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John Kirby
Vice-President Planning
Spirit Airlines, Florida's maverick low-cost player, has grabbed a cool opportunity in Miami

Christina Cassotis
Chief Executive
Making the sunshine work for the success of Pittsburgh International Airport

Richard Prince
Chief Executive
Aviapartner, Europe's largest independent handler, plans to grow strongly out of this crisis

On the rebound

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Editor's NOTES

Mark Pilling
editor@evaint.com

For many of us over the past few weeks the world has opened again. You might have heard the nostalgic and reassuring clunk of the immigration officer's passport stamp machine. The paperwork to begin travelling again is extraordinary, of course. It is confusing. And, yes, as the industry associations say, it restricts travel with sometimes dubious benefits other than keeping Covid-testing firms in business.

However, if you desired the face-to-face business opportunities afforded by World Routes in Milan, the IGHC meeting in Prague, the Dubai Airshow, or a handful of other in-person meetings, it was a price that had to be paid. For those who made the effort, and were allowed by their country's travel policies, the rewards were ample. There was a feeling of ecstasy in meeting industry friends and colleagues for the first time in nearly two years. This global industry does not work well with digital interactions, does it? We simply do better business face to face.

Whether an airline, an airport or a ground handler, the story is all about working hard to ensure the sector rebounds as fast as possible, bearing in mind sustainability requirements. Richard Prince, the chief executive of leading European handler Aviapartner, put it well in his interview with ARGS for this issue when he said: "It doesn't matter what 2019 was. It is about managing the situation we have in front of us today."

As Prince noted, there is a very real issue of attracting staff back to aviation following the pandemic, with many lured away by industries that offer better pay and conditions. This was also a concern flagged by IATA's director of ground operations Monika Mejstrikova at the IGHC in Prague; however, there are no easy solutions. Some airlines have been frustrated by a sluggish ramp-up by their airport and handling partners as they seek a swift return of service as soon as there is demand.

That demand has arrived fast in some countries with large domestic markets such as China, the US, Saudi Arabia and Russia. International demand has lagged; although the US unlocking of transatlantic travel restrictions to Europe in early November will help, worries remain about the pace at which the Asia-Pacific market is opening.

The Dubai Airshow gave a clear signal that it will be low-cost carriers and cargo operators that have the confidence and business agility to emerge fastest from the crisis. The three big orders at the show came from Indigo Partners for its low-cost group of Wizz Air, Frontier, Volaris and Jetsmart; Indian start-up Akasa Air; and Kuwait's Jazeera Airways. There was also a rush of orders for new freighters, including the launch of the Airbus A350 Freighter, and passenger-to-freighter conversions.

Everyone will be watching their cashflow carefully over the winter months, hoping and praying that this revenue low point of the year does not blunt their optimism that the business forecasts for the new year are achievable.

Coming back from the conferences and shows the sense of optimism is tangible. We all crave a return to something like business as normal. ARGS will be on hand to report and analyse how the new year develops.

We wish you a happy festive season and look forward to engaging with you in 2022.

James Sheridan
Chairman
james@evaint.com

Parveen Raja
Publisher
parveen@evaint.com

Humza Raja
Sales Manager
humza@evaint.com

Charlotte Willis
Office Manager
charlotte@evaint.com

Gemma Keen
Events Coordinator
gemma@evaint.com

Alpha Diallo
Graphic Designer
alpha@evaint.com

Shobhana Patel
Head of Finance
finance@evaint.com

Salam Raja
Producer
salam@evaint.com

Sohail Ahmad
Digital Sales Manager
sohail@evaint.com

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Advertising opportunities
Contact Humza Raja on
+ 44 (0) 20 8253 4005
humza@evaint.com

Address changes and subscriptions:
charlotte@evaint.com

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PUBLISHERS & EVENTS SPECIALISTS

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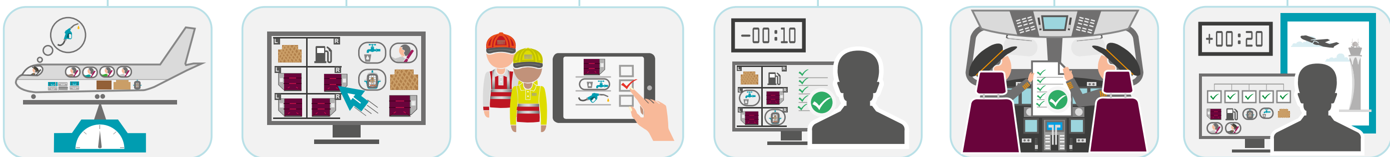

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Pittsburgh airport now obtains all its power via a solar farm built on its grounds (all photos: Pittsburgh International Airport)

Off the grid

While many US airports languish in forever-planning cycles and political battles, one airport is showing that there's a better way to do just about everything. Report by Michael Miller, Orlando

Quick, name an airport that is completely self-sustaining and off the energy grid. The unlikely – and correct – answer is Pittsburgh International Airport. The airport and its maverick chief executive are setting a new standard for what is possible when the community is part of every project.

During the pandemic, Pittsburgh International CEO Christina Cassotis and her team have managed to break ground on a new terminal that will remake the airport, in addition to completing a no-cost solar field and natural gas generators that provide energy to all airport buildings and a nearby Hyatt hotel.

As if that were not enough, a cargo surge that included new arrivals Cathay Pacific and Qatar Airways coincided with a planned new cargo facility that will soon be built. It benefits from Pittsburgh's geographic location four hours west of New York and close to many major Midwestern population centres.

Pandemic progress

In many ways, Pittsburgh is redefining what it is to be an airport. Its initiatives take advantage of its large 8,800-acre land footprint. Among developments during the 2020-2021 pandemic, the gateway:

- Incorporated local leaders and companies in everything

- Wove public input into its new US$1.4 billion terminal

- Paid off all debt before undertaking its

***Christina Cassotis** has led Pittsburgh International for six years.*

new terminal project

- Teamed up with a local utility to build an on-airport solar farm at zero cost to the airport

- Took the airport off the grid, saving significant sums

- Green-lit a new cargo facility with access to three railroad lines and the second-largest inland port

- Used its massive spread of land to bring in new technology visionaries

- Created a local feedback loop to ensure the region is involved and supportive

Pittsburgh International will use local companies and expertise, led by internationally renowned architect Gensler + HDR in association with Luis Vidal + Architects, to build a $1.4 billion new terminal, complete with new roadways, parking, and road infrastructure. "We're going to build on a greenfield site while normal operations are going on," said Cassotis, whose contract was recently extended to 2025.

