ARGS
AIRLINE ROUTES & GROUND SERVICES

His Excellency Eng

Martin Roll
Chief Executive, Hannover Airport
Hannover is developing a diversified business model with a strong focus on people, culture and sustainability.

Jared Azcuy
Chief Executive, Alliance Ground International
Miami-based AGI is on a growth mission as it expands from its cargo roots, rebrands and embraces new technology.

Ibrahim Al-Omar
Director General, Saudia Group
Pushing ahead with network expansion and fleet investment to help meet Saudi Arabia's ambitious travel goals.

Summer of love

Apart from a few hiccups, summer 2023 brought strong traffic, revenue and profits

airlinergs.com — Autumn 2023

Editor's NOTES

Mark Pilling
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If you want a quick sense check on the industry's position and outlook, IATA's Quarterly Air Transport Chartbook is a handy guide. The Q2 report dropped into the ARGS editor's inbox as the team prepared this issue for press.

It makes positive reading. IATA's assessment is that with global GDP growth defying most recessionist predictions this year – it is around 3.0% on an annual basis – coupled with astonishingly strong labour markets, mostly in advanced economies but also elsewhere, the state of the business cycle is in a relative sweet spot.

We all know that traffic is back. Globally, domestic passenger traffic achieved full recovery in Q2 2023, standing 4.5% above Q2 2019 levels, driven by the resilience of the main domestic markets and the strong rebound in China, said IATA. The recovery in international traffic maintained its course in Q2 2023 and total international RPKs reached 87.6% of Q2 2019.

IATA expects the total industry to reach the full-year 2019 level in 2024, although this leaves traffic well below pre-pandemic forecasts.

Airlines globally have been reporting record-breaking profits over the past few months. Most, as American Airlines CEO Robert Isom recently said, are "firing on all cylinders". In this issue we examine how the US giant is profitably adding services to Europe (see p15).

The Kingdom of Saudi Arabia is making the headlines on the aviation front. Not only is flag carrier Saudia on a major expansion and product transformation journey (see p26), but the country is establishing an all-new, full-service flag carrier in Riyadh Air (see p32). This is a rare occurrence.

Saudi Arabia's ambitions and targets for travel and tourism are staggering, and the investment being pumped into the Kingdom's air transport infrastructure is too. Delegates at Routes World 2023 in Istanbul in October will be battling for meetings with both carriers to get a slice of the action. See the ARGS event preview on page 46.

In the ground services world, as we reach the beginning of September, the summer has gone well. However, recruitment for all players remains an issue and will be a constant focus for years to come, but most have coped.

It is a business that still attracts investment and Alliance Ground International Chief Executive Jared Azcuy tells ARGS why the US-based company is on a mission to expand beyond its large North American footprint (see p4).

For airports, traffic recovery is welcome but often takes longer (compared to airlines) to translate into profitability. In this issue, ARGS talks to the CEOs of a variety of airports to assess their recovery paths, diversification and sustainability strategies and investment in new facilities: Martin Roll of Hannover (see p20), and Nick Barton of Birmingham International in the UK (see p36).

Now our thoughts turn to the autumn events, budget forecasts for 2024 and the business outlook for the rest of this year and into next. The big recovery is over, and some form of business as usual will prevail.

But we all know the air transport industry is volatile and risks to further recovery abound, so no one is complacent. We look forward to hearing your views at Routes World in Istanbul and the 2nd Airport Services Association Leadership Forum, being held in association with ARGS in Greek capital Athens on 20-22 September.

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Contents / AUTUMN 2023

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36

46

AGI on the charge

Miami-based Alliance Ground International (AGI) is on a growth mission as it expands from its cargo roots. It has made bold acquisitions, starting in the US and Canada, and is now looking further afield. Chief Executive Jared Azcuy talked to *Mark Pilling*

Jared Azcuy has a clear vision for his business. “We want to be a US$3 billion business as soon as possible, but I would say to get to triple our size it will take about five years,” he said, speaking from his Miami office base.

Today AGI’s annual turnover is a little shy of a billion dollars, with Azcuy explaining that the company will see revenues rise to $900plus million in 2023. Under its private ownership, AGI does not release detailed financial information.

The $3 billion revenue target is aspirational, but there is a determined focus about Azcuy and AGI’s approach. His explanation of the growth plan illustrates a pragmatic assessment of business ambitions and market opportunities and one that would place AGI among the largest in the global services arena.

For Azcuy and his tight-knit management team this vision will be achieved via a continuation of AGI’s strong organic growth and carefully chosen acquisitions, enabled by AGI’s non-hierarchical management approach to customers alongside treating its own people with care and attention.

AGI has already been successful on the acquisition front, having completed some significant deals in the past 12-18 months.

In June, AGI unveiled a new brand identity for the group and its four businesses (all photos: AGI).

However, for many in the global services world AGI will be an unfamiliar name. The company has almost exclusively been active in the US, and as its simple "The Cargo People" slogan testifies, its background is in air freight.

Azcuy explained that AGI traces its roots back to the early 2000s when a veteran of the US aviation handling industry Tony Romeo, along with Azcuy and other partners, formed a business called Cargo Force.

Azcuy began in the industry in 1993 at a handler that was part of Worldwide Flight Services (recently acquired by Singapore's SATS Group), moving on to manage an aviation fuelling firm, and then a fixed based operator, before the formation of Cargo Force.

By 2017, the Alliance Ground family had grown to incorporate cargo, ramp and mail handling units, in addition to a cargo screening business. The group was sold to a private equity consortium that year, and then, four years later, acquired by US-based private equity firms Audax Private Equity and Greenbriar Equity Group, both with experience in the aviation, transportation and logistics fields, for an undisclosed amount in June 2021.

Growth charge

"The beautiful thing about private equity ownership is that they come in with a great deal of experience and know-how on how to really boost the business," explained Azcuy.

"They resonated with our turnkey growth strategy where not only had we shown proven double-digit organic growth over time, but also able to show what levers of growth we intended on to supercharge the business forward," said Azcuy.

Audax and Greenbriar hooked on to the growth strategy presented by Azcuy's team, which sees a major opportunity to rise from its roots in cargo handling on two main axes.

The first is to diversify from cargo handling into passenger and ground handling, which was done through two acquisitions in 2022. The second is for AGI to export its business model to new continents, with Europe and Latin America being the initial regions selected for AGI.

Diversification

A main strand of the strategy is to add services other than cargo to AGI's mix, although cargo will always be AGI's core business. However, as air cargo rates normalised over the past year or so, and supply chain issues eased, after the hectic pandemic times, the aim is to bring in new business lines, said Azcuy.

"It has been good to have [passenger] terminal work, which has been on the upswing as well. It has been helpful and shows that our theory and concept is well proven," said Azcuy.

*Discussing AGI's acquisition strategy, CEO **Jared Azcuy**, said: "What we are looking for is a specific culture and people that will fit in with ours, so we are definitely picky."*

"The question was what else can we do that is complementary?" he asked.

With AGI already on the ground at 13 US airports the answer was clear because "our [airport] infrastructure is already built out," said Azcuy. "So, passenger expansion was a natural evolution." In addition, Azcuy believes that as airport aprons become more congested "having a ground handler that is doing both [cargo and passenger handling] definitely adds value.

"While AGI's core business will always be grounded in cargo, I think in the new world it would seem to me that it is logical that the handler of tomorrow is doing both cargo and passenger work," he stated.

Additional stations

The number of stations, countries and employees on the AGI roster is constantly growing. "It is sometimes hard to keep up," noted Azcuy. However, the current count is the business has 63 stations, over 250 customers and 12,000 employees.

"In percentage terms, 70% of our business comes from our cargo handling business which will always be the focus of the platform, 15% is ramp/ ground handling primarily for widebody freighters, 10% is above-wing passenger terminal services and there's 5% from our mail handling services," said Azcuy.

"Pandemic or no pandemic, we've always grown organically, and we've enjoyed double-digit growth year after year," said Azcuy. "It is in the post-

"We have a tremendous talent pool that has stayed with us for many years," said Azcuy, as a proof point that AGI is a firm where people are treated well and with respect and therefore want to stick around.

pandemic world where we started into the passenger side of the business with acquisitions, still a small portion of our business today but growing and complementary to the core cargo business. Up until then we were purely freight and mail handling services."

In 2022, AGI acquired two businesses. The first, in a deal completed in July of last year, was Texas-based Total Airport Services (TAS), which had cargo, ramp, and passenger handling services across eight locations in the US including Chicago O'Hare, San Francisco, George Bush Intercontinental (IAH), and Rickenbacker International Airports.

The addition of TAS brought 1,600 employees and a business that handled 5 million passengers a year and some 330,000 tons of cargo per year.

Two days later, AGI announced it had acquired Airport Terminal Services (ATS), a St Louis-based services operator that traces its roots back to 1975. Its private owners bought the business from Trans World Airways in 1994.

The ATS move is AGI's biggest so far, with this firm's 5,500 employees and locations in the US and Canada described by Azcuy at the time of the deal as "allowing us to build our presence in the airport terminal and passenger side of the business".

Cultural match

"When choosing a company to acquire we consider whether it will feel like a good match culturally with AGI. At the same time, we want to diversify our services," said Azcuy.

"There is a focus in the industry to consolidate. Our sense is it's good for the airports and for the business community. You've got a brand of players that are qualified and have resources to really support our airline partners," he said.

"In addition, consolidation at the airport level is also helpful to the airports. From the operational standpoint, I think it makes sense for airports to have fewer players. There should be enough that there is reasonable competition, but it should lead to better safety standards," he believed.

In acquisitions, there is no doubt that money talks, but there is more to winning a deal than simply money. "What stood us apart was the fact that we did not have overlap and our intention was to keep a separate management team for this new division of passenger ground handling business," said Azcuy.

"I think that's what Sally would tell you why they went with me and AGI," said Azcuy. He is referring to Sally Leible, the president of ATS and a supervisory board member of the Airport Services Association, who has chosen to retire from ATS when the handover is fully implemented.

"When you're handing off a business that you've grown for many years, and I can totally sympathise there, you want it to be in good hands and you want to protect your folks," said Azcuy. "I think we presented that best option. It wasn't so much about the price. It was really about the theory, and our commitment to augment their already-existing management team. And we were true to that. We kept our word."

Retaining the management experience of a business is important to Azcuy and AGI as it makes acquisitions. "When you are doing an acquisition the most difficult part is people management. I think any handler can tell you that. So having the best management team is what makes the best company. It's not equipment, it's not anything else but people that makes a company successful."

Azcuy's philosophy is to ensure diversification will not distract management teams from their core mission. "This is one of the mistakes that I've seen happen in my 30 years in the industry," he said.

"We have a core of services that we share, but we want dedicated leadership throughout each line of business," said Azcuy. "As we grow, you can expect that from us. We are not going to go the cheap route and synergise to death a company and find we've lost our strengths along the way."

Geographic expansion

The second strand of AGI's diversification drive is geographic. "We have announced a strategy into Europe, which we're working on," said Azcuy. "And then later this year, we will start a strategy into South America. The idea is to create a global company North American based but a global company."

AGI has outside consultants helping it find potential businesses to buy. This can

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AGI has almost exclusively been active in the US, and as its simple "The Cargo People" slogan testifies, its background is in air freight.

be tough in markets alien to Azcuy and his team. "What we are looking for is a specific culture and people that will fit in with ours, so we are definitely picky," said Azcuy.

Since September 2022, handling industry veteran Olivier Bijaoui has been advising AGI on its next phase of expansion outside North America. Bijaoui worked for WFS for 20 years with 12 years spent as its president.

Azcuy is confident AGI will get its first deal in Europe over the line this year and is working with another consultant to assist it in Latin America, with the first deal there likely in 2024.

"It is hard to sift through a very fragmented marketplace and find the gems, and so we do take our time," said Azcuy.

"Ours is a cargo first growth strategy, with the idea to chase cargo nodes," said Azcuy. "That's how we pick partnerships and where we want to grow. I think we can do things a little bit differently and add value."

Once established in cargo in a region or station, AGI will seek out passenger and ground handling opportunities there.

In addition to looking overseas, AGI continues to work on gaining access to new US airports. "It's no secret we are not in Dallas Ft Worth today in cargo, or Houston and Seattle. These are key markets we are missing," said Azcuy.

"The only thing that's stopping us is limited airport infrastructure. We are working with airports to gain access, and they are helpful in that regard, they want to work with us," he said.

