazil ⁴	1.2%	8.4%	9.1%	-0.6%	83.7%	5.3%	5.4%	-0.1%	80.8%
Dom. China P.R. ⁴	9.1%	14.8%	14.3%	0.4%	84.6%	13.5%	13.7%	-0.1%	84.5%
Domestic India ⁴	1.4%	18.3%	12.2%	4.4%	86.9%	20.5%	16.7%	2.8%	88.1%
Domestic Japan ⁴	1.1%	1.0%	-2.0%	2.2%	71.8%	2.8%	1.0%	1.2%	70.2%
Dom. Russian Fed. ⁴	1.4%	10.8%	10.2%	0.5%	90.9%	7.7%	5.4%	1.7%	81.5%
Domestic US ⁴	14.5%	5.6%	4.7%	0.8%	87.9%	5.1%	5.1%	0.1%	84.9%

¹% of industry RPKs in 2017 ²Year-on-year change in load factor ³Load factor level

⁴Note: the seven domestic passenger markets for which broken-down data are available account for 30% of global total RPKs and approximately 82% of total domestic RPKs

Note: the total industry and regional growth rates are based on a constant sample of airlines combining reported data and estimates for missing observations. Airline traffic is allocated according to the region in which the carrier is registered; it should not be considered as regional traffic.



AUGUST 2018: Air Passenger Market Analysis

Air passenger growth completes a strong first quarter of 2018

Chart 1 – Air passenger volumes

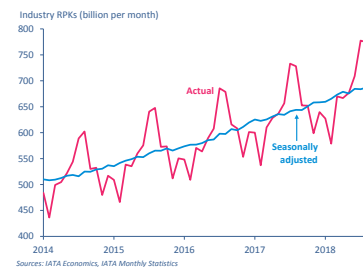


Chart 2 – Economic conditions (monthly data from composite PMIs, selected regions and countries)



Air passenger market overview - August 2018

	World share ¹	August 2018 (% year-on-year)				% year-to-date			
		RPK	ASK	PLF (%-pt) ²	PLF (level) ³	RPK	ASK	PLF (%-pt) ²	PLF (level) ³
TOTAL MARKET	100.0%	6.4%	5.5%	0.7%	85.3%	6.8%	5.9%	0.7%	82.4%
International	63.8%	5.6%	5.1%	0.4%	85.0%	6.5%	5.6%	0.7%	81.7%
Domestic	36.2%	7.7%	6.2%	1.2%	85.7%	7.4%	6.6%	0.6%	83.6%

¹% of industry RPKs in 2017

²Year-on-year change in load factor

³Load factor level

Chart 3 – Air passenger volume growth and global composite business confidence measure

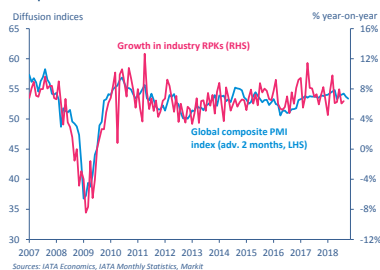


Chart 4 – Passenger load factors by region

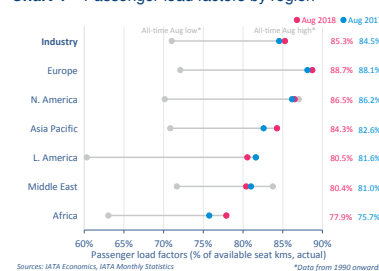


Chart 5 – International revenue passenger traffic growth by airline region of registration

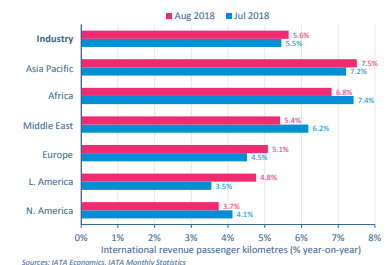
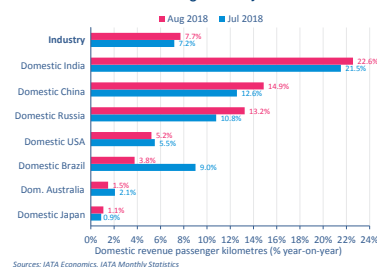


Chart 6 – Domestic RPK growth by market



Air passenger market detail - August 2018

	World share ¹	August 2018 (% year-on-year)				% year-to-date			
		RPK	ASK	PLF (%-pt) ²	PLF (level) ³	RPK	ASK	PLF (%-pt) ²	PLF (level) ³
TOTAL MARKET	100.0%	6.4%	5.5%	0.7%	85.3%	6.8%	5.9%	0.7%	82.4%
Africa	2.2%	3.4%	0.6%	2.1%	77.9%	2.9%	1.0%	1.4%	71.7%
Asia Pacific	33.7%	9.5%	7.3%	1.7%	84.3%	9.5%	8.3%	0.8%	82.0%
Europe	26.6%	5.4%	4.6%	0.6%	88.7%	6.2%	5.0%	1.0%	85.0%
Latin America	5.2%	4.4%	5.8%	-1.1%	80.5%	6.1%	6.1%	0.0%	81.7%
Middle East	9.5%	5.0%	5.8%	-0.6%	80.4%	4.9%	4.9%	0.0%	75.5%
North America	23.0%	4.6%	4.2%	0.3%	86.5%	5.0%	4.5%	0.4%	84.4%
International	63.8%	5.6%	5.1%	0.4%	85.0%	6.5%	5.6%	0.7%	81.7%
Africa	1.9%	6.8%	3.8%	2.2%	78.2%	6.9%	4.3%	1.7%	71.5%
Asia Pacific	18.5%	7.5%	6.1%	1.1%	82.6%	8.1%	7.1%	0.8%	80.7%
Europe	23.7%	5.1%	4.5%	0.5%	88.9%	6.2%	5.1%	0.9%	85.4%
Latin America	2.8%	4.8%	6.5%	-1.3%	81.4%	7.1%	7.2%	-0.1%	82.2%
Middle East	9.1%	5.4%	6.3%	-0.7%	80.7%	5.1%	5.2%	-0.1%	75.6%
North America	7.8%	3.7%	3.3%	0.4%	87.2%	5.0%	3.6%	1.1%	83.5%
Domestic	36.2%	7.7%	6.2%	1.2%	85.7%	7.4%	6.6%	0.6%	83.6%
Dom. Australia ⁴	0.9%	1.5%	0.8%	0.5%	78.0%	2.2%	0.5%	1.3%	78.8%
Domestic Brazil ⁴	1.2%	3.8%	4.8%	-0.8%	79.5%	5.2%	5.4%	-0.1%	80.7%
Dom. China P.R. ⁴	9.1%	14.9%	11.7%	2.4%	88.0%	13.2%	12.9%	0.2%	84.9%
Domestic India ⁴	1.4%	22.6%	16.1%	4.6%	87.5%	21.2%	17.0%	3.0%	88.1%
Domestic Japan ⁴	1.1%	1.1%	-0.6%	1.3%	80.3%	2.6%	0.8%	1.3%	71.6%
Dom. Russian Fed. ⁴	1.4%	13.2%	11.3%	1.6%	90.8%	8.6%	6.3%	1.8%	83.0%
Domestic US ⁴	14.5%	5.2%	4.6%	0.5%	86.1%	5.1%	5.0%	0.1%	85.1%

¹% of industry RPKs in 2017

²Year-on-year change in load factor

³Load factor level

⁴Note: the seven domestic passenger markets for which broken-down data are available account for 30% of global total RPKs and approximately 82% of total domestic RPKs

Note: the total industry and regional growth rates are based on a constant sample of airlines combining reported data and estimates for missing observations. Airline traffic is allocated according to the region in which the carrier is registered; it should not be considered as regional traffic.