The 700,000 square-foot terminal will open in early 2025 and will include airport operations, consolidated airline operations, ticketing, baggage claim, security, concessions, new roadway infrastructure and parking. Once the new terminal opens, the old one it will be demolished unless a viable use can be found for it. The airport intends to comply with LEED Silver Environmental Product Declaration for building materials. Concessionaires will be encouraged to source items regionally and include sustainability criteria in their bids.

The airport's original hub structure had 100 gates, though only 35-40 are used today. The new terminal will have 51 gates with the ability to expand.

The half-mile space between the terminal and gates today is connected by an underground train that is both loved and hated by locals. That train and its infrastructure cost, along with eight miles of baggage belts, will disappear when the new terminal is built. It will be replaced with a Pennsylvania hills – and bridges – inspired complex.

"It's going to feel like you're in Pittsburgh," Cassotis said.

Local tech leadership

The new terminal will reflect the rising development of several technology centres – many of which Cassotis says are unknown outside the region.

"In most airports, you don't have any sense of place. There are areas of this country that are leaders in tech where airports don't reflect [their location] at all. You don't land in certain communities and feel like, 'wow, I get it' right away.

"If you think about Pittsburgh as the robotics capital of the world because of all the investments... it's because there was a deliberate intentional strategy to build out a robotics industry," she said. There are "80 to 100 robotics companies headquartered here – but people don't know that. How do we make sure that it shows up right at the airport?"

One answer is that in 2020, Pittsburgh was the first airport in the US to implement robotic floor scrubbers that use UV light to disinfect.

"When we hired the design team [from Gensler and Luis Vidal], we actually brought them to Pittsburgh for four days, and put them through an immersion programme. They met with heads of foundations and heads of universities and people showed up. Gensler came up with a term 'Natecco' – nature, technology, community – to describe what they designed," said Cassotis. Airlines will welcome the new terminal, not only because it replaces the 1980s US Airways-inspired hub, but because it will be more efficient and cost per enplanement is expected to remain steady at the current $10-12 per passenger rate.

Everybody on board

Cassotis' include-everyone attitude is key to bringing so much of PIttburgh's progress to life. More than six years into her CEO tenure, Cassotis cites the rare airport-community ties as core to every success. "Once I met people in the community and saw how engaged they were and how invested they were in the airport's success, this is why I wanted the job," she said.

Pittsburgh had been reeling from a major loss. The airport's history includes eastern-US focused US Air pushing it to build a new terminal, creating a major hub – only to go bankrupt and shutter the hub in 2004, cutting hundreds of daily flights. The airline cancelled leases in bankruptcy without any notice to the airport.

But: "We are not looking back anymore," Cassotis said. "If you look at a lot of other airport communities, the airports are taken for granted, or people are complaining about the noise or the traffic," she stated. Pittsburgh leaders all came forward to help chart the future of transportation in the city. "There was very much a sense of 'how do we do better and how can we help you?'," she said. "By the time we got to the master plan, there was no question people were going to show up. It was like, wow!"

How the airport communicates to all partners has always been key to Cassotis' management style. "To get more flights, you have to get everyone on board. To drive that type of transformational change... you need to explain what you're doing, over and over again, and you have to talk about 'why' and then you have to celebrate success," she said.

When bees swarmed parts of the airport in recent years, they were not exterminated. Instead, the airport built three apiaries and brought in a certified beekeeper from Meadow Sweet Apiaries to maintain them pro bono, and the company sells the honey as a bonus.

Local companies and expertise, led by architect Gensler and Luis Vidal, will beg heavily involved in building Pittsburgh's new terminal.

Using the land

The Western Pennsylvania region is a robotics hub and is quickly becoming the self-drive car technology corridor of the US. It has also attracted advanced manufacturing companies. The airport is creating several different centres of excellence on airport property to spur innovation. A new 195-acre site with the smooth name 'Neighborhood 91' has already lured advanced 3D printing leaders such as Wabtec and Arencibia. The intention is to put every aspect of 3D printing in one area, whereas in other regions of the US this advanced manufacturing segment is scattered.

Meanwhile, Pittsburgh was selected in September 2021 as the new corporate headquarters of self-driving car company Aurora, a $13 billion success story that joins Google and Argo AI for building and testing self-driving technology in Pittsburgh. One week following Aurora's announcement, Pittsburgh hosted the first meeting of the US-EU Trade and Technology Council, which included US Secretary of State Antony Blinken.

The airport's biggest success might be its sustainability. Pittsburgh International is completely powered by a solar field and five natural gas generators that sit not far from one of its four runways. Built at no cost to the airport under an agreement with Peoples Natural Gas, the microgrid generates 23MW of electricity. The airport uses 14MW and has first right of refusal for all energy generated on site. Peoples sells the rest to others. The current plan is to double the 9,360 solar panels on site.

Lower carbon and costs

"I'm convinced that we are the first airport in the world to be completely off the grid, site hardened [protected against power outages]. We reduced our carbon footprint, reduced our cost of energy and therefore lowered our cost of operating to our airline partners, because that is always our first concern," Cassotis said. "We also ensured resiliency and redundancy in the national transportation infrastructure. "Now we get to promote solar and clean energy also," she said. Natural gas, which is also drilled under airport property, brings in several million dollars each year.

When asked to identify her biggest success, Cassotis quickly said "the team, no question". The airport has had 45% staff turnover in six years. "I think that's a success. It's a success that 55% of the people are exactly the right people and we've been able to attract the right talent. Now we're doing things that I didn't even imagine. If you get the right people, you can actually do anything."

What Cassotis learned from travelling the world as an airport consultant before taking the Pittsburgh CEO role is that "the governance structure of US airports prevented innovation and creativity. Lots of people could wait out a director, protect a pension, and actually not get rewarded for taking a risk. Whereas what I saw was possible in some airports that had private investment or private boards, [or where] infrastructure funds who were holding management teams accountable and the overall business objectives that actually benefitted the community and the passenger."

She added: "My reason for taking this job was to see if we can do it here. Could we get at the intersection of public utility and going concern? Is that possible in the US? That's the thesis that I've been proving. If you hire the right people you can build a team that actually makes a difference. I hope that the micro-grid gets repeated again and again. Why not?

"The reason that European investors are dying to privatise US airports is because they see there's so much value being left on the table, and they don't understand it," Cassotis said. "Everything I learned, from Singapore to Amsterdam to London to some of the newer greenfield facilities in China, [indicated] that if you're a hub airport, the value that you're bringing to a community is over and above what an O&D [origin and destination] airport can deliver, because you have connecting passengers that are (contributing to employment) over and above what O&D can support," she said.