Customer needs

What changes in customer requirements has AGI seen in the post-Covid market? "Post-pandemic, quality and service are number one," said Azcuy.

"Talking specifically about cargo, you get what you pay for," he added. "During the cargo spike, players that were not as good were flushed out. There's a hidden cost to bad service for airlines that you can get with a very cheap rate."

A similar effect is taking place in passenger and ground handling, a year or two later compared to cargo handling. "We have seen airlines returning from the pandemic, the public struggles with labour that we are all facing, and a realisation among customers that quality of handling is paramount," he noted.

"Everybody knows the handling cost has gone up because labour cost has gone up tremendously, and the labour market has changed," explained Azcuy. "We have had to change with it, not just in the sense of rates, and in the sense of wages, but beyond that into asking, 'what is your service offering to your customers?'"

"This is a tough industry. We are not a tech campus where people can come and go and work remotely," said Azcuy. "We need physical hands at work. That's why we have shied away from remote working even in our headquarters. If our people need physically to be at work, we should follow the same principle at our HQ. It's something I'm criticised for. However, it just makes sense. It's only fair."

This issue comes back to how Azcuy and AGI's management team want to run the business and retain its spirit as it grows. "It's about our culture. How you treat people and the ethos you live by as a company," he stated.

"We have a tremendous talent pool that has stayed with us for many years," he said, as a proof point that AGI is a firm where people are treated well and with respect and therefore want to stick around. The fact AGI retained a significant amount of its workers during Covid is further testament to that approach.

In June, AGI unveiled a new brand identity for the group and its four businesses. "The idea was to really represent that we are one company," said Azcuy. "Yes, there are different branches and different schools of business, but we are one company with the same culture, and it is important that everyone feels they are treated in the same way."

So, Alliance Ground International, the legacy cargo business, becomes AGI Cargo; ATS becomes AGI Ground; TCSC, its security outfit, becomes AGI Secure; and Cargo Force becomes AGI Post. TAS, one of the acquired handlers, is part of AGI Ground, while MIC Cargo, a handling firm bought by AGI in 2021 and based in Chicago, comes under AGI Cargo.

AGI is currently active at 63 stations, serving over 250 customers and has 12,000 employees.

Workforce

After the labour shortages experienced last year, AGI has overall caught up. "We have definitely recalibrated ourselves to the new world on the labour front and are staffed up everywhere," said Azcuy.

"Now it's about stabilising workforce turnover," he stated. "Our aim is to bring the same theory we've had on the cargo side to the passenger side that this is not just a job but a career. Just like I started, 30 years ago, in an entry level position, straight out of college, we want everybody else to think that one day they can be the CEO of tomorrow."

Safety is an area on which AGI has placed increased focus in the past few years. "It's critical in this environment of higher [staff] turnover that all of us, including airline partners, are living in," said Azcuy. "We are constantly retraining, making sure safety is never missed because it is paramount in our industry and AGI's number one priority in our mission statement.

"We have a large safety team that we've grown by 60% in the past three years," explained Azcuy. "This is partly to make sure that with many new people coming into the industry we are protecting safety standards."

Making use of AI

"I think technology is a path forward for the better handler of tomorrow," said Azcuy, and it will play an increasingly important role for AGI. He is especially curious about how artificial intelligence (AI) can be leveraged to help the business and specifically to improve safety.

"Initially I was very ambivalent about the whole AI thing. I thought it was fancy sounding, but I wanted to know if we could use it in a smart and practical way," he said.

Azcuy wants to expand the use of AI in safety and security applications, two of his business priorities. AGI is already working with a third party that is using AI and cameras to monitor and analyse pushbacks with a view to improving safety in this process, he explained. In another example, it is developing a cargo dock management system that will synchronise the cargo loading operation, reducing truck idle times, and speed up the process.

As AGI grows, Azcuy's aim is to retain the customer-centric DNA he believes the company has become known for. "Many times, I've seen it where management becomes too far removed from the customer; then you don't know what your customer wants. That's when you start losing sight of what's important."

"We do things a little bit differently at AGI and I think that's what makes us special," he said. "There's a speed to things too. We can make decisions very quickly and are known for being flexible and nimble.

"I think having those characteristics and continuing to grow the company is what I'm invested in. I want to make sure we don't lose that magic," concluded Azcuy. ■

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New look Curaçao

Curaçao International Airport has kicked off a new era with a new name and branding (photo: Peggy Croes).

Curaçao International Airport has kicked off a new era with a new name and branding as it welcomes new service to the US, Brazil and Canada

On 18 August speeches were delivered, music played, and champagne glasses clinked as Curaçao Airport Partners (CAP) launched its new airport branding.

CAP, as CEO Jonny Andersen reminded guests at the festivities, has managed Curaçao International for 20 years. The island welcomed its first seaplane service 100 years ago, he added.

CAP is a consortium made up of CCR of Brazil, Dutch firm Janssen De Jong and Aport, the international arm of Zurich Airport.

"As CAP continues its journey into a new transformative era for this crucial facility for the island, this rebrand reflects CAP's commitment to embracing the role of establishing CUR Curaçao International Airport as a global gateway, setting the stage for enhanced marketing strategies and international positioning, highlighting the island all throughout the modern-day international aviation markets," said Andersen.

Curaçao is an island of the Lesser Antilles in the southern Caribbean Sea and the Dutch Caribbean region, located about 65km north of the Venezuela coast. It is a constituent country of the Kingdom of the Netherlands, and together with Aruba and Bonaire forms the ABC islands.

The airport's new logo features the IATA code 'CUR' prominently, underlined with the full name 'Curaçao International Airport'. "This modern and streamlined visual identity is now displayed on the façade of the airport, symbolising a shift towards a more vibrant and dynamic brand that stands out internationally – a significant milestone in CAP's ongoing five-year plan for transformation," said CAP.

"The colours of the new logo represent our island's amazing and beautiful sunsets, which are a daily inspiring spectacle. This logo is more than just a corporate identity; it's a tribute to Curaçao and its stunning beauty," added CAP.

CUR recovered to pre-pandemic traffic levels last year, handling 1.46 million passengers, said Peggy Croes, Senior Vice-President Aviation Market Development at CAP. This number is expected to jump to 1.6 million in 2023.

As traffic has returned, service to Brazil, the USA and Canada has been added, a positive development as it reduces the reliance CUR once had on its Dutch services, explained Croes. "These had been 70% of our traffic pre-2019 but are now around 40%, which gives us a better balance within the different markets," she said.

The airport has daily nonstop services to Miami and Amsterdam and a raft of destinations around the Caribbean, the USA, Canada and Latin America.

The island has benefited from the opening of the new Royal Curaçao Sandals Resort, as well as several other new properties, which is making it more attractive to the North American market.

New or increased service from WestJet, JetBlue, American and Delta Air Lines has arrived at CUR. In June, Brazil's Azul announced a second weekly non-stop flight from Belo Horizonte starting in December 2023.

Now CUR must consolidate this success. "For 2024 our aim is to focus on retention," said Croes, although no air service developer ever stands still and he team is exploring more service opportunities in underserved US markets and would like to add a European carrier outside of the Netherlands. ■

RwandAir books WFS for Paris

RwandAir has appointed WFS as the cargo handling partner for its new direct flights to Paris Charles de Gaulle (photo: RwandAir).

RwandAir has appointed WFS as its cargo handling partner in Paris and Swissport has formed a new joint venture at Düsseldorf Airport

RwandAir, the flag carrier airline of Rwanda, has appointed Worldwide Flight Services (WFS) as the cargo handling partner for its new direct flights to Paris Charles de Gaulle.

The airline is now connecting Paris and Rwanda's capital Kigali with three non-stop Airbus A330 flights a week, its first-ever direct service to France. The new route is RwandAir's 25th destination.

WFS will provide full cargo handling services for RwandAir, supporting the airline's freight forwarding customers and its GSA partner in France, Network Airline Services (NAS). There will be three a week, providing the only direct air service between the two countries.

Speaking at the launch of the new route, Yvonne Makolo, RwandAir's Chief Executive, said: "We are excited and proud to celebrate the start of RwandAir's new three-times-a-week service to Paris from Kigali. We look forward to growing our presence in the French market as we continue to expand our international route network and connect Africa with Europe and more overseas destinations."

Laurent Bernard, Vice-President Cargo France at WFS, commented: "RwandAir is another prestigious airline client for WFS in France and we are proud to have been chosen to support its ambitious growth strategy, connecting Paris with the heart of Africa. RwandAir is recognised for its on-time performance, customer service, and safety and these reflect WFS' own core values. We look forward to a long and successful partnership."

Swissport completes Düsseldorf deal

Swissport Deutschland and Flughafen Düsseldorf have successfully closed the transaction for their cargo joint venture at Düsseldorf Airport.

The new joint venture, named Swissport DUS Cargo Services, started operations on 17 August 2023. Following the signing of binding agreements earlier in the year, Swissport has successfully closed the acquisition of a 74.9% stake in Flughafen Düsseldorf Cargo, the cargo handling unit of Düsseldorf Airport.

"To complement its strong organic growth, Swissport is pursuing an ambitious M&A agenda that includes being an active consolidator in the aviation services industry as well as entering into partnerships and joint ventures globally," said Pablo von Siebenthal, Swissport's Global Head of Mergers & Acquisitions.

"In our conversations with airports and airlines around the world we see great interest from them in either selling or partnering with us for their own ground or cargo handling operations," said von Siebenthal. "They realize that as the leading aviation services company in the world, Swissport is their best partner."

The Düsseldorf joint venture aligns with Swissport's global M&A plan, aimed at reinforcing its global presence across several business lines and its role as the industry leader.

With the three largest global players sharing less than 40% of the global market, interesting potential for further consolidation remains.

Swissport has been driving consolidation since its foundation in 1996 and continues to shape the industry, exemplified by traditional take-overs like Aerocare with operations at 35 airports in Australia and in New Zealand in 2018 and the strategic acquisition of Alitalia's ground handling unit at Rome-Fiumicino Airport in Italy in 2022.

"The start of our joint operations in Düsseldorf is a moment of joy for Swissport Germany," said Bruno Stefani, Swissport's Chief Executive for Germany, Switzerland, Austria, and Italy.

"It shows our commitment to the German market and solidifies our position in Düsseldorf and across Germany and sets the stage of further growth. Across Germany, Swissport supports airlines from all over the world with a wide range of services including ground services, cargo handling and aviation fuelling," concluded Stefani. ■

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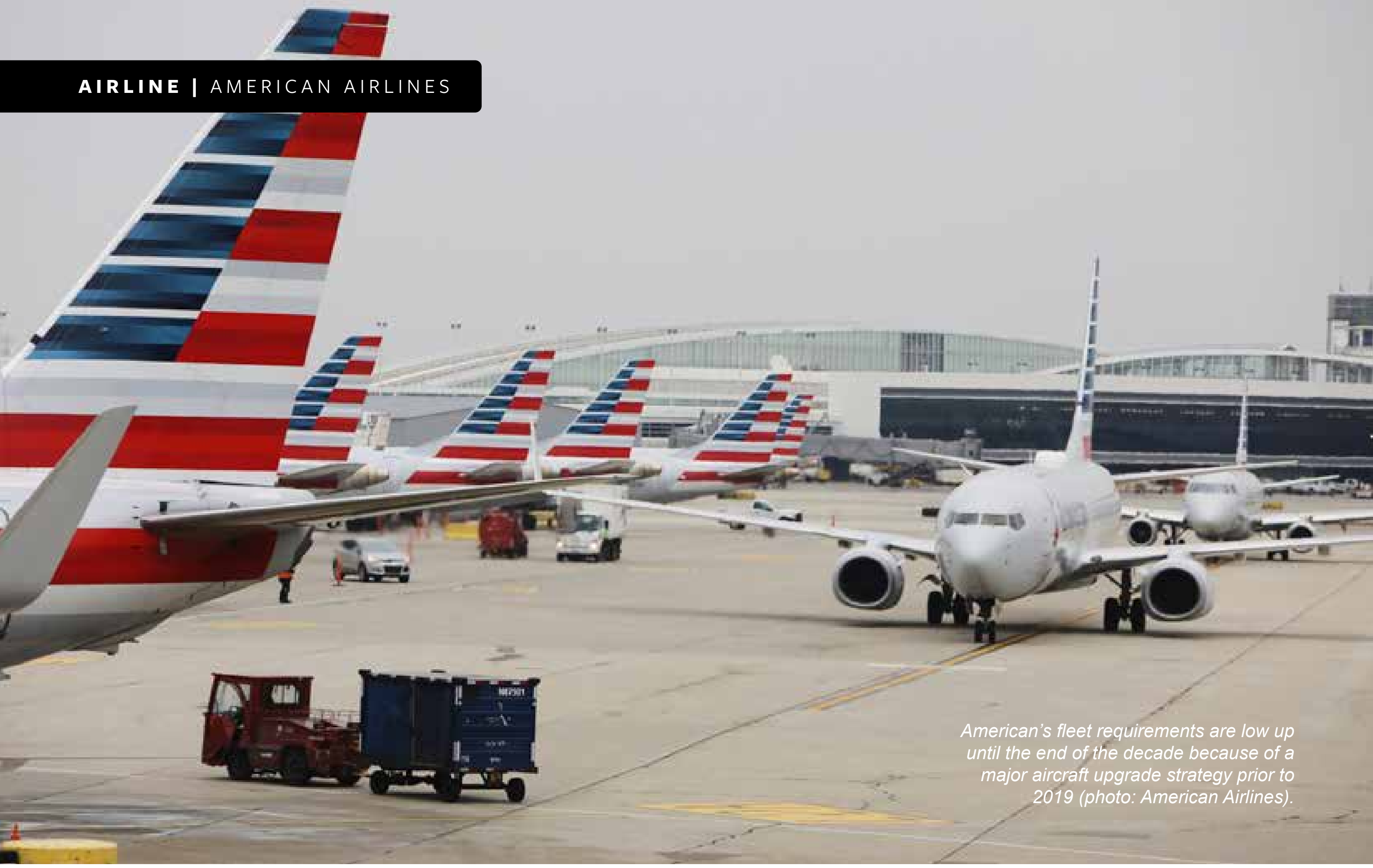