APRIL 2018: Worldwide Traffic Results

Passenger traffic / Freight volumes
(Summary)

TABLE 1: SUMMARY WORLDWIDE TRAFFIC RESULTS, APRIL 2018 (% CHANGE)			
	April 2018 over April 2017	Year to date 2018	12-month rolling year
PaxFlash			
International passenger	4.9	7.1	7.9
Domestic passenger	7.1	6.2	5.4
Total passenger	6.1	6.6	6.5
FreightFlash			
International freight	4.9	5.1	8.0
Domestic freight	3.7	6.0	4.9
Total freight	4.5	5.4	7.1

TABLE 2: PaxFlash summary – April 2018			
Regions	April 2018 % YOY	YTD April 2018 % YOY	YE thru April 2018 % YOY
International passengers			
Africa	9.6	13.2	11.3
Asia-Pacific	9.0	9.2	8.8
Europe	4.5	7.1	8.7
Latin America-Caribbean	3.0	6.7	6.4
Middle East	(2.4)	0.3	2.0
North America	2.2	5.7	5.5
World	4.9	7.1	7.9
Domestic passengers			
Africa	7.1	8.5	5.4
Asia-Pacific	10.7	8.6	7.6
Europe	6.5	6.4	6.4
Latin America-Caribbean	3.0	3.8	3.8
Middle East	...	...	...
North America	5.5	4.8	3.7
World	7.1	6.2	5.4
Total passengers			
Africa	9.0	11.7	9.4
Asia-Pacific	9.9	8.7	8.0
Europe	5.0	6.9	8.1
Latin America-Caribbean	3.0	4.8	4.5
Middle East	(2.4)	0.3	2.0
North America	5.0	4.9	4.0
World	6.1	6.6	6.5

Traffic table definitions:

PASSENGER TRAFFIC: departing + arriving passengers

INTERNATIONAL: traffic performed between the designated airport and an airport in another country/territory

DOMESTIC: traffic performed between two airports located in the same country/territory

TOTAL: international + domestic passengers + direct transit passengers counted once (when breakdown is available)

Year-over-year percentage changes (% YOY) are calculated from a representative sample.

YOY Year-over-year same month comparison

YTD Year to date, starting Jan 2018, compared to same period in previous year

YE Year end, based on a rolling 12-month period, compared to the same prior 12-month period

► CONTINUED FROM PAGE 42



APRIL: Worldwide Traffic Results

Passenger traffic / Freight volumes
(Summary)

TABLE 3: FreightFlash summary – April 2018			
Regions	April 2018 % YOY	YTD April 2018 % YOY	YE thru April 2018 % YOY
International freight			
Africa	...	...	...
Asia-Pacific	4.8	4.9	8.7
Europe	4.8	5.1	8.0
Latin America-Caribbean	12.3	11.6	10.0
Middle East	2.6	0.9	4.1
North America	3.6	5.7	7.9
World	4.9	5.1	8.0
Domestic freight			
Africa	...	...	...
Asia-Pacific	2.6	4.1	1.8
Europe	0.4	1.1	3.8
Latin America-Caribbean	13.1	12.2	6.5
Middle East	...	...	...
North America	3.8	7.0	6.8
World	3.7	6.0	4.9
Total freight			
Africa	9.9	10.7	12.5
Asia-Pacific	4.2	4.7	6.8
Europe	4.6	4.8	7.7
Latin America-Caribbean	12.5	11.7	8.9
Middle East	2.6	0.9	4.1
North America	3.7	6.5	7.2
World	4.5	5.4	7.1

Traffic table definitions:

FREIGHT TRAFFIC: loaded and unloaded freight; data in metric tonnes

INTERNATIONAL: traffic performed between the designated airport and an airport in another country/territory

DOMESTIC: traffic performed between two airports located in the same country/territory

TOTAL: international + domestic freight (when breakdown is available)

Note: No domestic freight traffic is reported by airports in the Middle East and Africa regions.

Year-over-year percentage changes (% YOY) are calculated from a representative sample.

YOY Year-over-year same month comparison

YTD Year to date, starting Jan 2018, compared to same period in previous year

YE Year end, based on a rolling 12-month period, compared to same prior 12-month period

MAY: Worldwide Traffic Results

Passenger traffic / Freight volumes
(Summary)

TABLE 1: SUMMARY WORLDWIDE TRAFFIC RESULTS, MAY 2018 (% CHANGE)			
	May 2018 over May 2017	Year-to-date 2018	12-month rolling year
PaxFlash			
International passenger	6.6	7.0	7.8
Domestic passenger	4.8	5.9	5.4
Total passenger	5.6	6.4	6.4
FreightFlash			
International freight	3.6	4.9	7.2
Domestic freight	8.6	6.5	5.1
Total freight	5.1	5.3	6.5

TABLE 2: PaxFlash summary – May 2018			
Regions	May 2018 % YOY	YTD May 2018 % YOY	YE thru May 2018 % YOY
International passengers			
Africa	8.8	12.4	11.4
Asia-Pacific	7.8	9.0	8.9
Europe	7.6	7.2	8.6
Latin America-Caribbean	5.7	6.6	6.3
Middle East	(4.7)	(0.8)	1.1
North America	6.1	5.9	5.5
World	6.6	7.0	7.8
Domestic passengers			
Africa	5.0	7.9	5.8
Asia-Pacific	5.6	7.9	7.4
Europe	2.0	5.2	5.7
Latin America-Caribbean	3.5	3.7	3.7
Middle East	...	...	...
North America	5.4	4.9	4.0
World	4.8	5.9	5.4
Total passengers			
Africa	7.9	11.0	9.7
Asia-Pacific	6.3	8.2	7.9
Europe	6.2	6.7	7.8
Latin America-Caribbean	4.1	4.6	4.4
Middle East	(4.5)	(0.8)	1.1
North America	5.6	5.1	4.2
World	5.6	6.4	6.4

Traffic table definitions:

PASSENGER TRAFFIC: departing + arriving passengers

INTERNATIONAL: traffic performed between the designated airport and an airport in another country/territory

DOMESTIC: traffic performed between two airports located in the same country/territory

TOTAL: international + domestic passengers + direct transit passengers counted once (when breakdown is available)

Year-over-year percentage changes (% YOY) are calculated from a representative sample.

YOY Year-over-year same month comparison

YTD Year to date, starting Jan 2018, compared to same period in previous year

YE Year end, based on a rolling 12-month period, compared to the same prior 12-month period

► CONTINUED FROM PAGE 44



MAY 2018: Worldwide Traffic Results

Passenger traffic / Freight volumes
(Summary)

TABLE 3: FreightFlash summary – May 2018			
Regions	May 2018 % YOY	YTD May 2018 % YOY	YE thru May 2018 % YOY
International freight			
Africa	...	...	...
Asia-Pacific	4.6	5.0	8.0
Europe	1.5	4.2	7.0
Latin America-Caribbean	9.0	11.3	9.8
Middle East	(0.8)	0.5	3.1
North America	4.6	5.7	7.0
World	3.6	4.9	7.2
Domestic freight			
Africa	...	...	...
Asia-Pacific	5.1	4.4	2.1
Europe	(1.6)	0.5	3.0
Latin America-Caribbean	7.6	11.2	6.7
Middle East	...	...	...
North America	11.3	7.8	6.9
World	8.6	6.5	5.1
Total freight			
Africa	13.5	11.4	10.9
Asia-Pacific	4.7	4.8	6.3
Europe	1.3	4.0	6.7
Latin America-Caribbean	8.6	11.3	8.8
Middle East	(0.9)	0.4	3.1
North America	8.6	6.9	6.9
World	5.1	5.3	6.5

Traffic table definitions:

FREIGHT TRAFFIC: loaded and unloaded freight; data in metric tonnes

INTERNATIONAL: traffic performed between the designated airport and an airport in another country/territory

DOMESTIC: traffic performed between two airports located in the same country/territory

TOTAL: international + domestic freight (when breakdown is available)

Note: No domestic freight traffic is reported by airports in the Middle East and Africa regions.

Year-over-year percentage changes (% YOY) are calculated from a representative sample.