"We are a case in point. OK, the hub is gone, how do we redefine success that doesn't rely on us being a hub? The opposite of a hub is not 'not a hub'; it's us being a strong origin and destination airport. Oh, and by the way, we have 8,800 acres and we sit on top of the Marcellus Shale" with large natural gas reserves, she added. The airport also receives gaming revenue from nearby gambling. "The gaming revenue is a life saver when you think about bond payments over the years after US Air left," Cassotis said. Gaming plus natural gas revenues total $25-30 million every year.

Quick footwork during pandemia

The airport did suffer during the pandemic, and the team pulled together overnight. New policies were formed in 24 hours. "We split into two teams. I didn't see the CFO in 16 months except on Zoom," Cassotis noted. "We couldn't have the entire leadership team getting Covid, so we split in two."

Cassotis led three calls every Wednesday for nine months: 1100, 1530 and 2300 "I told people everything I knew, and we answered questions. We parked 100 planes on a runway and taxiways, opened our parking lots to food banks and asked how could we help the community. We shut down systems and cut $10 million out of the budget instantly. Projects kept moving. We hired during the pandemic. We did great things here and I'm proud of it," she said.

While there are many US airport CEO positions available now and in the near future, Cassotis states unequivocally that she is not interested. "I've been recruited [head-hunted] for many of them. Tell me how it's going to be better [anywhere else]. It's a dream team here," she said, citing great local relationships and a board that is "truly a partner" and adding, "I know that there is no place in this country where an airport leader gets the support I do."

Next steps will reveal themselves. "There's more to do, because of the land. What should we be doing with the way transportation is going to look in 20 years?" Cassotis said. "How do we make sure we create the right kind of urban development master plan? We've looked at all of it." ■

Aviapartner has received approaches from players in several countries to look at starting new operations (all photos: Aviapartner)

On the rebound

AviaPartner, Europe's largest ground handler, has big ambitions to grow strongly and sustainably out of this crisis. Chief executive Richard Prince explains how in this exclusive interview with ARGS editor Mark Pilling.

The 25-person strong Aviapartner management team met face-to-face for the first time in 20 months in early October in Malaga. That itself is remarkable for a business that operates in six European countries and has 10,500 employees. The enforced separation was just one of the effects of the pandemic that firms across all industries and geographies have been coping with.

The meeting was hosted by its executive chairman and main shareholder Laurent Levaux and chief executive Richard Prince to reinforce a rebound strategy for this handling enterprise which had reached annual revenues of about€500 million prior to the pandemic.

Levaux gave the team clear guidance on where he sees this business going in terms of growth, market and product opportunities and developing a firm that puts customer service, quality, reliability and its people at the forefront of everything it does, said Prince, who himself is new to the CEO role, having been promoted to the position in December 2019.

"Our chairman spoke about how the pandemic affected all of us. And how proud he is of Aviapartner's people over the course of the past two years," said 46-year-old Prince, who joined Aviapartner as its managing director for Italy in 2016 having held senior roles at Etihad Airport Services and Swissport and prior to that a career in the oil and gas industry.

"Pride and Team Recognition" sits alongside "Customer Intimacy" as key building blocks right in the middle of Aviapartner's "Rebound Pyramid", which was presented to the management team in Malaga, and sets out the cornerstones of the company's strategy. At the bottom are the foundational blocks of Productivity and Safety, Quality, and Security. At the top is emerging topics of Social and Environmental Contribution.

This management tool is more than a recovery plan, it is designed to express Aviapartner's ambition of seizing the opportunities presented by the pandemic and restore the handler back to growth. This is a trajectory Aviapartner has been on for the past 12 years growing from operations in 20 to over 40 airports during that time.

Headquartered in Belgium, Aviapartner was bought by Levaux 12 years ago from private equity owners to become a family-owned business once again. By 2019 it had grown to be the largest handling company in Europe handling 100 million passengers, 800 thousand turnarounds with an on-time performance of 98% and an outstanding safety performance..

Part of Levaux's message to his managers is that AviaPartner is firmly independent, able to make decisions quickly, seize opportunities and that there is a long-term plan. "Our chairman is very clear that he wants to grow the business and sees the opportunity we have in front of us," said Prince.

"Our strategy is to unite our European operations under a single ground handling banner," explained Aviapartner chief executive ***Richard Prince***

Managing the pandemic

However, back in early 2020, thoughts of growth were dashed when the pandemic took hold. As the number one handler in Italy, Aviapartner realised its impact earlier than most as Italy was at the epicentre of the spread of the virus in Europe, explained Prince. "Being in Italy made us react very early. We rapidly brought in action plans to close the business down to protect the organisation and people," he said.

"It's fair to say the impact of Covid was different country by country and even airport by airport," said Prince. In Belgium, the bankruptcy of Swissport in May 2020 saw Aviapartner stepping in to pick up its customers, such as Brussels Airlines. "Overnight we had to pick up all of Swissport's customers. It was a challenge, but we were able to get it done," he added.

The collapse of Swissport in Belgium gave Aviapartner a bigger chunk of the marketalthough traffic was back then negligible. While its Brussels operations made this transition, other markets were moribund. "From Belgium we go to the other extreme. The Netherlands was the most impacted of all our operations," said Prince. In 2020, its activity in Amsterdam were just 30% of its 2019 levels. "Effectively the business closed down," he said.

Aviapartner took the right measures to manage spending and reduce its fixed costs. This involved talking to airports and suppliers to make sensible arrangements

Aviapartner operates in most of the major European aviation markets.

about managing the pandemic impact and coming out stronger together, using government furlough schemes across the countries it operates in, taking advantage of government grants where available and collecting monies owed in a diligent fashion, explained Prince.

On the customer side, Prince and Aviapartner use the phrase "customer intimacy", where the company seeks to ensure it is "easy to talk to the decision-makers". "We always remind ourselves that we are only here because of our airlines customers," he said. In such difficult times, "Listening to our customers and understanding what they need from us is critical. " he said.

Asked how he would like customers to describe Aviapartner, Prince said: "I hope they say we are a reliable, flexible partner providing great service, quality and safety and simple to do business with a very flat management structure and a commitment to achieving a consistency of service across all of our stations."

Recovery phase

It is common for journalists to ask managers how their business in 2021 compares to 2019, the last "normal" year of operations since the pandemic began. Prince isn't looking back though: "It doesn't matter what 2019 was. It is about managing the situation we have in front of us today. It is about how we build, restructure and stabilise on the size of business we have today."