American's fleet requirements are low up until the end of the decade because of a major aircraft upgrade strategy prior to 2019 (photo: American Airlines).

Firing on all cylinders

American Airlines is in bullish mood, buoyed by record earnings, being ahead of the game on updating its fleet, and launching a new wave of transatlantic routes in 2024

"The summer is well underway, and the American Airlines team is firing on all cylinders," said a confident Robert Isom, Chief Executive of the Dallas Fort Worth giant.

Speaking at the carrier's second-quarter results in July, Isom was able to report record earnings, a rejigged and strengthened global network, a refreshed fleet and strong operational performance.

"We continue to build on the strong foundation we have laid over the past year and remain focused on reliability, profitability, accountability and strengthening our balance sheet," said Isom.

"Throughout the recovery we have made structural changes to enhance our customers' travel experiences and position the airline for success," he said. "We have simplified and harmonised our fleet to create a more nimble and more flexible network that is focused on our most profitable flying.

"American's strength is our network, which is uniquely positioned to capitalise on the demographic changes in the US," said Isom. "More people have moved to the sunbelt region, which is where some of our largest hubs are located. DFW, Charlotte, Miami and Phoenix are very well positioned now and for the future.

"Our strong regional network provides service to smaller towns and connects them with our hubs across the country," said Isom. "And our global partnerships are a great complement to our own flying; as a result, we're able to offer customers the most comprehensive network of any US carrier."

American's performance is solid, and its management is bullish in a similar manner to the teams at United Airlines and Delta Air Lines, as they too have been raising the bar with robust results this year.

In the weeks following the publication of its results, American made further major announcements – first unveiling its largest transatlantic expansion since 2019, and soon afterwards confirming that it had ratified a new four-year contract agreement with its 15,000 pilots, represented by the Allied Pilots Association.

American is adding flights to three new European cities in summer 2024, with services from Philadelphia to Copenhagen, Nice and Naples. It is also launching new service between DFW and Barcelona and bringing back flights between Chicago and Venice. In addition, the carrier has its largest ever winter schedule between the US and Mexico, the Caribbean and Latin America.

Commenting on the background to this expansion in its results call, Vasu Raja, Chief Commercial Officer, said: "We have done a lot over the last several years to restructure our international network.

"We used to fly a lot of marginal flights, to marginal markets and they worked for three months of the year, and we had nothing to do with the aeroplane for the other nine months of the year," said Raja.

"We've used the last three years to go and rebuild the foundation. The bottom 5% of our capacity is gone. The fleet that goes with it is gone. And the losses that we took from it are gone," explained Raja.

"We continue to evolve our summer strategy as it relates to widebodies and it's all related to wanting to find year-round homes for aeroplanes," said Brian Znotins, Senior Vice-President of Network Planning at American, explaining the strategy on the carrier's 'Tell me why' programme.

"And you might say, well, we're going to be flying Venice seasonally and Naples seasonally, so how is that a year-round home for an aeroplane? What we're doing is we're taking aeroplanes that fly DFW-Auckland in the winter, and we call that a countercyclical opportunity. And then we use that aeroplane to fly to Venice or from Philly to Naples in the summer months," he explained.

***Robert Isom**, Chief Executive of the Dallas Fort Worth-based American Airlines (photo: American Airlines).*

"We are pairing those aeroplanes together as much as we can so that when we buy a widebody, we don't find ourselves flying it to Dubrovnik in the summer and then putting it in the domestic system in the winter, where it underperforms a narrowbody and has a higher seat cost," said Znotins.

Despite the Dubrovnik element of the route making money, American ended up losing money on a year-round basis on the aircraft it deployed on that route, he said.

With the pandemic, the carrier took a number of aircraft out of its fleet and focused on finding year-round homes for new widebodies. In addition, American's plan is to target heavy maintenance on these aircraft in the winter months so the summer route can be paired with a maintenance location in the winter as well as a DFW-Auckland route, noted Znotins.

"We have about 90 aeroplanes that run on a year-round basis to the same market. And then we have about 20 aeroplanes that pair up with a winter deployment either to the South Pacific or South America that works well in the winter months," said Znotins.

"Then we have about a dozen aeroplanes that pair up with a maintenance opportunity in the winter," he added.

Summer expansion

"Last summer [2022], with Boeing delays and uncertainty around deliveries, [although] we really wanted to add new destinations we thought there was a lot of risk," explained Znotins.

American recently ratified a new four-year contract agreement with its 15,000 pilots, represented by the Allied Pilots Association (photo: American Airlines).

"If Boeing further delayed aeroplanes and we had announced new affiliate-enabled service and then had to pull that flight down, it would have been hard to get those passengers to Naples that we sold tickets to. Instead, we took a lower risk approach, and we added extra flights to Rome, Athens and Paris."

If the Boeing deliveries were delayed, American could still find alternative capacity for existing markets, but avoided the risk of launching new destinations. According to Znotins: "This summer, we've got the aeroplanes from Boeing, we're ready to rock and roll, and we are excited to have new destinations in the mix."

By offering service to Copenhagen from Philadelphia, American will provide more single connections across the US to the Danish capital than any other airline. "We are really leveraging the power of the hub there and that applies as well to Naples and Nice," said Znotins.

American has eyed the Venice route since 2019 but did not have the aircraft to operate the service until now.

Southern reach

Znotins also outlined why American was expanding to Mexico, the Caribbean and Latin America with about 10% more capacity. "We had great results in our leisure flying to Caribbean and Latin America, and not only from Miami, which was our primary gateway, but from markets like Charlotte as well," he said.

American's operations from Miami to countries in these regions will be its largest ever as the hub there grows, and the airline adds more capacity. Other hubs will also receive greater capacity as routes shift to daily rotations or are added earlier in the season, said Znotins.

New destinations, such as the popular Tortola in the British Virgin Islands, are joining the network. "As we grow long-haul international, we're focusing on our short-haul international market as well," said Znotins.

One market development that American has been involved with, its Northeast Alliance with JetBlue Airways, is being unwound. In July, following a federal antitrust ruling against the partnership, the carriers terminated the alliance, which was aimed at competing with Delta domestically in the New York and Boston markets.

Asked about the role of American's Philadelphia and New York operations in the light of the ending of this alliance, Znotins explained: "They are two different hubs for us. In Philadelphia, we can bring in 40 flights domestically all at the same time and they all connect to a Copenhagen [type service]."

This efficient funnel effect at Philadelphia is not possible in New York. "At JFK we have gate limitations and slot limitations and so we can only bring about eight or nine flights into JFK," said Znotins.

"So, when we fly from JFK, it's really about the local market. Can we sell to New Yorkers? And then when we fly from Philadelphia, it's really about the entire US. For some markets, like Delhi and Tel Aviv, it's all about the New York local market. That's where the huge populations are that want to go to those points.

"For other markets, like Naples and Copenhagen, it's better to be in Philadelphia. So, it's not a trade-off of one versus the other," explained Znotins, but more a question of what the best outcome is for each market.

Fleet update

American is pleased with its re-fleeting efforts in the 2014-2019 period, which were accelerated during the pandemic and are giving it an advantage today. "We are pleased we built our fleet in a low interest rate environment and at a time when the supply chain wasn't as challenged as it is today," said Devon May, Chief Financial Officer.

"In 2023, we expect to take delivery of 23 new mainline aircraft, which are all now financed," said May. In its regional fleet, American has ordered seven new Embraer 175s and seven used Bombardier CRJ900s, with deliveries scheduled to start in the fourth quarter of this year.

"Where we are different from our competitors is we don't have any fleet replacement needs between now and the end of the decade," said May. "So, when we are investing in aircraft, that is an investment to grow the network and to grow the airline. What you're seeing from some of our competitors who just have older aeroplanes is there's a lot of fleet replacement capex required for them."

In the US, there have been the first mumblings of a slowdown in growth. However: "We continue to remain encouraged by the overall level of demand we see, especially in domestic and short haul," said Raja. To an extent, there is a "return to normal seasonality" but overall "we're still in a world where demand is very strong," he noted.

Looking to 2024, Isom is anticipating mid-single-digit growth. This will be dependent on the carrier bringing its regional fleet fully back to service and American achieving better utilisation for its fleet as whole, he said.

Additionally, it will also hinge on the airframe manufacturers delivering aircraft on time, said Isom, noting that "their track record hasn't been great." ■


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Hannover is expecting around 4.6 million passengers this year as it builds back steadily to its pre-pandemic peak of over 6 million according to CEO **Martin Roll**.

Hannover's culture hub

Hannover Airport is developing a diversified business model that plays to its strengths and recognises its people as a critical element to success. New Chief Executive Martin Roll explains the plan to *Mark Pilling*

There are many aviation workers who have wonderful views from their airport desks. Prof Dr Martin Roll, who is CEO and co-Managing Director of Hannover Airport, is one of those lucky individuals.

His office is especially unique, as the large wraparound windows that offer a view of a green, and on the day of our interview a damp German morning, are those of the airport's original air traffic control tower.

Built in 1936, this modest building is only two-storeys high – controllers in the 1930s were directing much smaller aircraft than today – but its construction in the Bauhaus style is a talking point for every visitor.

Roll was appointed Managing Director of Hannover Airport in March 2022. At the beginning of this year, he was named CEO and Chairman of the airport's management board, following the retirement of long-serving CEO Raoul Hille.

The airport is in the middle of north Germany on the outskirts of the 13th-largest city in Germany and fourth largest in northern Germany after Berlin, Hamburg and Bremen.

Roll's priorities are to steer this mid-sized airport with its well-established business model back into the black, restoring its pre-pandemic traffic levels, growing the network, and executing on a target of achieving net zero carbon dioxide emissions by 2045.

After the hard pandemic years, traffic, revenue and profits are returning at Hannover. "The important message is that at the operating level our result is positive," said Roll. "I'm really happy about that because it shows our business model is intact."

However, it will take two more years for the business to return to a net profit level, he noted. "It is a bit of a different story here because we pay a lot of interest on loans taken on during Covid to finance the airport business."

Traffic recovery

Hannover's peak traffic year was 2018 at 6.3 million passengers, with 2019 just slightly lower, as the airport made a name for itself as a connecting point for most of Europe's main hubs and is served by most of the continent's mainline carriers.

That remains a strength for Hannover, and one Roll's network development team is determined to build on, while leisure carrier TUIfly, among others, and Lufthansa Group low-cost carrier, Eurowings also serve several destinations, predominantly in the Mediterranean.

However, a sluggish German economy has meant traffic has not rebounded as quickly as in many other European countries. "Last year we had almost 4 million passengers and this year we'll probably have around 4.6 million," said Roll. In 2024, it will exceed 5 million, which Roll views as an important benchmark in Hannover's regrowth.