YOY Year-over-year same month comparison

YTD Year to date, starting Jan 2018, compared to same period in previous year

YE Year end, based on a rolling 12-month period, compared to same prior 12-month period

JUNE: Worldwide Traffic Results

Passenger traffic / Freight volumes
(Summary)

TABLE 1: Summary Worldwide Traffic Results, JUNE 2018 (% change)			
	June 2018 over June 2017	Year to date 2018	12-month rolling year
<i>PaxFlash</i>			
International passenger	8.7	7.3	7.6
Domestic passenger	5.9	5.9	5.4
Total passenger	7.2	6.6	6.4
<i>FreightFlash</i>			
International freight	1.9	4.4	6.5
Domestic freight	3.0	5.6	4.9
Total freight	2.3	4.8	6.0

TABLE 2: PaxFlash summary – June 2018			
Regions	June 2018 % YOY	YTD June 2018 % YOY	YE thru June 2018 % YOY
International passengers			
Africa	18.9	12.7	11.7
Asia-Pacific	10.7	9.2	9.1
Europe	8.0	7.3	8.2
Latin America-Caribbean	3.4	6.0	5.9
Middle East	9.1	0.8	1.8
North America	7.3	6.3	5.5
World	8.7	7.3	7.6
Domestic passengers			
Africa	10.7	8.2	6.3
Asia-Pacific	9.1	8.3	7.5
Europe	3.4	4.9	5.6
Latin America-Caribbean	2.6	3.6	3.5
Middle East	...	...	...
North America	5.3	5.0	4.2
World	5.9	5.9	5.4
Total passengers			
Africa	16.2	11.2	9.9
Asia-Pacific	9.7	8.6	8.1
Europe	6.8	6.7	7.5
Latin America-Caribbean	2.7	4.4	4.2
Middle East	8.5	0.7	1.7
North America	5.6	5.2	4.4
World	7.2	6.6	6.4

Traffic table definitions:

PASSENGER TRAFFIC: departing + arriving passengers

INTERNATIONAL: traffic performed between the designated airport and an airport in another country/territory

DOMESTIC: traffic performed between two airports located in the same country/territory

TOTAL: international + domestic passengers + direct transit passengers counted once (when breakdown is available)

Year-over-year percentage changes (% YOY) are calculated from a representative sample.

YOY Year-over-year same month comparison

YTD Year to date, starting Jan 2018, compared to same period in previous year

YE Year end, based on a rolling 12-month period, compared to the same prior 12-month period

► CONTINUED FROM PAGE 46



JUNE 2018: Worldwide Traffic Results

Passenger traffic / Freight volumes
(Summary)

TABLE 3: Freight Flash summary – June 2018			
Regions	June 2018 % YOY	YTD June 2018 % YOY	YE thru June 2018 % YOY
International freight			
Africa	---	---	---
Asia-Pacific	1.2	4.3	7.0
Europe	2.4	4.0	6.4
Latin America-Caribbean	6.7	10.5	9.2
Middle East	(1.2)	0.3	3.1
North America	1.0	4.6	6.1
World	1.9	4.4	6.5
Domestic freight			
Africa	---	---	---
Asia-Pacific	5.5	4.6	2.5
Europe	(4.5)	(0.4)	1.8
Latin America-Caribbean	9.5	10.9	7.0
Middle East	---	---	---
North America	1.5	6.1	6.3
World	3.0	5.6	4.9
Total freight			
Africa	17.9	12.7	11.8
Asia-Pacific	2.3	4.4	5.8
Europe	2.0	3.7	6.1
Latin America-Caribbean	7.5	10.6	8.5
Middle East	(1.2)	0.2	3.0
North America	1.7	5.7	6.2
World	2.3	4.8	6.0

Traffic table definitions:

FREIGHT TRAFFIC: loaded and unloaded freight; data in metric tonnes

INTERNATIONAL: traffic performed between the designated airport and an airport in another country/territory

DOMESTIC: traffic performed between two airports located in the same country/territory

TOTAL: international + domestic freight (when breakdown is available)

Note: No domestic freight traffic is reported by airports in the Middle East and Africa regions.

Year-over-year percentage changes (% YOY) are calculated from a representative sample.

YOY Year-over-year same month comparison

YTD Year to date, starting Jan 2018, compared to same period in previous year

YE Year end, based on a rolling 12-month period, compared to same prior 12-month period

GLOBAL KEY FIGURES

MAY 2018
(versus MAY 2017)

RPK ▲ +6.1% ASK ▲ +5.9% FTK ▲ +4.2% LF: 80.1% ▶ +0.0 pt

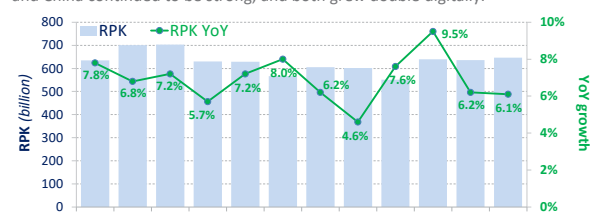
OUTLOOK* - JUN 2018
(versus JUN 2017)

ASK ▲ +6.0% * Source OAG

PASSENGER TRAFFIC

Revenue Passenger-Kilometres - RPK

World passenger traffic grew by +6.1% YoY in May 2018, -0.1 percentage point lower from the growth in the previous month. Performance of regions has been a mix. Three regions, Africa, Asia/Pacific and the Middle East, continued to see slowdown in growth. Africa experienced the weakest performance and was the only region posting negative growth. The three other regions, Europe, Latin America/Caribbean and North America, posted slight acceleration in traffic growth. Domestic traffic demand in India and China continued to be strong, and both grew double-digitally.

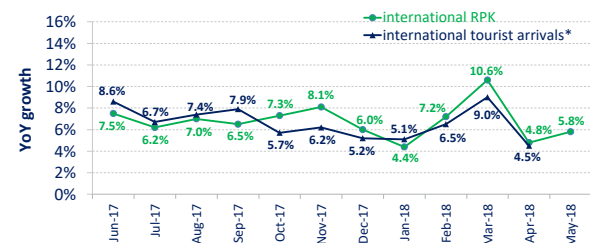


(Source: ICAO, IATA, OAG)

International Traffic vs. Tourist Arrivals

International passenger traffic grew by +5.8% YoY in May 2018, +1.0 percentage point higher from the growth in the previous month. Three regions, Europe, Latin America/Caribbean and North America, accelerated in growth. Asia/Pacific continued to be the fastest growing region, followed by Latin America/Caribbean.

The growth of international tourist arrivals* followed a similar monthly trend.



* UNWTO Definition

(Source: IATA, UNWTO)

FREIGHT TRAFFIC

Freight Tonne-Kilometres - FTK

World freight traffic grew by +4.2% YoY in May 2018, +0.1 percentage point higher than the growth in the previous month. Freight traffic growth moderated in recent months due to the slowing world trade. Africa, Europe and the Middle East posted a deceleration in growth with Africa experiencing the most significant slowdown and becoming the only region with negative growth. On the positive side, improvement was observed in Asia/Pacific, Latin America/Caribbean and North America, and all the three regions grew faster than world average, offsetting the weakness in other regions. Latin America/Caribbean continued to be the fastest growing region and was the only region posting double-digit increase.

CAPACITY

Available Seat-Kilometres - ASK

Capacity worldwide increased by +5.9% YoY in May 2018, same as the growth in the previous month (+5.9%).

In response to the passenger traffic demand, the expansion of capacity is expected to be at +6.0% in June 2018.

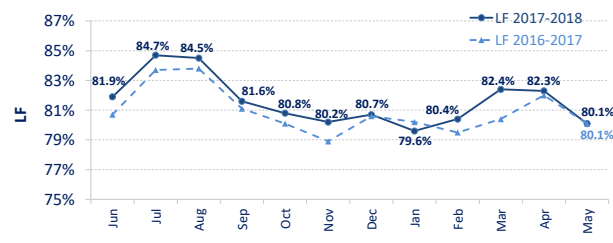


(Source: ICAO, IATA, OAG)

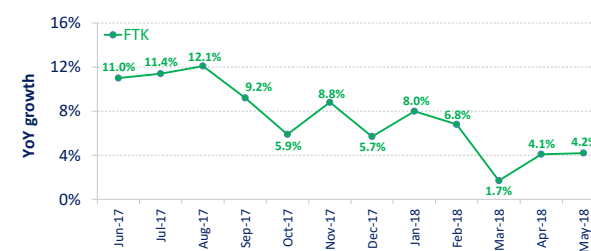
Load Factor - LF

The passenger Load Factor reached 80.1% in May 2018, -2.2 percentage points lower than the LF recorded in the previous month.