By the end of 2021, Prince expects Aviapartner will see handling volumes of 55-60% of 2019 levels. After the lockdowns and travel restrictions during the first half of 2021, markets began to open in May. "The first four months of the year were very challenging. There was very little activity, and we had a lot of people on furlough," he said. From May through to September there was a return to some reasonably healthy volumes, but the recovery was very market dependent.

The pandemic hit at the worse time for the European aviation business, coming as it did after the traditionally loss-making winter season. For Aviapartner, the government short-time work schemes were critical to reduce its cash burn, explained Prince. The company was never in danger of going into bankruptcy itself, he said.

Aviapartner's cost-saving measures, as it has sought to make the business more resilient, mean it has been able to bring its breakeven point down substantially on the volumes it handles today, said

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Prince. The breakeven point will go up as handling volumes rise and the company adds back capacity and people.

For Prince, a key question is how can Aviapartner retain the flexibility and resilience it has built up during the pandemic? “I see significant industry challenges. The number one is the recruitment of the skills and personnel we need,” he said. During the pandemic many workers have left the industry and found jobs elsewhere and may be hard to tempt back. “People will say why work on the cold ramp when we can work in a comfortable Amazon warehouse,” he said.

“We are in a war for talent in every location. We are seeing it already and wage inflation will continue to grow,” said Prince.

Growth strategy

At the Malaga summit, Aviapartner’s managers heard from Levaux and Prince that its growth strategy, achieved either organically or through acquisitions, is based on three pillars. “Firstly, there are many opportunities ahead to grow our market share in the countries we currently operate in, either through airline and airport tenders or with network deals with customers as we expand into new markets,” said Prince.

Based on 2019 revenue figures, France is Aviapartner’s largest market with a 28% share, followed by Italy 18%, Belgium, 16%, Germany 12% and The Netherlands and Spain at 9% each. Aviapartner won a handling tender to begin operating in Spain in 2015 and this one is coming up for renewal at the end of 2022. “Our aspiration is to be successful again in that market,” stated Prince.

Its French business received a boost with Aviapartner winning a tender to begin service at Paris Orly to become the fourth licensed handler at the airport. It will start operations in March 2022.

Whether in Paris or potentially new markets, a clear opportunity for Aviapartner, as its network grows, is to handle existing customer airlines at the new stations. “We can simplify operational structures for the customer, and they get a consistent service across their network. Airlines choose us because

The independent ground handler works in 40 airports across Europe

Aviapartner improve quality, reduces complexity and we makes their life easier working with one reliable supplier across Europe,” explained Prince.

Aviapartner’s second growth pillar is to diversify its service offering at its existing stations. This could be in Fixed Base Operator (FBO) or private and general aviation, in lounge and VIP services or via an alliance with service providers at smaller airports. “We ask the question what can we do for airlines, airports or passengers?” said Prince.

In 2010, Aviapartner was only operating onegeneral aviation airport, at Nice in France. Now it has one of the largest general aviation handling businesses in Europe, with the latest expansion being the acquisition of Argos VIP, an Italian FBO operator. “This adds 14 airports to our portfolio. It’s a great fit, builds our brand and operation and broadens our network,” said Prince.

Another expansion area is airport lounges. Five years ago, Aviapartner had a single lounge in Rome Fiumicino. “Today, we are managing the Star Alliance Lounge in Rome where we have a 99% satisfaction score, we also have two AviaPartner lounges. We now also operate the Star lounge at Paris Charles de Gaulle and the British Airways lounge at Amsterdam and Linate,” said Prince. “We are about to open a new lounge in Rotterdam and we are constantly talking to airlines and airports about further lounge opportunities.”

New markets

The third and final growth pillar is to enter new countries with its core ground handling product. “Aviapartner is ready to move to new countries, and we have been asked several times over the past three years to do just that,” said Prince.

Approaches have come, at various times, from the UK, Croatia, Poland, Greece, and India. We will go if it makes sense. Any opportunity must be sustainable, profitable and build our network platform and allow us to offer our customers improved quality and safety. We operate as a Group, and importantly we think and act locally,” explained Prince. “Aviapartner succeeds where others fail because we understand the importance of setting very high global standards and delivering within local cultures.. Our strategy is to unite our European operations under a single ground handling banner. Our success in Brussels is a good example of how we work," he said. "Airlines stay with us because we've got the best people, the best safety and our service delivery is very good."

While returning the business to growth is at the heart of any CEO's mission, for Prince and Levaux the aim is to redouble efforts on innovation and sustainability.

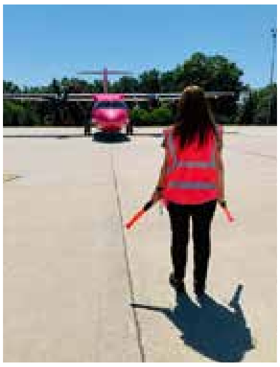
"Aviapartner have been innovating for many years, developing and refining is services, working in new ways and delivering what our customers need. In 2018 we launched a more detailed and robusy innovation strategy to encompass the needs to a changing world, a focus on technology, systems, equipment, process and what that means to services." said Prince. This is not as exciting to the outside world as entering new markets, but the discipline of delivering digital transformation for process efficiency; reducing the carbon footprint through electric ground equipment; anti-collision technology to reduce accidents; improvements to the quality of life for employees; and simplification and automation of processes like load control and dispatching; is the bread and butter of creating a strong handling enterprise.

"In Malaga we talked a lot about sustainability," said Prince. "We need to be a sustainable service provider and employer. We have to go beyond being just an employer and contribute more to a sustainable society. This is going to be very important now and into the future. We started our sustainability journey in 2013 with environmental targets and KPI's. Today over 50% of our ground support equipment is electric, we recycle, reuse, we have a clear code of conduct for our procurement and we have environmental officers in our countries."

Prince is pleased to report that Aviapartner has undertaken an assessment under the EcoVadis Sustainability methodology. Founded in 2007, EcoVadis claims it is the "world's largest and most trusted provider of business sustainability ratings, creating a global network of more than 75,000 rated companies".

"We believe we are at the forefront in this regard and are leading the industry towards a more sustainable future. We set the benchmark with industry cerfitications back in the early days of ISAGO [IATA Safety Audit for Ground Operations] and we are doing the same today" he said. Major industry players have been in touch with Prince to understand how Aviapartner performed in the EcoVadis benchmarking process. "According to the EcoVadis scorecard we scored in the top 2% of businesses to take it in our category. Our ambition is to build on that rating. This is a core competency for us."