"For our airport, the business model is just fine because we are focusing on three areas, with each about a third of our traffic, and that is business, touristic and VFR [visiting friends and relatives]," explained Roll.

Today the airport has about 60 destinations with direct service. "What we did this year was really focus on expanding traffic into the major hubs," said Roll. This starts with Frankfurt and Munich within Germany, followed by London, Paris, Amsterdam, Vienna, Zurich, Copenhagen and Istanbul, with the latter increasingly important for its Asian and African connectivity.

"We talked a lot to the airlines that serve those hubs and we have seen good increases in the number of flights and the frequency of flights to those hubs," said Roll. "For instance, we need at least five daily flights to Munich to really catch all the waves without delays."

A new capital city added to Hannover's network this April was Latvia's Riga, with airBaltic operating twice-weekly Airbus A220 services.

"Next year, we expect several new destinations and we're in talks with airlines," said Roll. The Routes World show in Istanbul in October will be an important marker of the airport's progress as airlines' summer 2024 plans get firmed up.

*"We have the infrastructure airside which is good for the next 20 years – it is a really big asset," said **Roll**.*

Focus Italy

A big target for more destinations is Italy, with extra incentives in place to stimulate new routes in addition to the classic incentive scheme that offers lower charges for the first three years of a new route, said Roll. "Italy is a focus market which is very much underserved from Northern Germany," he said.

"In our scheme for landing fees we will next year put in incentives for flying into special markets," said Roll. "One of those markets will be Italy because we want more direct traffic, and we feel from the market that this is very welcome, and we expect several new destinations next year."

Today, Hannover has no direct service to Rome, while Milan is only served when the city hosts trade fairs at the massive Hannover Messe exhibition ground. "This is absolutely not enough for the big Italian market," said Roll.

As Hannover looks to next year, "the focus in 2024 is on Italy, Europe and the Mediterranean," said Roll. "We are in talks about flights into North America and into the Gulf region, but that's more of a long-term perspective." This means at a minimum of two to three years.

"Airlines are interested because in Lower Saxony, the state Hannover is in, we have a very strong industrial base, especially in the automotive industry," said Roll. Hannover is the largest automotive centre in Germany with firms like Volkswagen and Continental Tyres located there.

The airport is also located on two major axes on Germany's autobahn network and is served by a suburban railway line with a 24-hours-a-day direct service to the city's major rail hub.

While Hannover has made a name for itself as a strong connecting airport, and unashamedly ensures the network carriers, as well as the traditional leisure players, are well represented, it remains keen to add more low-cost carrier service.

In mid-August, Eurowings announced a further expansion in its return to Hannover, basing an aircraft at the airport to serve four destinations in the winter season. From summer 2024, the carrier will base a second aircraft at Hannover and serve a further 10 cities, mainly in southern Europe and Italy. "Interestingly, we do see Ryanair and easyJet several times a week because they miss the night curfew in Berlin and

Hannover has about 60 destinations with direct service, including its important Lufthansa hub feeder services for Frankfurt and Munich.

Hamburg," said Roll. Hannover is fortunate because the two-runway airport can operate 24 hours a day and is the alternate for both Berlin and Hamburg.

Operations

A major question for any airport manager in Europe this year is operational performance coming off a tough 2022 when delays were rife at some locations. Hannover is more than coping with 2023's traffic levels. "I am very happy about performance here actually. The main reason is because we are adequately staffed," said Roll.

"One big advantage is the airport did not, like other airports, bring in any redundancy plans for employees during Covid, so most employees stayed on board," explained Roll. This was assisted by government financial schemes where the state paid the bulk of salaries.

"Especially this year we have even closer co-operation with all other parties working on the airport, in particular the Federal Police and the security control for passengers [operated by Securitas], plus a willingness to increase staff levels really helped to have a very stable business," said Roll.

During the first holiday weeks in summer, 97% of passengers went through Hannover's security control in less than 15 minutes – and ensuring such performance levels is something the airport prides itself on. In recent months it has introduced three initiatives aimed at improving the customer experience.

The airport's three-letter code – HAJ – is used in the HAJway tagline to describe the processes. The first is a fast-track security process. This allows travellers to pre-book a slot for security control up to 48 hours before travel. Passengers then have a 20-minute timeframe to enter security.

"It works very well, passengers really like it, and it flattens the curve of people arriving at security control and reduces queues," said Roll. Other German airports such as Berlin Brandenburg have introduced similar systems.

The second, a self-service bag drop system, has been introduced in partnership with the airport's largest customer TUIfly just in time for the summer season. This was fully operational in June, as was the third product: fully digitised parking for short-term parking, eliminating the need for car park tickets.

These features are not revolutionary, but "the combination of the three really helps make the process very easy for passengers and that is part of our long-term strategy," said Roll.

"We want to be the most attractive airport in northern Germany for all passengers," he added. "That means as a mid-size airport we want to provide excellent connectivity of course, but also fast and easy processes."

On the ground services side, the main operators are the airport's 100%-owned subsidiary Hannover Aviation Ground Services, the largest handler at the airport, and AviaPartner.

Roll has a stint in ground services on his CV, having spent nine years up to 2019 as the MD of Aviation Handling Services, the leading independent passenger handler operating at 14 German airports.

Prior to that Roll had his first role at Hannover Airport as its senior-vice president corporate development and spent six years in roles at Lufthansa and Lufthansa Cargo. Before rejoining Hannover, he spent two and a half years as CEO of large German recruitment firm persona group.

People and culture

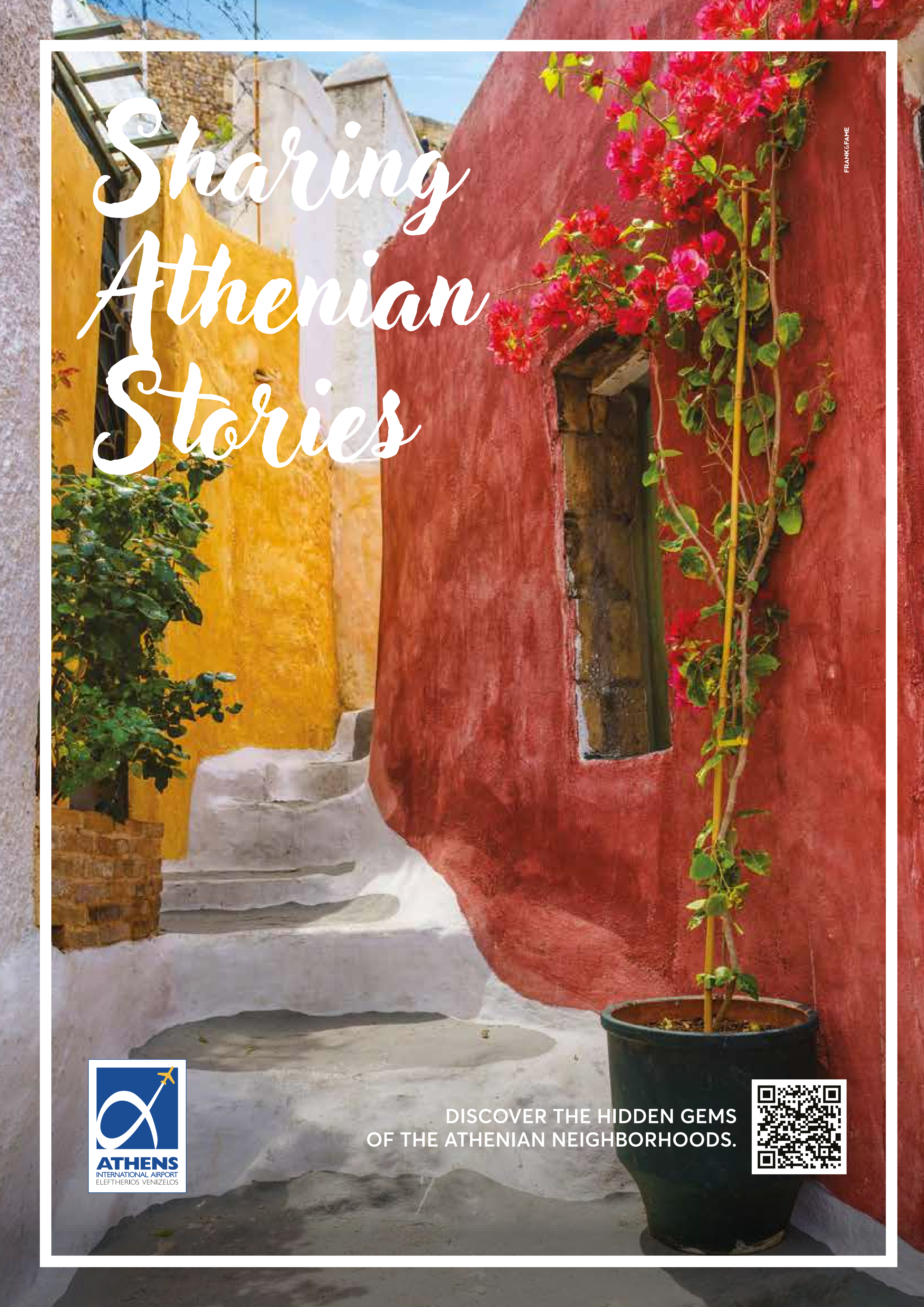
This combination of experience has inspired Roll, alongside his new co-Managing Director Maik Blötz, to develop a new leadership philosophy at Hannover with the focus on people and culture, and sustainability. This was introduced to the business on 1 January.

"When we discussed our leadership approach last year, we decided a big element for us is to really focus on people and culture," explained Roll. A practical example of this is to abolish the term HR and create a people and culture department in its place.

"This does not mean from one day to the other that everything changes, but we are working very much on our leadership model," said Roll. "That's the process we just started with the renaming. We are in the process of developing new leadership guidelines. But guidelines are just that. The next step is how to really live it and what to do if someone does not live it.

"This is a process that will last for the whole year and then be monitored and followed up," he said. "We really want to show the employees that they're not just employees. They are people working at the airport and they are part of the airport family."

The rationale is to create a workplace and culture that ensures the airport retains its people and is attractive to new talent. "So, we put a lot of focus on sustainability linked to employees and people, in addition to sustainability linked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"For our airport, the business model is just fine because we are focusing on three areas, with each about a third of our traffic, and that is business, touristic and VFR [visiting friends and relatives]," said ***Prof Dr Martin Roll****, the CEO and co-Managing Director of Hannover Airport (all photos: Hannover Airport).*

to the environment," said Roll.

"We set out a strategy now where we will be completely CO2 neutral in 2045," stated Roll. "What I really like about that is we will be CO2 neutral through measures on our own campus – we're not buying a forest somewhere else and saying: 'now we are neutral'."

The clear plan has photovoltaic solar systems; new, efficient heating and cooling systems; and a combination of other measures to reach the target.

"Interestingly, it's affordable. We will do it step by step until 2045. And we are already well advanced. Compared to 20 years ago we have already reduced the CO2 emissions by more than half," Roll said. Measures include having a mostly electric ground handling fleet and the installation of lighting sensors in the airport's parking garages.

Hannover has no plans for local Sustainable Aviation Fuel production today, but with a large land area "we keep the opportunity to do new developments," said Roll. "While we are not planning for SAF production we plan to provide everything to offer SAF fuelling at Hannover and the same for electrical power."

There is a general aviation operator at the airport looking at small all-electric training aircraft and the airport will be ready with charging facilities for that too, when needed.

Diversification

One of the ever-present buzzwords for airport leaders in recent years has been diversification. This took on even more prominence when traffic dried up during Covid and revenue dropped, with airports seeking more business lines from sources other than airlines or air cargo carriers.

According to Roll: "Diversification goes into different areas for us. Firstly, on the passenger side we don't just focus on one traffic segment, but we really have a third VFR, one third touristic, and one third business. That's important because immediately when flying was possible again after Covid VFR traffic immediately took up and it is at pre-crisis levels now."

At Hannover, "our cargo business focuses mostly on high-end specialised cargo so we're not planning a mega hub but operate cargo flights as a feeder among others, into a local road hub," said Roll. The airport has regional hubs for FedEx and Amazon, for instance.

While cargo plays its part, the airport's ability to develop its business campus is proving to be a significant asset. "We have a large office park here, located in a natural green setting, where we have a range of buildings rented out to companies in aviation, logistics and IT," said Roll.

The campus is owned and operated by the airport company. "This brings in money even during difficult periods like Covid because the rents continue to flow," said Roll.