As traffic growth outpaced the capacity expansion with a small difference, the May LF was at the same level as the rate in the same period in 2017.



(Source: IATA)



(Source: IATA)



ICAO

ECONOMIC DEVELOPMENT

JUL 2018: Air Transport Monthly Monitor

World Results and Analyses for FEB 2018. Total scheduled services
(Domestic and international)

TOP 15 AIRPORTS (Ranked by aircraft departures, passengers and volume of freight)

MAY 2018: +2.8%, +3.5%, and +3.7% YoY in terms of aircraft departures, passengers and freight for the Top 15

MAY 18

Airports (ranking by number of departures)	Departures	YoY	Airports (ranking by number of passengers)	Passengers*	YoY	Airports (ranking by tonnes of freight)	Freight**	YoY
Atlanta GA, US (ATL)	38,915	↑ 0.6%	Atlanta GA, US (ATL)	4,769,827	↑ 2.0%	Hong Kong, CN (HKG)	428,600	↑ 4.7%
Chicago IL, US (ORD)	38,245	↑ 3.5%	Beijing, CN (PEK)	4,174,912	↑ 6.8%	Memphis TN, US (MEM)	382,622	↑ 8.7%
Los Angeles CA, US (LAX)	30,337	↑ 3.0%	Los Angeles CA, US (LAX)	3,772,352	↑ 5.3%	Shanghai, CN (PVG)	319,294	↑ 1.0%
Dallas/Fort Worth TX, US (DFW)	28,474	↑ 2.4%	Chicago IL, US (ORD)	3,622,434	↑ 4.8%	Anchorage AK, US (ANC)	242,774	↑ 6.9%
Beijing, CN (PEK)	26,050	↑ 5.0%	Tokyo, JP (HND)	3,394,089	↓ -2.9%	Incheon, KR (ICN)	240,120	↑ 4.4%
Denver CO, US (DEN)	25,011	↑ 1.9%	London, GB (LHR)	3,339,922	↑ 3.1%	Dubai, AE (DXB)	221,363	↓ -5.0%
Charlotte NC, US (CLT)	24,639	↑ 0.8%	Dubai, AE (DXB)	3,294,632	↓ -3.8%	Louisville KY, US (SDF)	209,026	↑ 1.9%
Amsterdam, NL (AMS)	23,200	↓ -1.6%	Amsterdam, NL (AMS)	3,200,133	↑ 3.0%	Tokyo, JP (NRT)	195,751	↑ 5.9%
Frankfurt, DE (FRA)	22,854	↑ 9.1%	Shanghai, CN (PVG)	3,076,796	↑ 6.4%	Taipei, CN (TPE)	195,349	↑ 5.1%
Shanghai, CN (PVG)	21,346	↑ 2.4%	Frankfurt, DE (FRA)	3,068,377	↑ 9.5%	Miami FL, US (MIA)	186,080	↑ 9.0%
Paris, FR (CDG)	20,902	↓ -1.6%	Paris, FR (CDG)	3,041,327	↑ 2.1%	Doha, QA (DOH)	184,372	↑ 4.6%
New Delhi, IN (DEL)	20,738	↑ 9.1%	Hong Kong, CN (HKG)	3,016,000	↑ 1.1%	Los Angeles CA, US (LAX)	182,269	↑ 0.8%
London, GB (LHR)	20,670	↑ 0.4%	Dallas/Fort Worth TX, US (DFW)	2,982,539	↑ 3.1%	Singapore, SG (SIN)	180,500	↑ 1.8%
Toronto ON, CA (YYZ)	20,413	↑ 6.3%	New Delhi, IN (DEL)	2,950,183	↑ 8.6%	Frankfurt, DE (FRA)	173,762	↓ -1.9%
San Francisco CA, US (SFO)	20,111	↑ 4.6%	Guangzhou, CN (CAN)	2,823,094	↑ 5.8%	Beijing, CN (PEK)	172,752	↑ 6.3%

Note: Total scheduled and non-scheduled services

(Source: ACI)

In terms of aircraft departures, the Top 15 airports reported a growth of +2.8% YoY. All the Top 15 airports posted YoY increases, except for Amsterdam and Paris with a decline of -1.6%. The strongest growth in operations was recorded by New Delhi and Frankfurt, and both airports grew at the same pace of +9.1%.

In terms of passengers, the Top 15 airports reported a growth of +3.5% YoY. Two airports, Tokyo and Dubai, posted a decline of -2.9% and -3.8%, respectively. Decline in Dubai was mostly due to the start of Ramadan. Atlanta retained the 1st position with a growth of +2.0%. Frankfurt recorded the strongest growth within the Top 15 by +9.5%, followed by New Delhi (+8.6%).

In terms of freight, the Top 15 airports reported a growth of +3.7% YoY. All the Top 15 airports posted YoY increases, except for Dubai (-5.0%) and Frankfurt (-1.9%). The most significant increase was recorded by Miami (+9.0%), followed by Memphis (+8.7%) and Anchorage (+6.9%). Hong Kong remained at 1st with a growth of +4.7%.

TOP 15 AIRLINE GROUPS (Ranked by RPK)

MAY 2018: +6.0% YoY in terms of RPK for the Top 15

MAY 18

In terms of RPK, the Top 15 airline groups accounted for 48.5% of world total RPK in May 2018, and grew by +6.0% YoY. This growth was -0.1 percentage point lower than the world average on scheduled services. All the Top 15 airline groups posted YoY increases.

American ranked 1st and grew by +1.6%. United continued to record the strongest growth among the Top 3 airlines at +6.7%, and retained the 2nd position, followed by Delta. Southwest rose by +4.2% YoY in traffic, and improved 1 position to 9th. Air Canada ranked 14th, and recorded the strongest growth (+7.2%) within the North American airlines in the Top 15.

Emirates experienced the slowest growth among the Top 15 by a marginal +0.3%, and went down 3 positions to 7th.

Three European airline groups, Lufthansa, AF-KLM, and IAG ranked over Emirates at 4th, 5th, and 6th, respectively, and posted relatively strong growth except for AF-KLM with a moderate growth of +2.4%. Turkish Airlines grew modestly by +5.0%, and remained at 13th.

Major airlines in Asia/Pacific continued to grow significantly, with China Southern, Air China and China Eastern recording the fastest growth by +12.7%, +11.6%, and +10.5%, respectively. This was followed by Singapore Airlines Group with a growth of +9.6%, and ranked 15th.