Prince speaks calmly and eloquently about Aviapartner's plans with a sense of quiet determination. The vision of the chairman is clear - Aviapartner is on the rebound. ■



The resumption of domestic routes will enable a faster bounce back for LATAM.

LATAM: Weathering many storms

Bankruptcies by three of the largest airlines in Latin America – LATAM, Avianca and Aeromexico – are turning back the clock to a time of fewer flights and choices

LATAM Airlines, the largest carrier in Latin America, has enjoyed tremendous growth during the last decade, only to be forced below water by an almost complete travel closure on the Latin American continent during 2020 and most of 2021.

Now, 18 months later, the airline is soon to re-emerge from bankruptcy into a new competitive landscape and with renewed purpose to show its dominance. It will be smaller, like all its battered competitors in the region. While all major airlines in the US have received billions of dollars in government bailouts to prop them up during these difficult times, handouts in Latin America never appeared.

Meanwhile, as major players reorganised, their troubles has opened the doors to new competition from low-cost carriers Sky Airlines and JetSmart.

Times were not always so turbulent. The proudly merged LAN Chile and TAM led the region in flights, destinations and consistently well-received onboard service for decades. However, the merged carrier suffered severely during the Covid-19 pandemic. It was forced to file for bankruptcy in May 2020 after most countries in South America shut down or severely restricted cross-border travel to protect people from the virus.

However, LATAM has now shed some aircraft and debt, and expects to emerge with a healthier structure in 2022. LATAM said in its 5 October 2021 bankruptcy filing that it "has received several non-binding financing proposals, each for over US$5 billion, the funds of which would be used in part to refinance the DIP [Debtor In Possession] financing, and eventually other liabilities, and to have sufficient going forward liquidity". Reports have also emerged that Brazilian carrier Azul is preparing a bid for LATAM if the merged carrier fails to reach an agreement on restructuring.

Avianca, which was reorganised after a 2004 bankruptcy, also filed for bankruptcy – again – in May 2020 and is seeking to eliminate US$3 billion in debt. When this issue of ARGS closed for press (in old parlance), the carrier was still in bankruptcy but had plans to emerge sooner than LATAM, after 99% of Avianca's creditors approved its late October restructuring plan.

Avianca expects to eliminate 37 aircraft and emerge as a lower cost airline with only 12 widebody aircraft and 98 narrowbodies. United Airlines is expected to keep an ownership stake in Avianca of roughly 16%.

Avianca restructures fleet

Avianca took an unusual step during bankruptcy: it merged with Chile's Sky Airlines, a low-cost carrier with a 25-aircraft fleet of newer Airbus A320neo and A321neos.

Aeromexico, formerly the fourth-largest airline in Latin America, filed for bankruptcy just after Avianca in June 2020, and expects to exit shortly with $1.7 billion in financing. It has dropped in size and is currently the seventh-largest airline in the region.

For LATAM, the second quarter of 2020 was the low point. During April 2020, it only operated 24.9% of its 2019 capacity.

The capacity chart above shows how devastating Covid-19 has been to Latin American airlines. In late 2021, most airlines in the region are half the size they were two years ago. Hardest hit was Copa Airlines, which, during October 2021, operated only 25% as much capacity (in seat miles) as the prior 2019 period, owing to a near cessation of traffic between North and South America.

The last 18 months have seen very small rises from that nadir. For December 2021, the LATAM group estimates an operation (measured in available seat miles) of between 65% and 70% compared to 2019 levels, driven primarily by domestic and regional routes and the resumption of long-haul routes to Barcelona, London and Milan from São Paulo/Guarulhos.

LATAM is building its short-haul fleet around the A320neo family (photo: Airbus)

Oct-21				Oct-19				
Marketing Airline	**Flight Count**	**Seats**	**ASMs**	**Marketing Airline**	**Flight Count**	**Seats**	**ASMs**	**Capacity ASM Decline**
LATAM	25040	4480075	3,921,468,984	LATAM	42280	7404840	6,938,679,836	57%
GOL	11116	1998888	1,512,234,318	GOL	20845	3726516	2,531,963,028	60%
Aerolineas Argentinas	6681	942976	921,863,000	Aerolineas Argentinas	9758	1355304	1,532,269,004	60%
Azul	10889	1388310	883,444,324	Azul	25735	3081508	1,918,347,463	46%
Avianca	8020	1159368	824,104,364	Avianca	20834	2973256	2,670,338,330	31%
Aeromexico	3406	517893	753,149,868	Copa	9741	1382724	1,911,013,176	39%
Copa	3003	420456	629,507,940	Aeromexico	16417	2060623	2,485,283,814	25%

Capacity declines at all major Latin carriers have been severe

LATAM flew approximately 970 domestic and international daily flights during September, connecting 117 destinations in 16 countries. Meanwhile, its cargo division scheduled 990 flights in freighter aircraft during the period, 16% more than in September 2019.

Passenger traffic across Latin America still remains at half of what it was during the same 2019 period. LATAM, the largest carrier in the region since 2012, cut 50% to 70% of regional flights to nearby countries in September. Like all carriers in Latin America, LATAM struggled through the last 18 months while governments assisted many of its competitors based elsewhere. Codeshare partner American Airlines received more than $7.5 billion in aid from the US government, for example; United Airlines and Delta Air Lines got similar amounts.

As borders were virtually closed between Brazil, Argentina, Colombia, Chile, Peru, Ecuador and Bolivia, Latin American carriers grounded planes and made redundant the majority of their staff.

Fleet changes

One consequence of airline bankruptcy is a renegotiation of the entire fleet. Some aircraft will exit the fleet, and some destinations may not remain in the airline's flight schedule. The core of this, in LATAM's case, is to eliminate its new long-haul Airbus A350 fleet in favour of fewer Boeing 787s going forward.

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While we do not yet know the end result of this process, we do know that 95% of LATAM's desired fleet changes have been approved. These include:

- Terminating its orders for four B787s and one B777 Freighter
- Selling nine B767s to aircraft lessor and trader Jetran International
- Receiving two remaining new B787s by early 2022
- Eliminating Airbus deliveries in 2020 and 2021
- Retiring the entire long-haul A350 fleet; cancelling the last two A350 deliveries
- Agreeing to retain 70 A320neo aircraft through 2028

The result for North America and Europe will be a limited long-haul fleet of roughly 24 B787s and a declining fleet of B767s. The airline has 40 aircraft parked and not flying as of late October, according to Planespotters.com.

Because of Latin American sovereignty rules, LATAM and others have been forced to create country-specific airlines, and register aircraft under those countries. This has led to complexities that other airlines from outside the region do not face, and it has also made bankruptcy more complex.