Other non-aviation revenue streams include its 50% ownership in the firm that operates most of the restaurants at the airport, while it also owns and operates the parking lots, with some 14,000 parking spaces.

"Hannover is a big city but the surrounding area is very rural so many people come here by car," he said. "We deliberately decided to own the parking lots ourselves, and all the garages, so that we can have that as another source of income."

Additional development of the business campus is an important component of the updating of the airport's infrastructure masterplan up to 2040; that development is underway with a deadline of the end of 2023.

Luckily for Hannover, the airport's basic terminal and runway infrastructure is more than adequate. It is one of the few airports in Germany with 24/7 operations, and it has two runways that are operationally independent.

"We have the infrastructure airside which is fully sufficient for more than the next 20 years – it is a really big asset," said Roll. On the landside, Hannover has three terminals, which provide plenty of capacity for the foreseeable future.

"The 2040 masterplan will not involve building new terminals because for the next 20 years we will have enough capacity," said Roll.

This puts Hannover in a luxurious position in terms of infrastructure development. The airport is 70% owned by the city of Hannover and the federal state of Lower Saxony with the remaining 30% owned by infrastructure investment firm ICON, which bought its share from Fraport in 2018.

In 2023, the airport's revenue will reach some €150 million (US$163.7 million), with about two-thirds of this coming from aviation-related sources and the rest from non-aviation sources.

From a traffic perspective, it will take until 2027 or 2028 for Hannover to top the 6.3 million peak passenger levels seen in 2019. This is not so relevant other than as a comparison, as Roll's priority is to sustain and develop the airport's business model and attract new service.

This interview with Martin Roll was done remotely via Teams, but I am sure if the visit had been in person, we would have had lunch at the airport's Skylight restaurant. Roll is proud of this eatery, which is dedicated to airport staff and those working at businesses at the airport.

It epitomises the approach to people that Hannover champions. "I would say it is the best restaurant for employees that I know in the airport world," said Roll. "It's on a gourmet level and in a prime location with a full panoramic view of the apron.

"It's part of the people and culture thing," he went on. "It's just completely usual that everybody goes for lunch. When I'm not travelling, I make sure to go there every day and I sit with different groups of employees each time if I don't have an appointment."

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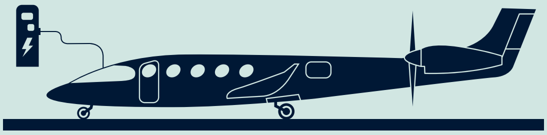

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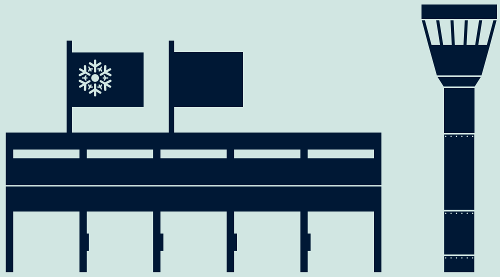

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2045

A Saudia Airbus A330 arrives at Beijing's Daxing International Airport on the inaugural flight from Jeddah (photo: Saudi ACP).

Saudia rising

Saudia is pushing ahead with major network expansion and fleet investment as it seeks to play its part in the Kingdom of Saudi Arabia's hugely ambitious travel and tourism goals.

Arcing water jets from the bright red fire trucks frame a Saudia widebody as the aircraft taxis past the impressive air traffic control tower at Beijing's Daxing International Airport.

The arrival of the Airbus A330, seen in our feature image here, was an aircraft that had departed Jeddah's King Abdulaziz International Airport on 4 August, and marked yet another significant milestone in the rise of Saudia.

The Kingdom of Saudi Arabia's flag carrier is on a mission to modernise its brand, passenger experience and fleet, and to radically expand its network, as it seeks to increase passenger numbers to meet the country's ambitious travel and tourism plans.

The inaugural service described here was Saudia's first direct flight to Beijing. The China connections are just the latest in a slew of new route launches in 2023 that also include Seoul, Guangzhou and Athens.

"At Saudia, we remain dedicated to expanding our network and contributing to the 250 destinations outlined in the Saudi National Aviation strategy," said Saudia Chief Executive Captain Ibrahim Koshy.

"Partnerships, like the one with ACP [the Saudi Air Connectivity Program], play a crucial role in achieving this goal. Together, we have successfully launched routes, including Birmingham, UK *[see related feature on page 36]*, and Zurich, that have enabled us to connect the world to Saudi Arabia," said Koshy.

Saudia is not only launching new routes but also expanding frequencies and adding services to many other cities, such as Bangkok and Kuala Lumpur.

The Beijing routes were opened in

One of Saudia's largest annual operational challenges is the pilgrimage season, with the Hajj being most important. This year was the airline's largest ever with the airline providing 1.2 million seats for over 100 destinations (photo: Saudia).

collaboration with ACP, established in 2021 to contribute to tourism growth in Saudi Arabia by enhancing air connectivity and developing existing and prospective air routes, connecting Saudi Arabia to new destinations.

The initiative falls in line with Saudi Arabia's aviation strategy, which recognises the importance of air connectivity in targeting key markets, such as China, and accommodating increasing demand from international travellers seeking to discover the tourist attractions of Saudi Arabia.

Saudi Arabia's focus on its travel and tourism industries is clear because they are seen as a key tool in the government's Vision 2030 strategy. This aims to reduce the country's dependence on oil, diversify its economy and develop public services. The target is to welcome 100 million tourist visitors and serve 330 million passengers by 2030.

Wings of connection

"We are proud to expand our operations and offer new destinations to our guests," said His Excellency Eng Ibrahim Al-Omar, Director General of Saudia Group. "China is a very important route for Saudia, and the introduction of the new direct flights to and from Beijing not only boosts tourism but also strengthens the overall economic and cultural ties between the two nations. It facilitates increased travel, trade and people-to-people exchanges, fostering stronger bilateral relations.

"Tourism is a pillar of Saudi Vision 2030, and China is ranked among the top global sources of tourists," added Al-Omar. "This new route will be another large step forward towards Saudi Arabia's ambitious economic diversification agenda and it can achieve much growth with more Chinese vacationers coming to the Kingdom.

"We are also very grateful for the continuous support provided by the Air Connectivity Program, which enables us to continue to grow as we work towards achieving our objective to bring the world to Saudi Arabia," said Al-Omar.

ACP anticipates the launch of additional routes to and from the Kingdom in the second half of 2023 and the first half of 2024, further broadening its aviation network and international accessibility.

*"Tourism is a pillar of Saudi Vision 2030, and China is ranked among the top global sources of tourists," said His Excellency Eng **Ibrahim Al-Omar**, Director General of Saudia Group (photo: Saudia).*

According to Alhasan Aldabbagh, President of APAC Markets at Saudi Tourism Authority: "This is an iconic achievement that underscores our dedication to China – one of our vital source markets. Fuelled by an ambitious tourism plan, which is underpinned by the Vision 2030 strategic framework, Saudia's historic 'Wings of Connection' expansion into Beijing will help us welcome over 4 million Chinese visitors to Saudi by 2030.

"Today, Saudi is expanding at a breakneck pace, with our vibrant tourism sector offering the most significant developments in the world," explained Aldabbagh. "We eagerly await the arrival of Chinese travellers to the authentic home of Arabia, where they will embark on an exploration of Saudi's ancient culture, unique heritage and unrivalled natural offerings."

Saudia will operate four weekly flights between the Kingdom and Beijing, with direct flights from Jeddah and Riyadh.

In March 2023, Saudia said that the flag carrier and its budget carrier subsidiary Flyadeal were aiming to add a combined total of 25 new destinations to the group's network.

Traffic bounce

Buoyed by a strong and large domestic market, in addition to its burgeoning international network, Saudia is putting itself at the top of global traffic growth leagues.

In the first six months of 2023, it handled 13.7 million passengers on both domestic and international routes, representing a 24% increase compared to the same period last year. It operated 85,400 flights, a growth of 6%. Notably, the increase in flying was accompanied by an improvement in the airline's on-time performance, with overall flight punctuality reaching 86.3%.

International traffic saw a 52% increase in the first half of 2023, with a total of 7.4 million passengers. On domestic routes Saudia transported 6.3 million passengers.

In the first half of 2023, Saudia inaugurated three new international destinations: Dar es Salaam, Tanzania; London Gatwick; and Nice in France.

Fleet plan

The expansion of Saudia is fuelled by a significant investment in its already large fleet. As of August, the carrier's fleet had grown to 144 aircraft with Boeing 777s, 787 Dreamliners and A330s on the widebody

Flyadeal: Saudia's LCC subsidiary

Saudi Arabia's Flyadeal, the Kingdom's largest low-cost carrier, aims to treble its fleet by 2030.

From the 32 aircraft expected to be in service at the end of 2023, "By 2030 we plan to be a 100-aircraft airline," said Con Korfiatis, the Jeddah-based carrier's Australian Chief Executive. Most new arrivals will be narrowbodies, but later in the decade the LCC will look to add a small sub-fleet of widebodies.

Flyadeal was founded in 2016 as a subsidiary of the Saudia Group and a sister company of national carrier Saudia, and began operations in 2017. Apart from a lull during the pandemic, Korfiatis has overseen rapid growth at Flyadeal and expects almost nine million passengers this year.

Much of Flyadeal's focus to date has been establishing a local network from its three largest bases in Riyadh, Jeddah and Dammam. The carrier has worked longer than expected on its domestic build-up because "we found such a big appetite for the low-cost product in Saudi Arabia," said Korfiatis.

This saw Flyadeal delaying its international launch, but overseas services began to be added in 2022 and this year has seen the network mushroom.

Over the past year the airline has added destinations such as Dubai, Cairo, Istanbul, Amman and Kuwait City, and in March it announced further expansion with 12 routes to European and regional destinations. This represents a 127% capacity increase in seasonal capacity compared to summer 2022.

Flyadeal's new-generation Airbus narrowbodies have the range to reach northern Europe, most of Africa, all the Gulf region, across to south Asia, and to Pakistan and India in the east. ■

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By August, Saudia's fleet had grown to 144 aircraft, and it recently ordered a further 39 Boeing 787s with options for 10 more.

front, and narrowbody A320s and A321s.

In March, Saudi announced an order for 39 more 787s with options for 10 more. The agreement will include both 787-9 and 787-10 models.

"The deal is in addition to the existing order of 38 new aircraft Saudia is expected to receive by 2026," said Al-Omar.

In July Saudia ordered a new type, the A321neo, with 20 to enter service by 2026. The A321neos will seat 180 to 220 passengers in a typical two-class interior layout.

One of Saudia's largest annual operational challenges is the pilgrimage season, with the Hajj being most important. This is an annual Islamic pilgrimage to the holy city of Mecca in Saudi Arabia, which is a duty for Muslims to carry out at least once in their lifetime.

At the beginning of August, Saudia announced the conclusion of the Hajj season 2023 operations, with the final flight from Prince Mohammed bin Abdulaziz International Airport in Medina to Surabaya City in Indonesia carrying 465 pilgrims home.

Saudia Group aircraft, including a batch of wet-leased aircraft to supplement the airline's capacity, provided 1.2 million seats for over 100 scheduled destinations in addition to seasonal destinations.

The carrier said it is already planning for the Hajj Season 2024, which will align with the goals of Saudi Vision 2030, and it is aiming to increase the number of destinations to serve and transport more pilgrims.

eVTOL ideas

While it will sharpen its focus on pilgrimage traffic, in addition to capturing more O&D (origin and destination) and transit travellers, Saudia has one eye on future operations.

In October 2022, it became the first national carrier in the MENA region to invest in sustainable air mobility with plans to purchase 100 all-electric Lilium Jets.

Saudia and Lilium, the developer of an all-electric vertical take-off and landing (eVTOL) jet, signed an MOU for the proposed development and operation by the airline of an eVTOL network across Saudi Arabia. The service is intended to feed Saudia's hubs for business-class travellers.

"Saudia, building on its commitment to be an industry-leading airline committed to sustainability, considers its eVTOL network project with Lilium to be an undertaking of great significance for the Kingdom's aviation industry and will contribute effectively to spurring sustainable tourism in Saudi using zero-emission aviation," said Koshy.

The Lilium Jet initiative is subject to the aircraft becoming certified and meeting performance requirements, but it is another example of Saudia looking ahead, and a demonstration of its aspirations to join the ranks of the globe's leading carriers. ■

The first Riyadh Air-liveried Boeing 787-9 aircraft made flights over its home city of Riyadh on 12 June ahead of its public debut at the Paris Air Show a few days later (photo: Riyadh Air).