	RPK (billion)	YoY	% Share of World Total	Cumulative % Share
American ¹	32.6	↑ 1.6%	5.0%	5.0%
United	31.7	↑ 6.7%	4.9%	9.9%
Delta	31.7	↑ 2.9%	4.9%	14.8%
Lufthansa Group ²	24.8	↑ 8.3%	3.8%	18.7%
AF-KLM	24.0	↑ 2.4%	3.7%	22.4%
IAG ³	23.4	↑ 10.0%	3.6%	26.0%
Emirates ¹	21.4	↑ 0.3%	3.3%	29.3%
China Southern	20.8	↑ 12.7%	3.2%	32.5%
Southwest	18.8	↑ 4.2%	2.9%	35.4%
Air China	17.9	↑ 11.6%	2.8%	38.2%
China Eastern	16.4	↑ 10.5%	2.5%	40.7%
Ryanair ¹	15.5	↑ 5.9%	2.4%	43.1%
Turkish Airlines	12.2	↑ 5.0%	1.9%	45.0%
Air Canada ¹	11.4	↑ 7.2%	1.8%	46.8%
Singapore Airlines Group	11.0	↑ 9.6%	1.7%	48.5%
Top 15 Total RPKs	313 billion	↑ 6.0%	48.5%	
World Total RPKs	647 billion	↑ 6.1%	100.0%	

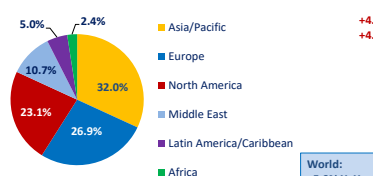
(Source: ICAO, airlines' websites)

Note: Total scheduled and non-scheduled services

CAPACITY BY REGION (ICAO Statistical Regions)

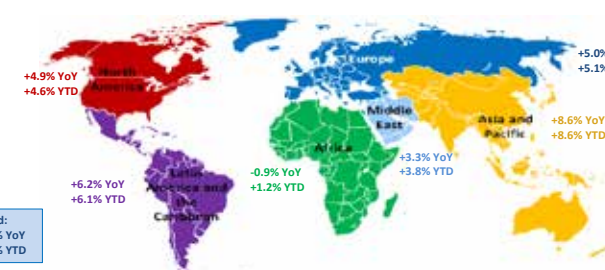
MAY 2018: +5.9% YoY in terms of World ASK

% Share of Capacity by Region



(Source: ICAO, IATA, OAG)

Note: Total scheduled services



Worldwide capacity expanded by +5.9% YoY in May 2018. All regions posted capacity increase, with the exception of Africa which experienced a decline of -0.9%. Asia/Pacific continued to record the fastest capacity expansion, albeit with a slightly slower pace compared to the previous month. The other regions accelerated in capacity growth, and the second fastest growing region was Latin America/Caribbean, followed by Europe, North America and the Middle East.

* Embarked Passengers ** Loaded and Unloaded Freight in Tonnes 1. ICAO estimates 2. Lufthansa Airlines, Eurowings, SWISS, Austrian Airlines, Brussels Airlines, Sun Express, and Lufthansa Cargo 3. British Airways, Iberia, and Vueling

ACRONYMS: ACI: Airports Council International; ASK: Available Seat-Kilometres; IATA: International Air Transport Association; FTK: Freight Tonne-Kilometres; LF: Passenger Load Factor; OAG: Official Airline Guide; RPK: Revenue Passenger-Kilometres; UNWTO: World Tourism Organization; YoY: Year-on-year; YTD: Year-to-date.



ICAO

ECONOMIC DEVELOPMENT

AUG 2018: Air Transport Monthly Monitor

World Results and Analyses for MAR 2018. Total scheduled services
(Domestic and international)

Air Transport Bureau
E-mail: ecd@icao.int

<http://www.icao.int/sustainability/Pages/Air-Traffic-Monitor.aspx>

GLOBAL KEY FIGURES

JUN 2018
(versus JUN 2017)

RPK ▲ +7.8% ASK ▲ +6.5% FTK ▲ +2.7% LF: 82.8% ▲ +0.9 pt

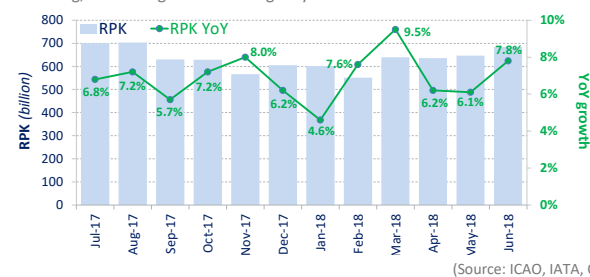
OUTLOOK* - JUL 2018
(versus JUL 2017)

ASK ▲ +6.0% * Source OAG

PASSENGER TRAFFIC

Revenue Passenger-Kilometres - RPK

World passenger traffic grew by +7.8% YoY in June 2018, +1.7 percentage points up from the growth in the previous month. The YTD growth of the first half of the year remained solid albeit with slight moderation compared to last year, mainly due to the increase of oil price. Four regions, Africa, Asia/Pacific, the Middle East and North America, accelerated in traffic growth, with the most significant improvement observed in the Middle East. Domestic traffic demand in India and China continued to be strong, and both grew double-digitally.

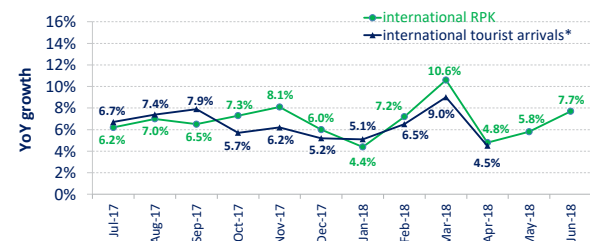


(Source: ICAO, IATA, OAG)

International Traffic vs. Tourist Arrivals

International passenger traffic grew by +7.7% YoY in June 2018, +1.9 percentage points higher from the growth in the previous month. Similar to total passenger traffic, the four regions accelerated in growth. Africa and the Middle East became the fastest growing regions and both grew double-digitally.

The growth of international tourist arrivals* followed a similar monthly trend.



* UNWTO Definition

(Source: IATA, UNWTO)

FREIGHT TRAFFIC

Freight Tonne-Kilometres - FTK

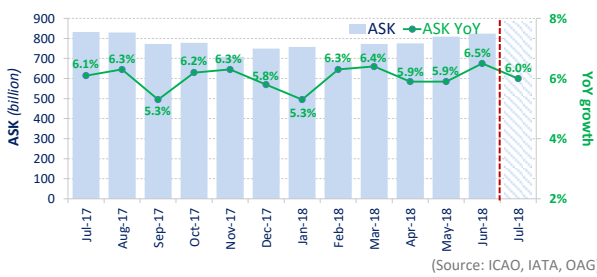
World freight traffic grew by +2.7% YoY in June 2018, -1.5 percentage points lower than the growth in the previous month. Traffic growth moderated partially impacted by the temporary flight suspension of Nippon Cargo Airlines. The overall growth of freight traffic in the first six months slowed down compared to last year. All regions, except for Europe and the Middle East, posted a deceleration in growth. Africa experienced the most significant slowdown and continued to be the only region with negative growth. Asia/Pacific, the largest region of freight traffic, posted a dampened growth, impacted by the rising trade tension. Latin America/Caribbean continued to be the fastest growing region albeit showing a major slow down.

CAPACITY

Available Seat-Kilometres - ASK

Capacity worldwide increased by +6.0% YoY in June 2018, -0.5 percentage point lower than the growth in the previous month (+6.5%).

According to the airline schedules, the expansion of capacity is expected to be at +6.0% in July 2018.

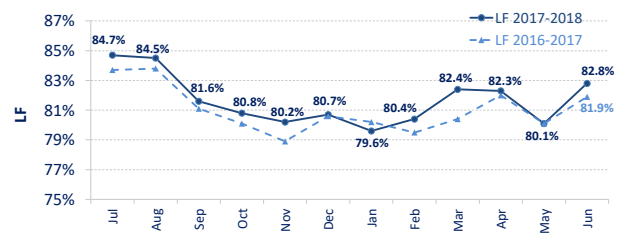


(Source: ICAO, IATA, OAG)

Load Factor - LF

The passenger Load Factor reached 82.8% in June 2018, +2.7 percentage points higher than the LF recorded in the previous month.

As traffic growth outpaced the capacity expansion, the June LF was +0.9 percentage points higher than the rate in the same period in 2017.



(Source: IATA)

ACRONYMS: ACI: Airports Council International; ASK: Available Seat-Kilometres; IATA: International Air Transport Association; FTK: Freight Tonne-Kilometres; LF: Passenger Load Factor; OAG: Official Airline Guide; RPK: Revenue Passenger-Kilometres; UNWTO: World Tourism Organization; YoY: Year-on-year; YTD: Year-to-date.