LATAM has already shut down its Argentina subsidiary, though it still has eight others to maintain including staff accounting systems. Each country requires planes flown by a subsidiary airline to be registered in that country, which creates an administrative headache.

Cargo boost

LATAM is the only major airline in the region to have a dedicated cargo fleet. For decades LATAM, and before that LAN Chile, operated regular South-North B767s filled with Chilean blueberries, fish, precious metals and other commodities. LATAM Cargo Chile, LATAM Cargo Colombia, and LATAM Cargo Brasil are the airline's freight subsidiaries. The organisation has a fleet of 11 dedicated freighters, "which will gradually increase to a total of up to 21 freighters by 2023", the airline said in a

LATAM Subsidiaries & Fleets

LATAM Airlines	Aircraft
Argentina	0
Brasil	138
Chile	148
Ecuador	4
Peru	2
Cargo Brasil	3
Cargo Chile	2
Cargo Colombia	6
Cargo Mexico	0

Cargo has traditionally been a strong business for LATAM and it actually plans to expand its Boeing 767 cargo fleet.

Avianca–Sky merger

While 2021 has seen many twists and turns for Latin America, the most surprising development may be the possible merger between 102-year-old legacy Colombian airline Avianca and 20-year-old small start-up Sky Airline of Chile. Avianca has denied that it has completed a merger, even though details of the plans have been widely reported throughout Latin America.

It took Sky 20 years to reach a fleet of 25 aircraft, aided by a limited codeshare with Avianca between Chile and Colombia signed in 2012. Avianca is reportedly more attracted to Sky's low-cost operating knowledge than its common A320 fleet. In 2016, as it replaced its ageing B737 fleet with A319s and A320s, Sky transitioned to becoming a low-cost carrier and added seats to all its aircraft.

Sky would bring low-cost experience to Avianca and form the largest low-cost airline in South America. Brazil's GOL was also under consideration to merge with Sky, media reports suggest. Chilean media first reported the possible merger as a $70 million investment by Avianca shareholders into Sky.

While bankers and bankruptcy judges sort out the details, route developers may be interested in Sky's order for 10 long-range A321XLR aircraft. The first is due to arrive in early 2023 and would present some interesting options if used from Peru or Colombia. The aircraft's 4,700-mile range means Lima-Boston/Chicago/Toronto as well as Santiago-Miami/Orlando are potential new routes for Sky.

It is unclear how many large aircraft Avianca will have after bankruptcy to challenge LATAM. In June 2021 Avianca said it would shed 15% of its fleet by the end of 2021, and its future focus appears to be predominantly on regional routes. ■

Avianca will focus on the Boeing 787 for its longer-haul operations (photo: Boeing)

bankruptcy document.

Cargo has remained the bright spot for the carrier through the pandemic, up 16% in the two years after September 2019. LATAM may be more likely to launch additional cargo routes even before passenger traffic comes back.

After bankruptcy

LATAM is still expected to be the dominant Latin American airline after it navigates bankruptcy. While reports suggested it was ready to exit bankruptcy during October or November 2021, a court petition was accepted to continue negotiations into 2022.

The airline said in court documents filed in late October 2021 that while it has held frequent talks with creditors, there is still a “massive economic gulf” between the two sides. Unanswered questions include how many aircraft contracts it can change or shed, and what the post-bankruptcy holdings of the largest shareholder (the Cueto family) will be, as well as those of Delta Air Lines and Qatar Airways.

Delta purchased a 20% stake in LATAM as recently as September 2019, spending $1.9 billion in the process. Delta also acquired four A350 aircraft from LATAM and the future orders for 10 more. Delta has a seat on the LATAM board.

Qatar purchased a 10% stake in LATAM for $613 million in 2016 and increased its ties with an additional $300 million loan as part of a multi-company investment. Qatar has said it would like to match Delta’s stake in LATAM.

In early November 2021, LATAM received permission to access a $750 million credit line provided by Apollo Global Management and Oaktree Capital Management.

There has always been interest in LATAM, either for codesharing, investment, cargo expertise, or its deep penetration into all of South America’s turbulent economies. Its future may be left up to bankruptcy judges and creditors, all of whom expect some return on their investment. ■

Strict testing was in place for delegates entering the Routes World show site (photo: Routes)

The World Routes welcome party got the event going with a swing (photo: Routes)

Routes is back

The global air service development community met again for the first time on 10-12 October in the Italian city of Milan. World Routes 2021 attracted some 1,700 delegates, which although down on the 2,800 people seen at the last European-hosted world event in Barcelona in 2017, was a highly respectable showing.

The number was considering the travel restrictions that prevented most Asia-Pacific based participants to attend. The event generated a party atmosphere as airline, airport, tourism and other officials worked and played following tight Covid-19 health protocols to resume their business activities in person.

The next event, Routes Americas, place from 15-17 February 2022 in the Texas city of San Antonio, while World Routes 2022 will also be in the USA, with Las Vegas hosting on 9-11 October. ■

Spirit's big move in Miami

Spirit operates a large fleet of Airbus A319s and A320s (photo: Spirit Airlines).

Spirit's vice-president of planning
John Kirby

It is not every day that the chance comes along to establish a big operation at a major US hub. But that is exactly what Spirit Airlines got recently, when a change in the way some gates can be used at Miami International Airport (MIA) gave the maverick US low-fare carrier the opportunity to move in for the first time.

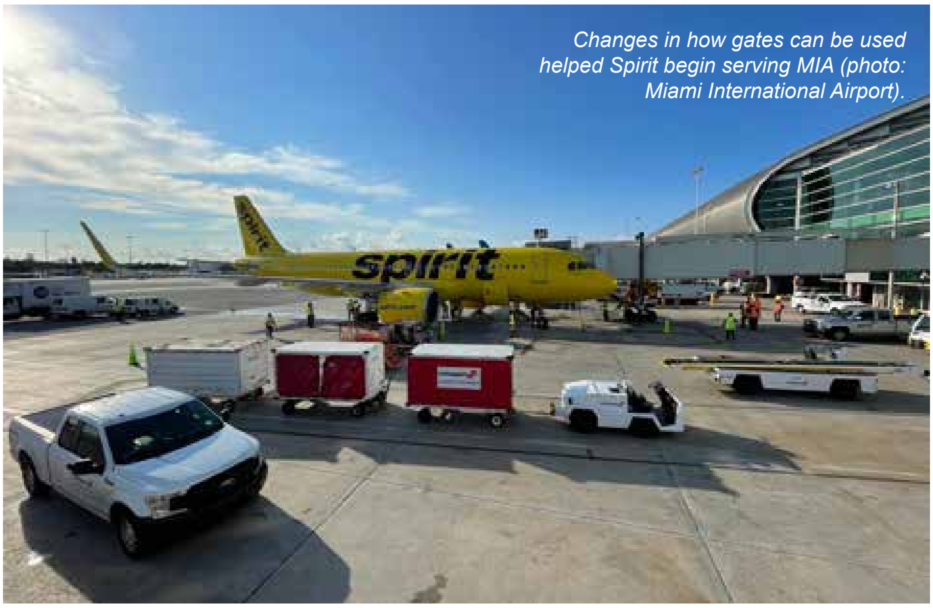
Until this point, while Miami had from time to time appeared on Spirit's radar, there was an assumption that as an ultra low-cost carrier, Spirit would shy away from MIA with its generally higher costs. In addition, with Spirit based at nearby Fort Lauderdale International Airport this meant a move to MIA was thought unlikely to be on the cards.