Saudi Arabia's new airline

In early 2025 the Kingdom of Saudi Arabia will welcome its second flag carrier: Riyadh Air. Former Etihad Airways CEO Tony Douglas is at the helm

Riyadh Air is making a big noise. There have already been glitzy hotel receptions on the eve of the Paris Air Show in June, sponsorship deals with one of Spain's leading soccer teams, high-profile orders for Boeing widebodies, and the unveiling via social media of not one, but two, liveries for its jets.

Airlines are started up, and fail, all the time. However, the launch of Riyadh Air is different. Firstly, the launch of a national flag carrier is a rare occurrence for the simple fact that most countries already have them.

Secondly, the scale of Riyadh Air's launch, from day one, is breathtaking, and would probably be even greater if only the airline could get hold of more aircraft in time.

The first news of Saudi Arabia's intentions to launch a second flag carrier emerged in June 2021. Details were scarce, but the few that came with the announcement by Crown Prince Mohammed bin Salman demonstrated the Kingdom's ambitions.

Investment plan

These extend to launching not only Riyadh Air, but also another carrier, NEOM Airlines, to serve the country's new city in the northwest of Saudi Arabia – plus major expansion at existing flag carrier Saudia. The country's major airports are also seeing millions of dollars of investment as they grow to keep up; the recently announced King Salman International Airport masterplan is one example.

Saudi Arabia has an intense focus on its travel and tourism industries because they are seen as a key tool in the government's Vision 2030 strategy. The strategy aims to reduce the country's dependence on oil, diversify its economy and develop public services.

The headline numbers are simple and significant, with a target to welcome 100 million tourist visitors and serve 330

In August, Riyadh Air and leading Spanish football club, Atlético de Madrid, signed a multi-year partnership naming the airline as the main and official airline partner of the club. The deal was signed by Miguel Ángel Gil, CEO of Atlético de Madrid (left), and Riyadh Air CEO Tony Douglas (photo: Riyadh Air).

million passengers by 2030; a rapidly expanded air transport industry is needed to achieve this ambitious goal.

Although there were few details in 2021 of Saudi Arabia's unnamed new airline, speculation about its arrival, and the role of Saudia in the future, was rife.

The first gossip indicated that the new airline would be called RIA, the letters clearly pointing to its main base as Riyadh, the Saudi capital and its largest city. The second main word on the street was that Etihad Airways chief, Briton Tony Douglas, was leaving the Abu Dhabi-based carrier to assume the CEO role at the new carrier.

This speculation intensified in September 2022 with the news that Douglas had left Etihad to "pursue a new opportunity elsewhere". It was the industry's worst kept secret that he was headed to Riyadh to help Saudi Arabia launch its new airline.

On 12 March 2023, all was revealed by Crown Prince Mohammad bin Salman when he announced the establishment of Riyadh Air, wholly owned by Saudi Arabia's colossal Public Investment Fund (PIF). A press release stated: "The new national carrier will leverage Saudi Arabia's strategic geographic location between the three continents of Asia, Africa and Europe, enabling Riyadh to become a gateway to the world and a global destination for transportation, trade and tourism."

Riyadh Air is chaired by His Excellency Yasir Al-Rumayyan, Governor of PIF, while Douglas will lead the airline's senior management which includes Saudi and international expertise.

Operating from Riyadh as its hub, Riyadh Air will be a digitally led full-service carrier with the aim to offer connections to over 100 destinations around the world by 2030. The airline is expected to add US$20 billion to non-oil GDP growth and create more than 200,000 direct and indirect jobs in the Kingdom.

Starting from scratch, Douglas and his team have less than two years to bring Riyadh Air to its maiden flight. A priority is to choose and order aircraft; just two days after its formal launch Riyadh Air placed a huge order with Boeing for 39 787-9 Dreamliners, with options to buy a further 33.

The first deliveries of the widebody aircraft are scheduled for early 2025. The airline is also planning a major narrowbody aircraft order.

According to Douglas: "The new airline reflects the ambitious vision of Saudi Arabia to be at the core of shaping the future of global air travel and be a true disrupter in terms of guest experience."

On 4 June, at the IATA Annual General Meeting in Istanbul, the airline announced it had obtained 'RX' as an airline designator code from IATA, thus joining the world's airline community. Douglas noted that since the airline's launch that March, its careers web page has received job applications from over 300,000 applicants in 182 countries around the world.

In a carefully planned media campaign, the first Riyadh Air-liveried Boeing 787-9 aircraft made flights over its home city of Riyadh on 12 June ahead of its public debut at the Paris Air Show a few days later.

The first livery design and purple colours reflect Saudi warmth and hospitality in a fresh, modern design, said Riyadh Air. Another livery will be revealed later.

The Riyadh Air-liveried aircraft was on static display at Paris and the airline also became one of very few – Qatar Airways has long been the other – to have its own hospitality chalet at the show. This was another demonstration of its desire to promote the launch of the carrier and the seriousness of its mission.

At this time, it is not known how many aircraft Riyadh Air will receive in 2025 or how fast Boeing will be able to flow 787s to the carrier. However, Douglas has said he expects the number to be in the double digits in year one.

The arrival of aircraft will dictate the momentum Riyadh Air can build to achieve its 100-destination target by 2030. The first destinations have not been announced yet but delegates at the upcoming Routes World event in Istanbul in October will be keen for meetings with Riyadh Air to secure the early services.

Douglas asserted that Riyadh is under-served today and offers a major opportunity for the carrier. The likelihood is that the airline will begin to announce its network plans in early 2024, he said.

The first cities to be served are not big surprises, with major European capitals, US hubs, particularly on the east coast, major far eastern cities, and cities in the Middle East on the radar, said Douglas.

Its website, which teases about many aspects of the carrier's launch, boasts that Riyadh Air will be "the future of travel".

Public relations hyperbole aside, the arrival of Riyadh Air is a serious statement of intent from a country that has put tourism and travel at the heart of its economic and social development over the coming decade and beyond. ■

In July, Qatar Airways returned to Birmingham for the first time in three years. Celebrating the arrival of the Boeing 787 were (from left to right) Andy Street, West Midlands Mayor; Nick Barton, CEO BHX; David Coulthard, former F1 driver; Gary Kershaw, UK & Ireland Country Manager, Qatar Airways; and Jassim Al-Moftah, Deputy Head of Mission, Embassy of the State of Qatar in London (all photos: BHX).

Birmingham's high-speed future

Armed with surging traffic, a carbon strategy, a new labour deal and a future rail link to London, Nick Barton, Chief Executive Officer at Birmingham International Airport (BHX), holds a strong hand. *Mark Pilling* reports

"If I opened my window and dropped my mug of coffee it would land on the site of the HS2 station that will be built literally just there," said Nick Barton, pointing out of his office during our interview.

High Speed Two – HS2 – is a huge UK transportation project involving the construction of a high-speed railway line from London to the West Midlands and connecting onwards to Manchester, Liverpool and Glasgow.

Helpfully for BHX it is the first stop on the new line after departure from London, with a journey time of just 32 minutes. Construction of the Interchange station is just beginning, with the line scheduled to be operational towards the end of this decade. It will put Birmingham within easy reach of London.

"It is only a matter of time before connectivity between this airport into Old Oak Common and into London is going to be mind-blowing because it puts us effectively into Zone 5 of the tube map," enthused Barton.

To non-Londoners, Zone 5 is an outer band of the UK capital's public transport system; the BHX train link will take roughly half the transit time of a ride on the Piccadilly underground line from Heathrow into the centre of London.

And, remember the name of the new Old Oak Common Station, which will become a huge rail hub to rival classic London stations like King's Cross and Waterloo.

"All the infrastructure, the roads, the rail, the cuttings, the tunnels [for HS2] – they are under construction here right now," said Barton. "It's not going to be here next year, but it's in our near view, because we're always planning way ahead in airports. The time really is now to be starting to get active about our thinking and our promotion of our networks in anticipation of HS2."

Network rebuild

Having the HS2 rail line will provide a huge stimulus for BHX, which serves the populous region of the West Midlands of six million inhabitants. The city of Birmingham and its metropolitan area are second only to London in size.

This large catchment area is the powerhouse that has driven BHX to full traffic recovery compared to 2019 levels. In its 2021-2022 financial year, which ended on 31 March 2022, traffic had limped to 3.6 million as Covid travel restrictions prevailed.

In its last financial year, ending March 2023, Barton reported 10.4 million passengers, versus 2019 levels of 12.1 million, as traffic flowed back in 2022 and into this year. This financial year, 2023/24, Birmingham Airport forecasts drawing level with, or even exceeding, 2019 volumes.

The airport has restored or added destinations over the past year, bringing the number of points served back to the 150 in its route network in 2019, while staff numbers too are almost back to pre-pandemic levels, said Barton.

The airport had been on a roll before Covid, growing by 51% in the 10 years before the pandemic. And that roll looks set to continue as this decade unfolds.

"We have had very good recovery on the airline network," said Barton. "We have over 30 different carriers operating now. We are delighted that all the widebody service has come back with real strength.

"We're very pleasantly surprised that there are such high load levels on the aircraft. And that's without exception. They are all doing well," explained Barton.

A major boost for BHX is the return in force of the Gulf majors, plus the addition of another big player from the region. In July, BHX announced Emirates, Qatar Airways and Saudia have collectively expanded the airport's direct Middle Eastern connectivity to its best-ever level.

Emirates has brought back its Airbus A380 to BHX, operating twice daily to Dubai; Qatar Airways will fly Boeing 787s daily to Doha, while Saudia has arrived at BHX for the first time with a three-times-weekly 787 service to Jeddah.

"These new services and investment are not only a big economic boost to the region as our global ties grow, but they're also a significant vote of confidence in the future of the West Midlands from three of the world's biggest airlines," said Andy Street, the Mayor of the West Midlands.

The arrival of Saudia has been aided by the Saudi Air Connectivity Program, which was established in 2021 to support tourism growth in Saudi Arabia by enhancing air connectivity and developing existing and prospective air routes, connecting Saudi Arabia to new destinations.

"I expect we will see more capacity being put on very soon to support further growth in those areas," said Barton of the Middle East region.

Air India expands

A rejuvenated Air India is building up capacity again at BHX, too. "Air India has been given a complete makeover and a new lease of life under Tata. They are back up to levels we haven't seen for five years, and we hope we"ll see more from them as well," said Barton.

The carrier has increased its weekly flights from India to BHX from one a week to six, with two services to Amritsar and four to Delhi.

In parallel with strong demand for longer-haul flying, BHX saw an even faster return for its short-haul operations led by low-cost players easyJet, Jet2 and Ryanair.

The Irish LCC added a sixth 737 Max to its BHX-based fleet this year and is operating over 350 flights on 42 routes, including new ones to Girona and Pisa.

In May, easyJet announced it would open its first base at BHX with three A320 family aircraft located there from March 2024.

Birmingham is upgrading its terminal facilities, including the installation of bag drops in addition to expanded security halls.

The airline already serves key domestic and international routes from BHX with the new base being a "landmark investment" and a "huge vote of confidence in the West Midlands", said Barton.

"The LCC market is something that we are growing very strongly here at BHX," he added. "We've got a very significant catchment area that needs to have more routes. I know every airport is going to say that, but we genuinely do need to get more coverage across Europe.

"We also need to get depth on those core routes to increase daily and weekly frequencies to give the public more flexibility," noted Barton.

For Barton, a core routing means important city pairs and what BHX describes as the Mediterranean "power destinations".

"This means more capacity into places like Alicante and the hotspot beach destinations," he said. "The demand for those routes remains insatiable and I think the LCC market is especially good at serving those markets with the second homeowners, the boat owners, and the frequent short-trip holiday makers. There is a whole group of people that need more capacity, more destinations, and more frequency in this region."

Transatlantic

The last time BHX had a transatlantic connection was a United Airlines service to New York JFK, which ended in 2017. American Airlines also flew the route for a short time but stopped in the same year.

The BHX team is working on a resumption of transatlantic links, but it will take time. "I would expect a direct connection into New York or that region to happen at some point in two to three years' time," said Barton.

"Going westwards across the Atlantic we have a lot of leakage from our catchment which we need to do more to capture. A lot of our traffic goes past our front door down to Heathrow, which I can understand as they've got the depth and the frequency of operations," he said.