► CONTINUED FROM PAGE 50



ICAO

ECONOMIC DEVELOPMENT

AUG 2018: Air Transport Monthly Monitor

World Results and Analyses for MAR 2018. Total scheduled services
(Domestic and international)

TOP 15 AIRPORTS (Ranked by aircraft departures, passengers and volume of freight)

JUN 2018: +2.3%, +6.3%, and -0.2% YoY in terms of aircraft departures, passengers and freight for the Top 15

JUN 18

Airports (ranking by number of departures)	Departures	YoY	Airports (ranking by number of passengers)	Passengers*	YoY	Airports (ranking by tonnes of freight)	Freight**	YoY
Chicago IL, US (ORD)	39,185	↑ 3.7%	Atlanta GA, US (ATL)	4,779,678	↑ 1.5%	Hong Kong, CN (HKG)	416,000	↑ 1.4%
Atlanta GA, US (ATL)	38,856	↑ 0.4%	Beijing, CN (PEK)	4,088,717	↑ 7.1%	Memphis TN, US (MEM)	375,960	↑ 2.7%
Los Angeles CA, US (LAX)	30,573	↑ 1.5%	Los Angeles CA, US (LAX)	4,006,347	↑ 3.7%	Shanghai, CN (PVG)	306,667	↓ -2.3%
Dallas/Fort Worth TX, US (DFW)	29,368	↑ 4.8%	Chicago IL, US (ORD)	3,860,151	↑ 4.6%	Incheon, KR (ICN)	236,897	↑ 1.8%
Denver CO, US (DEN)	26,386	↑ 4.0%	London, GB (LHR)	3,563,534	↑ 5.4%	Anchorage AK, US (ANC)	231,890	↓ -2.5%
Beijing, CN (PEK)	24,899	↑ 3.2%	Dubai, AE (DXB)	3,397,746	↑ 11.7%	Dubai, AE (DXB)	214,612	↓ -0.5%
Amsterdam, NL (AMS)	22,639	↓ -0.8%	Tokyo, JP (HND)	3,335,094	↓ -0.7%	Louisville KY, US (SDF)	202,631	↓ -4.3%
Frankfurt, DE (FRA)	22,609	↑ 8.9%	Paris, FR (CDG)	3,248,735	↑ 6.3%	Taipei, CN (TPE)	192,068	↑ 3.1%
Charlotte NC, US (CLT)	22,520	↓ -5.5%	Dallas/Fort Worth TX, US (DFW)	3,233,496	↑ 7.2%	Los Angeles CA, US (LAX)	180,737	↓ -0.6%
Paris, FR (CDG)	21,349	↑ 1.6%	Amsterdam, NL (AMS)	3,192,869	↑ 3.8%	Tokyo, JP (NRT)	180,727	↓ -6.4%
Shanghai, CN (PVG)	20,864	↑ 3.7%	Frankfurt, DE (FRA)	3,182,877	↑ 9.8%	Doha, QA (DOH)	178,393	↑ 4.4%
Toronto ON, CA (YYZ)	20,707	↑ 2.1%	Shanghai, CN (PVG)	3,120,289	↑ 10.3%	Frankfurt, DE (FRA)	173,573	↓ -2.8%
San Francisco CA, US (SFO)	20,518	↑ 2.5%	Hong Kong, CN (HKG)	3,097,500	↑ 5.3%	Beijing, CN (PEK)	170,784	↑ 2.1%
London, GB (LHR)	20,257	↓ -0.3%	Denver CO, US (DEN)	2,952,515	↑ 4.5%	Singapore, SG (SIN)	170,500	↓ -0.9%
Jakarta, ID (CGK)	20,196	↑ 5.9%	Jakarta, ID (CGK)	2,936,646	↑ 22.6%	Paris, FR (CDG)	165,553	↓ -1.0%

Note: Total scheduled and non-scheduled services

(Source: ACI)

In terms of **aircraft departures**, the Top 15 airports reported a growth of +2.3% YoY. Twelve out of the Top 15 airports posted YoY increases. The strongest growth in operations was recorded by **Frankfurt** at +8.9%, followed by **Jakarta** (+5.9%). **Charlotte** posted the biggest decline of -5.5%, impacted by the flight cancellations of American Airlines.

In terms of **passengers**, the Top 15 airports reported a growth of +6.3% YoY. All the Top 15 airports posted YoY increases, except for **Tokyo** with a minor decline of -0.7%. Passenger traffic at **Dubai** and **Jakarta** topped the list in terms of YoY increase, owing to the impact of the Eid Al Fitr holiday. **Atlanta** retained the 1st position with a growth of +1.5%.

In terms of **freight**, the Top 15 airports reported a decline of -0.2% YoY. More than half of the Top 15 airports posted YoY declines, indicating a overall moderation in freight traffic growth. The most significant decrease was experienced by **Tokyo** (-6.4%), mainly due to the temporary ground of all Nippon Cargo aircraft.

TOP 15 AIRLINE GROUPS (Ranked by RPK)

JUN 2018: +7.2% YoY in terms of RPK for the Top 15

In terms of RPK, the Top 15 airline groups accounted for 48.2% of world total RPK in June 2018, and grew by +7.2% YoY. This growth was -0.6 percentage point lower than the world average on scheduled services. All the Top 15 airline groups posted YoY increases.

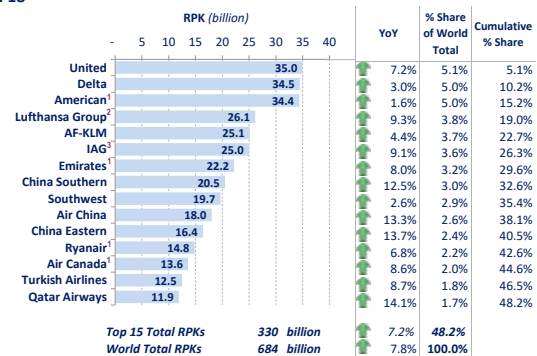
With a strong growth of +7.2%, **United** ranked 1st for the first time of the year. **Delta** remained at 2nd and grew moderately by +3.0%. **American**, continued to post the slowest growth among the Top 3 airlines and ranked 2 positions down to 3rd. **Southwest** remained at 9th with an increase of +2.6% YoY. **Air Canada** continued to record the strongest growth within the North American airlines in the Top 15, and improved 1 position to 13th.

Emirates posted a recovery from the weak growth in the previous months and grew by +8.0% while remained at 7th. **Qatar** recorded the strongest growth among the Top 15 and grew by +14.1%.

Three European airline groups, **Lufthansa**, **AF-KLM**, and **IAG** remained at 4th, 5th, and 6th, respectively, and both **Lufthansa** and **IAG** grew strongly at above +9.0%. **Turkish Airlines** dropped 1 position to 14th with a growth of +8.7%.

Major airlines in Asia/Pacific continued to grow robustly, with **China Southern**, **Air China** and **China Eastern** recording the fastest growth after **Qatar**, and ranked 8th, 10th, and 11th, respectively.

JUN 18



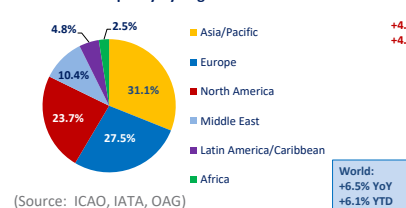
(Source: ICAO, airlines' websites)

Note: Total scheduled and non-scheduled services

CAPACITY BY REGION (ICAO Statistical Regions)

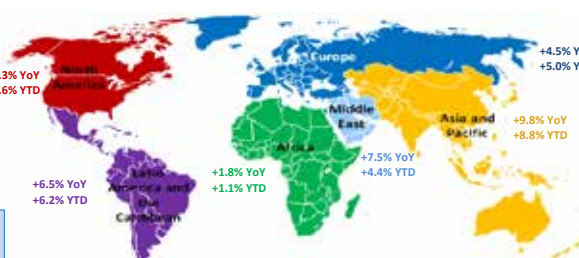
JUN 2018: +6.5% YoY in terms of World ASK

% Share of Capacity by Region



(Source: ICAO, IATA, OAG)

Note: Total scheduled services



Worldwide capacity expanded by +6.5% YoY in June 2018 with all regions posting capacity increase. Four regions, **Africa**, **Asia/Pacific**, **Latin America/Caribbean** and the **Middle East**, accelerated in capacity growth. The **Middle East** recorded the most significant improvement in capacity expansion and was the second fastest growing region after **Asia/Pacific**.