However, in June that all changed, with Spirit announcing that MIA would become its third south Florida gateway, after Fort Lauderdale and West Palm Beach. And this was not a tentative exercise with one or two destinations to test the water: Spirit has piled in with over 30 routes to domestic and international points, propelling it to become the second-largest carrier at MIA.

According to Ralph Cutié, MIA director and chief executive, speaking on 6 October as Spirit launched its first batch of nine routes: "We are immensely grateful for Spirit's decision to not only expand to MIA but with a sizeable presence of service to 31 cities. With more than 200 weekly flights by January, Spirit will instantly become one of our busiest passenger airlines, giving our travellers even more options for flying to and from Miami-Dade County."

The move is the largest single expansion in Spirit's history beating the addition of launching ten new routes in the first three months from Austin's Bergstrom International Airport in February 2019.

"To me, real estate is the true currency of aviation. Getting hold of gates and ticket counters is the important thing because you can't grow if you don't have the facilities," said John Kirby, vice-president of planning at Spirit. And if there is one thing that Kirby has constantly done throughout his career at US Airways, AirTran, Southwest and Alaska, it is to grow air to service.



Changes in how gates can be used helped Spirit begin serving MIA (photo: Miami International Airport).

***Ted Christie**, CEO of Spirit, and **Jimmy Morales**, chief operations officer for Miami-Dade County, at the airline's service launch (photo: Miami International Airport)*

"I noticed that JetBlue, Southwest and Frontier were expanding at Miami," explained Kirby. "Airlines that didn't serve MIA were going there. So I rang my contact there and asked him if we could come down and see what opportunities there were. We found that MIA had shifted from a variable cost model to a preferential one."

It was a move prompted by the drawdown in service from dominant Miami hub carrier American Airlines caused by the traffic collapse during the pandemic. In several US airports, including MIA, gates are operated under a variable cost model, which means the cost to the airline for a gate is the same per flight whether it operates one flight a day or 10 flights. This does not suit Spirit's low-cost model, whose principle is that the more frequencies it operates from a gate the lower the gate cost becomes.

On average, Spirit has eight to nine departures a day per gate, compared to an industry average of four to six departures. "By flying more than the average departures per gate we can usually have a CPE (cost per enplanement) lower than the average CPE at an airport," said Kirby.

The variable cost model for gate usage is relatively rare in the US nowadays as it prevents airports from bringing in new carriers to use valuable real estate if the 'owning' airline is not using them. Even before the pandemic, MIA had, at the instigation of airlines, been reviewing whether to switch some gates to preferential use.

"When we found MIA had changed [to preferential] all of a sudden it sounded like there was a chance to get our costs [at MIA] more in line with those at Fort Lauderdale," said Kirby. "We asked MIA for a full cost profile if we flew at a certain level of departures." The numbers were beginning to add up and a launch in Miami "all started to make sense", he said.

"I learned when I joined Spirit that every few years we would look at MIA, but the catalyst was their move to a preferential model," he added. "Then I needed to understand which gates were available." In total, Spirit has been able to obtain five gates, one an international gate on Concourse J and four gates in Terminal G for domestic operations. "This gave the opportunity to get critical mass and offer a nice service portfolio," said Kirby.

Still, the speed and scale of Spirit's ramp-up in MIA is impressive. Kirby recalls coming back from his visit to MIA and briefing chief executive Ted Christie on the opportunity to enter MIA in a big way. The idea raised eyebrows initially, but the management team saw the chance to make a big impact in this strong Florida market.

After starting with nine destinations, Spirit plans to grow to 27 within 40 days. Kirby is full of praise for the Miami team "helping us enormously to move quickly" to get the MIA operation up and running.

How has the launch gone? "It is early of course, and we have to see the performance of the services, but the early signs are that we have every reason to be confident." Spirit's success in Fort Lauderdale and its strong brand in the region, leads it to suspect its Miami operation will follow suit – and that this is only the start of a growth story in another Florida market for the carrier. ■

Eurowings launched its first A330 service to Mombasa in July (photo: Eurowings Discover)

Eurowings Discover on the launch pad

***Marco Goetz**, chief revenue officer at Eurowings, describes the ramp-up of this new German touristic carrier*

Eurowings Discover, Lufthansa's latest attempt to tap into Germany's huge outbound tourist market, was in full 'come-and-get-us' mode at World Routes in Milan. The carrier, which only began operations on 24 July 2021, was a must-have on the meeting agenda at the event for airports from all geographies that have attractive vacation opportunities.

The Eurowings Discover project was started in 2020, and is a "new touristic airline", explained Marco Goetz, chief revenue officer, at a Routes Airline Briefing. It is wholly owned by parent Lufthansa Group and closely linked with many elements of the mothership such as ticketing, the loyalty programme and connectivity with Lufthansa's network, including codeshares with Swiss and Austrian Airlines.

The big difference is that Eurowings Discover will focus entirely on the tourism market with predominantly long-haul services, initially from hubs at Frankfurt and Munich. "We want to be the first choice when it comes to vacations," said Goetz. There are options to book via the airline's web channels and it will also work directly with tour operators. The first route was Frankfurt to Mombasa, Kenya.

The differentiation between Lufthansa and Eurowings Discover will be clear, with the start-up adding a tourism product to the Lufthansa Group that will not compete at all with the mainline carrier, said Rupert Kraus, director network and airport relations at Eurowings Discover. The aim is to be a big player in the markets that it chooses to enter, he said.

The original Eurowings-branded airline will continue and focus on European point-to-point routes, but Lufthansa's aim is to capitalise on the brand, adding

Discover to the name to emphasise its spirit as a tourism product.