"Aircraft availability is a key issue there because the A321XLR is the aircraft of choice for that sort of operation. They are exceptional aircraft," said Barton. "When those start to become more available, that's when we'll see the North Atlantic opening up. "

For BHX, this will be welcome, but in the meantime opportunities elsewhere abound. "With the capacity going through the Middle East, Turkish Airlines going through Istanbul, and with Lufthansa, Air France and KLM connecting into the three core Northern European hubs, there are a lot of options for growth to deliver more capacity into the subcontinent and further east," said Barton.

*"I think this is too important for us to not be ambitious," explained **Nick Barton** of the 2033 net zero emissions target for BHX.*

Traffic outlook

Barton described the marketplace as showing incredible vitality, with no signs of slowing despite concerns over rising interest rates and economic slowdown in many countries.

"The appetite to travel and the price point is clearly OK [for passengers] and there are fundamental levels of high demand," said Barton. "Airlines are seeing a strong market, and frankly they deserve it after the miserable experience of running airlines through Covid which was a near-death experience for many."

Asked to assess where the business sees itself today, Barton is typically honest in his answer: there are issues around recruitment, industrial relations and terminal modifications taking place as the airport copes with rising traffic.

"We are content with where things are, but it's still not perfect. That's partly to do with the ongoing recruitment challenge, although it is getting a lot better," he explained.

"You've also got an industrial relations landscape in the UK which has been quite challenging," added Barton. The airport itself faced strike action earlier in the summer from security officers and others, but agreement was reached on an improved pay offer, and the strike was averted.

The rise of industrial unrest does not surprise Barton, who has seen and managed through turbulent times before. "I think it's just the ebb and flow of running a complex business such as an airport in a highly volatile national economic landscape," he believes.

"It is inevitable that you will see a more tense and fragile industrial relationship. It's unavoidable," said Barton. "The answer is engaging with unions to find common ground and find a reasonable response."

For some, the arrival of industrial unrest and strike action was a new phenomenon. "A lot of our HR specialists had never experienced industrial action, which in some ways is a tribute to the UK economy that we've had such an extended period of relative industrial relations harmony," said Barton.

"Overlay all of that with a major construction project, which is about meeting the [new UK] standards for airport security for cabin baggage by June 2024," said Barton.

BHX is spending over £50 million (US$63 million) to adjust its terminal to cope with new security scanning machinery that is larger and heavier than the equipment it is replacing. "This is taking place right in the heart of the most trafficked area of the airport. It is an immense challenge to deliver all this development through a busy summer," said Barton.

In addition to the new security checkpoints, BHX is investing in a self-service bag drop capability, expanding its baggage area and adding aircraft stands.

Infrastructure expansion

"You always have what we would call an industry leading constraint, which means

An artist's impression of an HS2 train, which will radically cut the journey time from Birmingham to London (photo: HS2).

there's always some part of your product that needs to be expanded to cope with the next phase of passenger growth," said Barton, who expects that BHX will grow 50% over the next 10 years, and maybe even more.

The airport's single runway can handle this growth; more stands will be added as aircraft numbers increase though.

The airport is slot co-ordinated, but not slot constrained. However, it is almost at maximum runway capacity at peak hours.

Apart from stands, for which it has space, BHX will continuously invest in its terminal. "The bulk of our investment will go into the terminal, its facilities and its equipment so that we can have a building that is worked harder as it grows but doesn't let you down," said Barton.

"Then there is a tertiary but very important sub strategy which is our carbon strategy," explained Barton. "Replacing a lot of the existing equipment not only builds your resilience because the new equipment is built to modern standards, but also invariably supports your carbon reduction strategy, because it consumes less power."

Sustainability strategy

BHX launched its sustainability strategy in late 2019, just prior to Covid. At that time, it made a commitment to become a net zero carbon operation by 2033.

"Even then it was an ambitious target," said Barton. "Covid has come along and robbed us of two years of our normal life. But what we haven't done is reset the number to 2035.

"We have stuck with 2033 which has turned the heat up even more on the challenges that were already in the 2019 declaration," said Barton. "And we've been open. We said at the time we made that commitment we don't know how we're going to do it."

And that's the point for Barton. "I think this is too important for us to not be ambitious," he explained. While the 2033 target may be "scary", the challenge of solving the problem and pushing as hard as possible is critical.

"A lot of executives seek to avoid failure so only announce things that they know there's a good chance of hitting. We laid down the challenge internally and then we made a public statement about it at a time when most were looking at 2050 [to achieve net zero]," he said.

"I took the view that beyond 2033 was probably someone else's problem. And therefore, if I made it my problem, I would own it. And as a business we will do whatever we possibly can to hit that target," said Barton.

In August BHX published its second sustainability report, covering the 2021 to 2023 period. This outlined that the airport was on track towards its 2033 target and had reduced carbon emissions within its direct control by 27% in 2021/22 against its 2019/20 reporting baseline.

In the same month, the airport unveiled a major investment to install a large solar array with the aim to provide 20% of its on-site electrical power. By May 2024 it will install 12,804 photovoltaic panels on a 1.5km long, six-metre-high embankment flanking the edge of the runway. This will be a 6.8MW facility and BHX will look to add further solar capacity to increase its renewable energy generation.

Barton is convinced that technology advances will be part of the decarbonisation answer for the aviation industry: "It's a delight to be in this industry to see the innovation that's going on."

Hydrogen support

BHX will do its bit to support the "buccaneers out there who are spending considerable amounts of money in R&D trying to solve an industry problem", said Barton.

To this end, BHX is working with hydrogen-electric aircraft developer ZeroAvia on concepts to create a hydrogen production and aircraft refuelling facility at the airport.

An area of land with access to the BHX airfield and the local road network has been earmarked as a suitable location for the facility. On-site solar power is being considered as a source of renewable energy to produce hydrogen.

Subject to funding, planning and regulatory permissions being secured, the ambition would be to use the pioneering plant to support early flight demonstrations, and to refuel road vehicles – potentially including local buses.

Amid all this activity, Barton himself is going back to school, taking a management training course at Oxford University's Saïd Business School.

"I'm going because I want to share with others in different industries about navigating uncertainty, which is one of the hardest things to do as a chief executive," he explained. He observed that his can be a lonely job, even when leading a business of hundreds or thousands of people. "The idea is to put myself out of my comfort zone in many respects and try to make me more effective at decision making."

The next decision was simpler for Barton as the interview ended: whether to refill his coffee mug, which conveniently had not been dropped out of the window. ■

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UK Aviation Minister **Baroness Vere** (left) with **David Leighton**, Chief Executive of Aviation Services UK.

Service message

A new association, Aviation Services UK, has been created to represent the UK's ground services players. Its first Chief Executive David Leighton talks to *ARGS* about its formation and mission

The message from UK Aviation Minister Baroness Vere of Norbiton was crystal clear for ground service companies plying their trade in the country: there should be the "formation of a ground-handling trade association to enable better government and industry engagement".

The UK undertook a review of ground handling in June 2022, with Baroness Vere outlining her guidance at the end of March 2023 in a letter to stakeholders.

"This review was established following the disruption to passengers at airports in summer 2022," she wrote. "As Aviation Minister, my overriding priority is to avoid a repeat of the unacceptable disruption seen during summer 2022, when many passengers were severely delayed or had flights cancelled at the last minute."

The government recognised that improved collaboration to enhance resilience and prepare for future challenges and opportunities was needed, but also that the industry was not able to bring a clear and collective message.

"While forums for collaboration at different levels of the sector exist, this is not always uniformly effective," wrote Baroness Vere. "It is important that the sector plans appropriately for immediate issues, but also explores ways to understand and prepare for future challenges. For example, greater investment in infrastructure to enable automation and facilitate the sector's transition to net zero."

At the time the review was initiated in mid-2022, the government summarised that the UK was one of several countries hit by pent-up demand since the lifting of Covid restrictions for travel across Europe and the UK, with many passengers travelling abroad for the first time in two years; there were staff shortages after many workers changed jobs during the pandemic; and the time it took to complete essential background checks and training before an employee could start work airside was lengthy.

It was time, said the government, to take action to "minimise disruption in the aviation sector and protect passengers".

Well before the government published its action list, ground service companies were preparing for the formation of Aviation Services UK. David Leighton, an experienced corporate affairs and communications consultant, was brought in to help.

"In December I was approached by one of the companies having the conversations about setting up the association. They asked me to share some ideas and guide them on what setting up an association might involve and how we might work together," said Leighton, who has worked extensively in transport at Rail Freight Group and spent 14 years at Associated British Ports, latterly as group head of corporate affairs and marketing.

That initial assignment has turned into a full-time engagement, with Leighton becoming Aviation Services UK's first CEO in January 2023, tasked with establishing the association.

At present, Aviation Services UK has eight members: ABM, CFL, Cobalt Ground Solutions, DHL, dnata, Jet2, Menzies Aviation and Swissport.

Getting started

"Ahead of the publication of the government's review it was clear from both government and an industry perspective that there was a need to establish an association to facilitate better engagement between government and the sector and to enhance coordination amongst key stakeholders across the aviation ecosystem," explained Leighton.

"In simple terms, it was needed to give ground service providers, which are a fundamental part of this ecosystem, a voice," he said.

The government review was undertaken by leading aviation consultancy PA Consulting. Several key themes emerged from the analysis:

- The UK ground handling sector is characterised by a relatively open market when compared to many other European countries, most notably Germany, Austria, Spain and France.
- Three types of contracts cover the provision of ground handling services: Airport Conditions of Use (airport-airline); Airport Ground Handling Licence Agreements (airport-ground handling agent); and Ground Handling Agreements (airline-ground handling agents).
- Competition exists across the UK ground handling sector with no restrictions imposed on the number of ground handling agents qualifying for operations at UK airports. Swissport and Menzies Aviation are the UK's two largest third-party handling agents.
- Operating profit amounted to a 29% loss in 2020, albeit this had largely recovered in 2021 (-1%).
- Average delays and flight cancellations increased by more than 30% across the UK between January and August 2022 relative to the same period in 2019; some days saw significantly higher levels of disruption, such as on the first day of the Platinum Jubilee bank holiday when 4% of all UK flights were cancelled, up from a daily average of 1.7% for the year.
- The UK ground handling sector faced one of the largest headcount reductions of any sector through the pandemic, with total headcount falling by 57% between 2019 and 2021, as per data analysed from the Office for National Statistics. The evidence suggests that ground handling staff are not necessarily poorly paid but

work in physically demanding operating environments at unsocial hours, compounding problems with recruitment.

• Performance at German airports also deteriorated significantly over the summer period in 2022; however, ground handling performed better in other countries, particularly Spain and the USA.

The report noted that the sector is not calling for root and branch reform of the Airports (Ground Handling) Regulations or how ground handling works in the UK. However, industry stakeholders continue to face several key challenges:

• Recruitment, retention, and skills: ground handling agents struggled to attract and retain staff in 2022; in general, working conditions are more challenging compared to competing sectors such as logistics and retail.

• Long processing times for airport ID passes: the industry recruited heavily over 2022 and the number of new airport ID passes required (a process managed by airports) became a major challenge to restaffing.

• Poor operational and financial resilience: common contractual arrangements and ways of working between airlines and ground handling agents do not, in general, incentivise high levels of operational resilience in the largest segment of the ground handling market (third-party ground handling).

• Ineffective collaboration: whilst forums for collaboration and communication at different levels of the sector exist, this is not always uniformly effective; sharing of best practice and operational data does not always take place between all stakeholder groups who have an interest in ground handling working well. For example, Airport Operator Committees (AOCs) are usually dominated by airlines' agendas. Likewise, Airport User Committees (AUCs) do not always include ground handling agent representatives.

• Ineffective coordination: there are some areas where objectives between airports, airlines and ground handling agents are not supported by close coordination, leading to differences in operational standards expected by the various parties. For example, minimum performance standards determined by an airport are usually very different to those agreed contractually between an airline and a ground handling agent. This can result in asymmetric service quality outcomes across different stands even at the same terminal, complicating operational delivery.

Aviation Services UK ground service provider members operate at all of the UK's main airports, including London Gatwick (photo: London Gatwick Airport).

• Infrastructure and investment constraints: almost all stakeholders have indicated that there is a need for greater investment in infrastructure to enable automation and facilitate the sector's transition to net zero; however, the Covid-19 pandemic has impacted their ability to do so.

The role of Aviation Services UK is to represent the services players as the government's recommendations from the report are brought in, and give them a seat at the table, said Leighton.