Both **Europe** and **North America** decelerated slightly in capacity increase.

* Embarked Passengers ** Loaded and Unloaded Freight in Tonnes 1. ICAO estimates 2. Lufthansa Airlines, Eurowings, SWISS, Austrian Airlines, Brussels Airlines, Sun Express, and Lufthansa Cargo 3. British Airways, Iberia, and Vueling

ACRONYMS: ACI: Airports Council International; ASK: Available Seat-Kilometres; IATA: International Air Transport Association; FTK: Freight Tonne-Kilometres; LF: Passenger Load Factor; OAG: Official Airline Guide; RPK: Revenue Passenger-Kilometres; UNWTO: World Tourism Organization; YoY: Year-on-year; YTD: Year-to-date.



ICAO

ECONOMIC DEVELOPMENT

SEP 2018: Air Transport Monthly Monitor

World Results and Analyses for APR 2018. Total scheduled services
(Domestic and international)

Air Transport Bureau
E-mail: ecd@icao.int

<http://www.icao.int/sustainability/Pages/Air-Traffic-Monitor.aspx>

GLOBAL KEY FIGURES

JUL 2018
(versus JUL 2017)

RPK ▲ +6.2% ASK ▲ +5.5% FTK ▲ +2.1% LF: 85.2% ▲ +0.5 pt

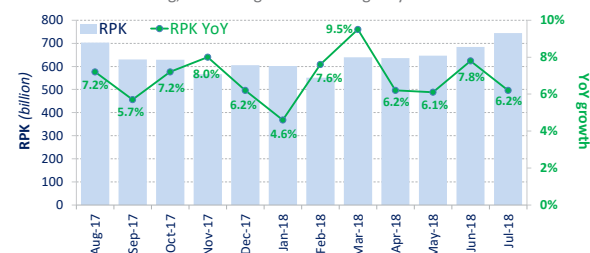
OUTLOOK* - AUG 2018
(versus AUG 2017)

ASK ▲ +5.5% * Source OAG

PASSENGER TRAFFIC

Revenue Passenger-Kilometres - RPK

World passenger traffic grew by +6.2% YoY in July 2018, -1.6 percentage points lower than the growth in the previous month. All regions decelerated in traffic growth except for Latin America/Caribbean with no change. The most significant slowdown was observed in the Middle East with its growth being more than halved from the month before. Asia/Pacific continued to be the fastest growing region, compensating the moderation in other regions. Domestic traffic demand in India and China continued to be strong, and both grew double-digitally.

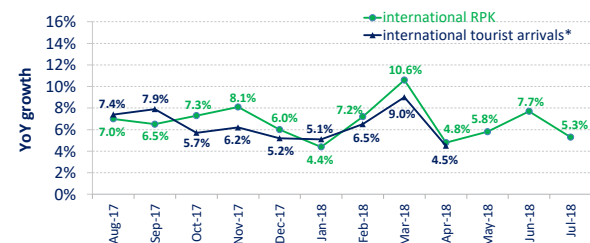


(Source: ICAO, IATA, OAG)

International Traffic vs. Tourist Arrivals

International passenger traffic grew by +5.3% YoY in July 2018, -2.4 percentage points lower than the growth in the previous month. Similar to total passenger traffic, all regions posted a slowdown. The Middle East experienced the most significant deceleration, followed by Africa.

The growth of international tourist arrivals* is expected to follow a similar monthly trend.



* UNWTO Definition

(Source: IATA, UNWTO)

FREIGHT TRAFFIC

Freight Tonne-Kilometres - FTK

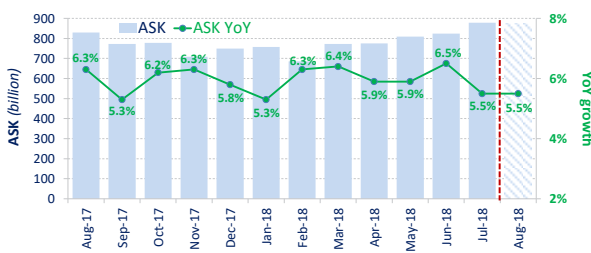
World freight traffic grew by +2.1% YoY in July 2018, -0.6 percentage points lower than the growth in the previous month. Freight traffic growth reached its second slowest pace in the last one year. All regions posted a deceleration in growth, except for a slight upturn in the Middle East. The region recorded the fastest growth, followed by Latin America/Caribbean. For the third consecutive month, Africa was the only region with negative growth, reflecting weaker demand to/from the region. The largest region of freight traffic, Asia/Pacific, continued to undergo sluggish growth, impacted by the rising trade tension, and experienced its slowest pace of the year. The next two largest freight-carrying regions, Europe and North America, also moderated in growth to around the world average pace.

CAPACITY

Available Seat-Kilometres - ASK

Capacity worldwide increased by +5.5% YoY in July 2018, -1.0 percentage point lower than the growth in the previous month (+6.5%).

In response to the passenger traffic demand, the expansion of capacity is expected to remain at +5.5% in August 2018.

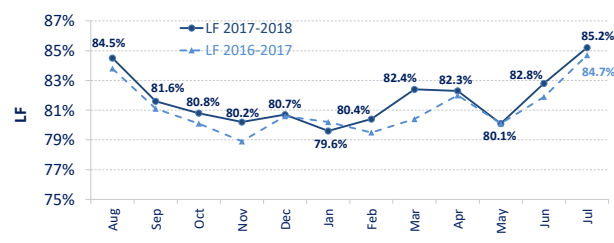


(Source: ICAO, IATA, OAG)

Load Factor - LF

The passenger Load Factor reached 85.2% in July 2018, +2.4 percentage points higher than the LF recorded in the previous month.

As traffic growth outpaced the capacity expansion, the July LF was +0.5 percentage point higher than the rate in the same period in 2017.



(Source: IATA)

ACRONYMS: ACI: Airports Council International; ASK: Available Seat-Kilometres; IATA: International Air Transport Association; FTK: Freight Tonne-Kilometres; LF: Passenger Load Factor; OAG: Official Airline Guide; RPK: Revenue Passenger-Kilometres; UNWTO: World Tourism Organization; YoY: Year-on-year; YTD: Year-to-date.

► CONTINUED FROM PAGE 52



ICAO

ECONOMIC DEVELOPMENT

SEP 2018: Air Transport Monthly Monitor

World Results and Analyses for APR 2018. Total scheduled services
(Domestic and international)

TOP 15 AIRPORTS (Ranked by aircraft departures, passengers and volume of freight)

JUL 2018: +2.0%, +3.4%, and +1.6% YoY in terms of aircraft departures, passengers and freight for the Top 15