"The members support the focus on enhancing the resilience of the sector over time," said Leighton. "It's not just about dealing with short-term tactical challenges. I am a big supporter of a risk-based approach in this regard, making sure there is a structured view of short-, medium-, and long-term risks, and then taking the right actions to address those various risks."

In addition to the operational resilience work, the association has been responding to the UK government's consultation on a 2040 zero emissions airport target, said Leighton. "It is important and there needs to be a coordinated response from the aviation ground service companies."

Aviation Services UK is already being recognised as the go-to body for UK services players, with Leighton being appointed to the country's Aviation Council. He has also met with Baroness Vere.

Being on the Aviation Council is an immediate plus for Aviation Services UK. This body "brings together industry and government to support the delivery and implementation of commitments set out in the Flightpath to the Future and to ensure that the UK retains one of the strongest and most successful aviation sectors in the world". It includes CEO representatives from the UK's major airlines, airports, NATS, CAA and aviation associations.

Leighton's first tasks are to prepare responses to active consultations and take part in meetings of bodies like the Aviation Council. This goes alongside the practical steps of setting up the association, which include establishing its organisational framework and management principles.

The founding members are board members of Aviation Services UK and other members will join as the association becomes more established.

"The vision for this trade association is an environment where ground service providers can consistently deliver world-class, safe, secure and sustainable services to support a growing UK aviation sector," concluded Leighton. ■

The breath-taking city of Istanbul will play host to Routes delegates in mid-October (photo: Adobe).

Destination Istanbul

On 15-17 October, route developers from across the globe will descend on Istanbul in a bid to attract and develop new air service

This year will go down as one of huge recognition in aviation for Istanbul, with Türkiye's mega city hosting two of the industry's premier events.

The first, in early June, was the 79th IATA Annual General Meeting; the second is Routes World.

The IATA AGM, which incorporates the World Air Transport Summit, is the world's largest gathering of airline leaders, and this year brought some 1,500 aviation leaders and media to Istanbul. It was hosted by Pegasus Airlines and co-hosted by AnadoluJet, both major low-cost players in their country.

Routes World needs little introduction to readers of *ARGS*; it represents the largest annual meeting place for the global route development community.

As the Routes marketing tells us: "Routes World 2023 will bring together airlines, airports, and aviation stakeholders from across the world to build air services and global economic growth. The event will create a platform for conversations between senior network planners that will define the industry's global future."

This is the 28th time Routes World has been held. And for those wondering why you see 'Turkey' being replaced by 'Türkiye', this is a formal request by the country's government to the United Nations, made in 2022, as part of a rebranding campaign.

"Türkiye is the best representation and expression of the Turkish people's culture, civilization, and values," said Recep Tayyip Erdogan, Türkiye's President, in December.

According to Kadri Samsunlu, CEO of iGA Istanbul Airport, the host of Routes World 2023: "It will be an honour to host this event on our Republic's 100th anniversary. We are thrilled to celebrate the 100th anniversary of the birth of our Republic at the Routes World 2023 event. Being chosen as the event host is a source of pride for both iGA Istanbul Airport and Turkish aviation."

Routes World 2023 will be striving to exceed the 2,300 delegates and 190 airlines represented at the 2022 event in Las Vegas. Last year's gathering marked a return to the size and shape delegates have come to expect from their annual jamboree, which had been neutered during the pandemic crisis.

The busy exhibition area in Istanbul, with its great selection of barista bars and eateries, will attract some 100 exhibitors. *ARGS* bets that the 2022 numbers will be beaten by a considerable margin.

It is appropriate for Türkiye and Istanbul to host Routes. The country's far-sighted approach to the pandemic, aided by a supportive government that secured a fast reopening of borders, saw Turkish Airlines, Pegasus Airlines and others restore their networks at pace.

iGA: the host airport

The city's iGA – which stands for Istanbul Grand Airport – is one of Europe's newest and grandest international airports, matching Türkiye's ambitious travel and tourism goals.

The first operational phase of iGA began on 6 April 2019 with the full transfer of commercial passenger flights from Istanbul's existing hub, Atatürk Airport.

The new airport, which is located 35km from the city centre on the 'European' side of Türkiye, began 24/7 operations with three runways and a huge single terminal with a passenger capacity of 90 million. Once complete, the target is for iGA to have a capacity of 200 million passengers and handle 3,600 flights a day across six runways.

According to Samsunlu, speaking in a cover interview with *ARGS* in our winter 2022 issue, the 200 million passenger mark will be reached around 2035. The current thinking is that the milestone of 100 million will be achieved in 2026 at the latest. In 2022 iGA handled 60 million passengers, with 73 million predicted for 2023.

In May 2023 iGA welcomed its 200 millionth passenger. Over the past four and a half years, a quarter of its traffic has been domestic. The most popular destination is Antalya, followed by Izmir, Ankara, Adana and Trabazon.

International traffic makes up three quarters of iGA's traffic, with the top destination being Tehran, followed by Moscow, London, Dubai and Tel Aviv.

According to an OAG analysis, written by MIDAS Aviation's Becca Rowland in May, Türkiye's tourism is set to boom in the face of adversity.

"The challenges that Türkiye faced following the catastrophic earthquake in the southeast of the country in February, with the backdrop of a struggling economy, contrast strongly with the success story of its tourism recovery over the last year and the financial health of its largest airline," wrote Rowland.

The Ministry of Culture and Tourism Türkiye reported an increase of 71.1 percent in tourist arrivals to 51.4 million in 2022.

As of May 2023, according to OAG data, the domestic market has 4% more capacity than May 2019, Western Europe is running at 20% more capacity and the Middle East at 25% more capacity. North America, while still a relatively small market, has 63% more capacity than the same month in 2019.

The remarkable performance of Turkish Airlines, which has a fleet of 419 aircraft and a bulging orderbook of hundreds more, has been a post-pandemic success story. It posted a profit of US$794 million in the second quarter, its eighth consecutive profitable quarter, backed by strong international demand with 28% higher passenger capacity than the 2019 level.

According to OAG data, Turkish Airlines was one of the few airlines in the industry to exceed its 2019 international capacity – and did so by 29%.

In 2023, Turkish Airlines is celebrating its 90th anniversary. It began operating in 1933 with five aircraft and less than 30 employees. The country's flag carrier now services 344 international destinations and with all of its subsidiaries included now has a workforce of 82,000.

Prominent Pegasus

Just as Turkish Airlines has flourished, so too has the country's budget carrier, Pegasus Airlines. It recently disclosed a deal to take another 36 Airbus A321neos. These will be delivered through to 2026.

Pegasus is currently operating 72 A320neo family twinjets plus an additional 15 Boeing 737-800s. The airline's CEO Güliz Öztürk said the extra A321s will help it meet strong leisure demand as it expands its international network.

In August, the carrier announced its financial results for 2022, with passenger numbers growing by 33.7% year on year and a full-year turnover of €2.45 billion ($2.66 billion).

Pegasus achieved a net profit of €431 million ($466 million) for 2022. By the end of 2022, Pegasus had flown 26.9 million passengers, comprising 10.9 million on its domestic routes and 16.0 million on its international routes.

***Pegasus** CEO **Güliz Öztürk** will be a keynote speaker at Routes World in Istanbul (photo: Pegasus Airlines).*

Growth on its rapidly expanding international network was evident, with passenger numbers rising by 96.4% compared to the previous year. The network comprises 36 domestic destinations and 93 international ones.

The carrier will also get a boost when Istanbul Sabiha Gökcen's second runway opens this year. One of Europe's fastest-growing airports, Sabiha Gökcen International is Istanbul's second airport and is in the 'Asian' side of Türkiye.

Conference highlights: Day 1

Once again sponsored by Expedia Group Media Solutions, Routes' conference will offer an excellent platform with senior industry executives giving first-hand accounts of the market.

First up on Day 1, Sunday 15 October, is Olivier Jankovec, Director General, ACI Europe, who will explore the current state of the industry in Europe and the opportunities ahead. He will look at long-term growth forecasts, sustainability, changing business models, potential consolidation and how the new aircraft

Istanbul's IGA airport opened in 2019. Its single terminal has a capacity of 90 million passengers annually (photo: iGA).

fleet will alter the landscape.

The first keynote interview will see Pegasus Airlines CEO Güliz Öztürk interviewed by David Casey, Editor in Chief, Routes. Güliz Öztürk is building an airline focused on digital transformation, sustainability, diversity, equality and inclusion, and is taking firm steps towards its environmental and social goals.

The second keynote interview brings SunExpress CEO Max Kownatzki to the stage. SunExpress, a joint venture between Turkish Airlines and Lufthansa, is operating almost 30 new routes during the summer 2023 season as it continues to expand its network at home and abroad.

The Antalya-based carrier is targeting more than 12 million passengers in 2023, compared with 2022's figure of 10.7 million. Kownatzki will discuss the leisure airline's strategy and expansion with Michael Bell, Senior Client Partner, Aviation and Aerospace, Korn Ferry.

The third keynote will feature host airport CEO Kadri Samsunlu. He will examine the airport's strategy and the hot topics for airports globally with *ARGS* Editor Mark Pilling.

In the afternoon on Day 1 the panels begin. The first is Sustainable Tourism – Travel and Trends, moderated by Maribel Rodriguez, Senior Vice President WTTC Membership, Commercial and Events, WTTC.

This panel features Maria Elena Rossi, Global Marketing and Promotion Director, ENIT – The Italian Government Tourist Board and Mehmet Keyvan, Chief Executive Officer, KEYVAN Aviation.

Following this session, the next focuses on the challenges during disruption and irregular operations with Semra Kandemir, Chief Product Strategy Officer, Hitit Computer Services.

Then talk shifts to Asia Pacific with moderator Sanjay Jayanth, Business Development Consultant, Asia-Pacific, Routes. This session will explore the current state of the industry in Asia Pacific and the opportunities ahead.

More speakers will be added, with Dilhan Haradasa, Group Head of Network and Regulatory Affairs, AirAsia, on the bill as *ARGS* went to press.

The final panel of the day, moderated by John Strickland, Director, JLS Consulting, will ask what's next for route development.

This question will be pondered by Dhaz Hunjan, Acting Chief Commercial Officer, Gulf Air; Peter Glade, Chief Commercial Officer, SunExpress; Trevor Chong, Vice-President, Route Planning and Economics, Emirates Airline; and Majid Khan, Vice-President Aviation Development, iGA Istanbul Airport.

Conference highlights: Day 2

On Monday 16 October the conference kicks off with the Powerhouse Panel, which examines the state of the industry.

This features Sheikh Aimen Al Hosni, CEO, Oman Airports Management Company; Luis Felipe de Oliveira, Director General, ACI World; Peter Cerdá, Regional Vice President, The Americas, IATA; Maribel Rodriguez, Senior Vice President WTTC Membership, Commercial and Events, WTTC; and Yolanta Strikitsa, Managing Director, Strikitsa Consulting.

Then Edmond Rose, Consulting Director, ASM, will ask what the future holds for the Middle East with Mohamed Yousif AlBinfalah, CEO, Bahrain Airport Company.

The day's keynote interviews begin with Michael Bell talking to Samer Majali, CEO, Royal Jordanian about the airline's growth strategy.

Following a fireside chat between John Strickland and Darren Hulst, Vice-President Commercial Marketing, at Boeing, Strickland will move on to moderate a panel looking at game-changing aircraft. This will feature Matthías Sveinbjörnsson, Director Revenue Management and Pricing, Icelandair; Martin Gauss, CEO, airBaltic; and Henri-Charles Ozarovsky, Head of Strategy, Network and Partnerships, TAP Planning.

On Tuesday 17 October, there will be airline presentations from Air Premia, Thai Airways, Thai Smile and flyV.

Finally, Hang Zhao, Consultant, ASM, will discuss the China market with Chen Yang, Director of Aviation Department, Chengdu Tianfu International Airport.

More sessions and further speakers are being added to the programme, with the best source of up-to-date information being the Routes website (www.routesonline.com).

Routes Awards

At the Monday evening event the 2023 Routes Awards will be presented. Highly sought after, the awards are voted for and judged by members of the route development community. They are sponsored by Skyscanner.

Routes noted: "As the recovery continues to highlight, the partnerships between airlines, airports, and the destinations they serve have never been more important. The Routes Awards celebrate this collaboration and highlight best practice within the route development community."

The Awards categories are Airports (in new size categories), Tourism Authorities, Airlines, Individual Leadership, and Rising Star. ■

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