JUL 18

Airports (ranking by number of departures)	Departures	YoY	Airports (ranking by number of passengers)	Passengers*	YoY	Airports (ranking by tonnes of freight)	Freight**	YoY
Chicago IL, US (ORD)	40,503	↑ 4.1%	Atlanta GA, US (ATL)	4,941,924	↑ 3.4%	Hong Kong, CN (HKG)	425,000	↑ 0.6%
Atlanta GA, US (ATL)	39,766	↑ 0.9%	Beijing, CN (PEK)	4,296,759	↑ 7.8%	Memphis TN, US (MEM)	353,335	↓ 5.0%
Los Angeles CA, US (LAX)	31,549	↑ 1.1%	Los Angeles CA, US (LAX)	4,215,215	↑ 3.2%	Shanghai, CN (PVG)	312,608	↓ -1.0%
Dallas/Fort Worth TX, US (DFW)	30,099	↑ 2.9%	Dubai, AE (DXB)	4,103,994	↑ 1.8%	Anchorage AK, US (ANC)	246,709	↑ 4.7%
Denver CO, US (DEN)	27,178	↑ 3.4%	Chicago IL, US (ORD)	3,929,151	↑ 4.3%	Incheon, KR (ICN)	244,100	↑ 2.5%
Beijing, CN (PEK)	25,922	↑ 5.9%	London, GB (LHR)	3,907,427	↑ 3.7%	Dubai, AE (DXB)	223,488	↑ 4.8%
Amsterdam, NL (AMS)	23,637	↓ -1.6%	Tokyo, JP (HND)	3,624,799	↓ -0.1%	Taipei, CN (TPE)	201,169	↑ 1.9%
Frankfurt, DE (FRA)	23,324	↑ 7.3%	Paris, FR (CDG)	3,576,032	↑ 4.2%	Louisville KY, US (SDF)	196,100	↑ 1.5%
Charlotte NC, US (CLT)	23,286	↓ -3.3%	Frankfurt, DE (FRA)	3,434,359	↑ 7.5%	Singapore, SG (SIN)	183,300	↑ 2.1%
Paris, FR (CDG)	22,730	↑ 2.9%	Amsterdam, NL (AMS)	3,386,474	↑ 0.5%	Doha, QA (DOH)	181,644	↑ 9.4%
Toronto ON, CA (YYZ)	21,807	↑ 1.3%	Hong Kong, CN (HKG)	3,325,000	↑ 2.2%	Los Angeles CA, US (LAX)	177,196	↑ 0.6%
Shanghai, CN (PVG)	21,586	↑ 0.4%	Dallas/Fort Worth TX, US (DFW)	3,298,181	↑ 5.3%	Tokyo, JP (NRT)	175,742	↓ -10.9%
San Francisco CA, US (SFO)	21,254	↑ 0.3%	Istanbul, TR (IST)	3,264,759	↑ 1.5%	Beijing, CN (PEK)	172,764	↑ 5.4%
Seattle WA, US (SEA)	21,209	↑ 6.3%	Shanghai, CN (PVG)	3,263,145	↑ 4.1%	Paris, FR (CDG)	169,518	↑ 4.6%
Istanbul, TR (IST)	21,137	↓ -2.5%	Jakarta, ID (CGK)	3,147,639	↑ 1.9%	Chicago IL, US (ORD)	166,533	↓ -5.9%

Note: Total scheduled and non-scheduled services

(Source: ACI)

In terms of **aircraft departures**, the Top 15 airports reported a growth of +2.0% YoY. Twelve out of the Top 15 airports posted YoY increases. The strongest growth in operations was recorded by Frankfurt at +7.3%. Charlotte posted the biggest decline of -3.3%, followed by Istanbul (-2.5%), in line with the moderate growth of the major airlines in the airport.

In terms of **passengers**, the Top 15 airports reported a growth of +3.4% YoY. All the Top 15 airports posted YoY increases, except for Tokyo with a minor decline of -0.1%, due to the flight disruption caused by the typhoon. Atlanta retained the 1st position with a growth of +3.4%. Beijing recorded the fastest growth in passenger traffic by +7.8%, followed by Frankfurt (+7.5%).

In terms of **freight**, most of the major airports posted YoY increases, however, the Top 15 overall reported a moderate growth at +1.6%. Impacted by the temporary ground of all Nippon Cargo fleet which only returned to service from early-July, Tokyo posted the most significant decline by -10.9%.

TOP 15 AIRLINE GROUPS (Ranked by RPK)

JUL 2018: +5.9% YoY in terms of RPK for the Top 15

JUL 18

In terms of RPK, the Top 15 airline groups accounted for 48.0% of world total RPK in July 2018, and grew by +5.9% YoY. This growth was -0.3 percentage point lower than the world average on scheduled services. All the Top 15 airline groups posted YoY increases.

United retained the 1st place with a growth of +6.9%, the strongest pace within the North American airlines in the Top 15. Delta remained at 2nd and grew modestly by +4.0%. Followed was American, which experienced the slowest growth among the Top 15. Southwest remained at 9th and was up +2.1% YoY. Air Canada ranked 2 positions down to 15th with an increase of +6.7% YoY.

Emirates continued to post recovery with a growth of +6.3%, and improved 1 position to 6th. Qatar recorded the second strongest growth among the Top 15 by +12.9%, and ranked 2 positions up to 13th.

Lufthansa remained at 4th and rose by +6.8% YoY. AF-KLM posted the second slowest growth among the Top 15 while remained at 5th. IAG dropped 1 position to 7th after Emirates albeit with a relatively strong growth of +7.5%. YoY growth of Turkish Airlines slowed down slightly compared to the previous month, and ranked 14th.

Major airlines in Asia/Pacific continued to grow robustly, with China Southern recording the fastest growth by +13.5%, and ranked 8th. Air China and China Eastern grew strongly and remained at 10th and 11th, respectively.

RPK (billion)	YoY	% Share of World Total	Cumulative % Share
United	37.0	6.9%	5.0%
Delta	36.4	4.0%	9.9%
American	35.5	0.8%	14.6%
Lufthansa Group	28.4	6.8%	18.4%
AF-KLM	27.2	1.9%	22.1%
Emirates	26.7	6.3%	25.7%
IAG	26.6	7.5%	29.3%
China Southern	23.1	13.5%	32.4%
Southwest	20.3	2.1%	35.1%
Air China	19.2	10.0%	37.7%
China Eastern	17.7	8.2%	40.1%
Ryanair	16.2	4.0%	42.2%
Qatar Airways	15.2	12.9%	44.3%
Turkish Airlines	14.4	3.8%	46.2%
Air Canada	13.5	6.7%	48.0%
Top 15 Total RPKs	357 billion	5.9%	48.0%
World Total RPKs	744 billion	6.2%	100.0%

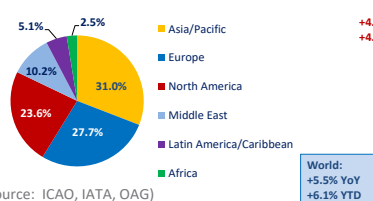
(Source: ICAO, airlines' websites)

Note: Total scheduled and non-scheduled services

CAPACITY BY REGION (ICAO Statistical Regions)

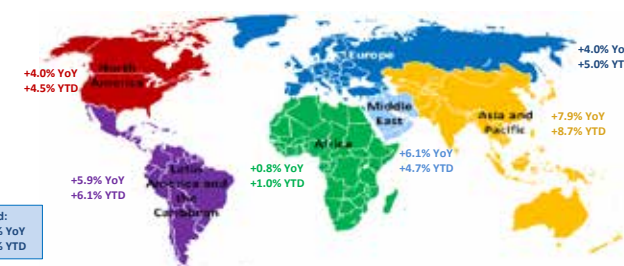
JUL 2018: +5.5% YoY in terms of World ASK

% Share of Capacity by Region



(Source: ICAO, IATA, OAG)

Note: Total scheduled services



Worldwide capacity expanded by +5.5% YoY in July 2018, albeit with all regions posting deceleration in pace of growth compared to the previous month. Asia/Pacific remained as the fastest growing region, followed by the Middle East. Latin America/Caribbean, as well recorded faster expansion than the world average.

Europe, North America and Africa posted slower pace in capacity increase, with Africa experiencing the slowest pace.

* Embarked Passengers ** Loaded and Unloaded Freight in Tonnes 1. ICAO estimates 2. Lufthansa Airlines, Eurowings, SWISS, Austrian Airlines, Brussels Airlines, Sun Express, and Lufthansa Cargo 3. British Airways, Iberia, and Vueling

ACRONYMS: ACI: Airports Council International; ASK: Available Seat-Kilometres; IATA: International Air Transport Association; FTK: Freight Tonne-Kilometres; LF: Passenger Load Factor; OAG: Official Airline Guide; RPK: Revenue Passenger-Kilometres; UNWTO: World Tourism Organization; YoY: Year-on-year; YTD: Year-to-date.