Over the winter, Eurowings Discover will add destinations in the Caribbean and its first service to the USA will be to Tampa International in mid-December, said Goetz. More services to US cities will follow over the coming year – and the airline was at Routes "looking for opportunities for new destinations" to expand its network rapidly as the fleet plan is finalised for 2022 and into 2023.

It is seeking destinations with something "special" to offer and its first wave of routes will be year-round services to places such as Mauritius, Las Vegas, Windhoek (Namibia) and Punta Cana in the Dominican Republic, said Kraus. Through Eurowings Discover, the Lufthansa portfolio will gain secondary destinations that would not have made economic sense for the parent carrier.

Initially, Eurowings Discover will look for routes that work in their own right without relying on any feed from the Lufthansa network, said Kraus. As the airline builds and matures, the network effect will enable it to look at secondary destinations.

There is also an emphasis on encouraging destinations to collaborate on projects to help optimise a service and share some of the risk in starting a route with joint marketing activities, said Goetz.

According to Goetz, the carrier's ramp-up will see it operating nine aircraft this winter, consisting of six Airbus A330-200s and three A320s; the total will grow to 11 by summer 2022. Initially the A330s will operate in a two-class configuration, with economy and business offered, but from the second quarter next year Eurowings Discover will add a 17-seat premium economy section with seats identical to those used by Lufthansa, said Kraus.

This winter, short-haul services from Germany to popular winter destinations like the Canary Islands, Morocco and Egypt will begin with the A320s.

"It's an ambitious and fast ramp-up," Goetz told delegates. And Eurowings Discovery is a welcome arrival for airports and destinations desperate for the return of airlines and travellers. ■

By 2026 Flair aims to have a fleet of 50 B737s (photo: Flair)

Flair's chief commercial officer ***Garth Lund*** *wants airports to share the risk to help launch new service*

Some Canadian Flair

There was certainly no round of applause for Garth Lund, chief commercial officer at Flair, when he called upon airports interested in attracting the Canadian start-up carrier to consider volume-based charging incentives. A risk-share approach to establishing new service is not very common, but Lund will not be put off.

"It's something we have to bring up," he told delegates at his airline briefing session at World Routes in Milan in October. "We are trying to bring the concept to Canada... In return for delivering growth and passenger volumes we want to see volume incentives." It could, he believes, be a classic "win-win", giving Flair the low airport charges it is seeking and helping to maximise revenue for the airport.

Flair, which describes itself as an ultra-low-cost carrier, has volume-based fee structures with a couple of Canadian airports already and is hoping more will follow as it expands its network. Lund's plea to airports is clear. "Where we see low airport fees it is something that really stimulates us," he said. Flair is aiming for a cost structure that, excluding fuel, will see a CASM (cost per available seat mile) of less than 6 cents (US).

The carrier began service in 2017 with three Boeing 737s operating domestically in Canada. Its model is to fly with relatively low frequencies across a large network, aiming to stimulate price-sensitive customers to fly, Lund explained.

The fleet will grow to 11 737s, three 737-800NGs and eight 737-8 Maxs by year-end; the master plan stipulates that 10 aircraft will arrive annually over five years, taking the total fleet to 50. "We are looking for places to deploy that capacity," said Lund. Flair will begin service to classic US sun destinations, such as Fort Lauderdale and Orlando, from Canada this year and has an eye on destinations in the Caribbean and Mexico for 2022 and beyond.

The airline's operational team is based in Edmonton while the commercial team is based in Vancouver. It is owned by a group of private Canadian shareholders while another major shareholder is 777 Partners, an aircraft lessor that is also supplying some of Flair's B737s. ■

***Jozsef Varadi** on the left, was interviewed at World Routes by Wesley Charnock (photo: Routes)*

Varadi's masterplan for Wizz Air

Wizz Air was the first European carrier to see network opportunities coming out of the pandemic, with its chief executive, the polite but plain-speaking Jozsef Varadi, keen to try new things right at the onset of the crisis rather than remain in stasis.

Since the pandemic began, network planning had become a game of "trial and error", he told delegates during a conference session at World Routes in Milan – and he not only admitted the Hungarian low-cost carrier (LCC) did not always get it right, but celebrated that fact. "If you make no mistakes, you are not pushing your boundaries," he said.

"We were in Covid-19 mode for two weeks. Then if you trace back what we did, we very quickly started making market announcements," he said. "From a business perspective, [the crisis] was a clear opportunity for Wizz Air. You have got to set yourself apart from the rest of the industry."

Wizz Air was one of the few airlines not to slow aircraft deliveries during the crisis and has taken 33 new airliners into its fleet since March 2020. This has given it 25% capacity growth over that time, even though it has not been able to operate all of the new 'planes because of travel restrictions.

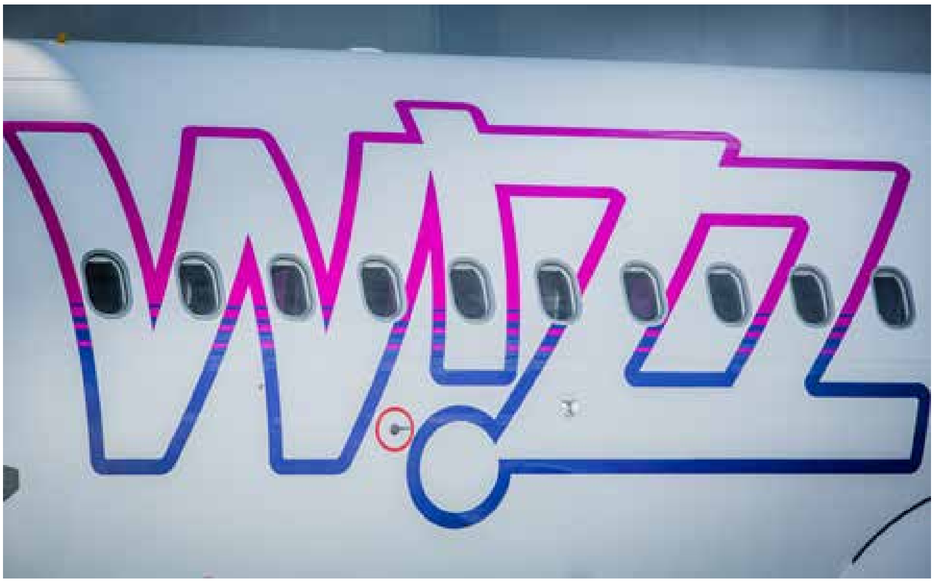
At the same time, the carrier was keeping its house in order by taking a conservative financial view and preserving cash at every turn. It now has more cash available than it had pre-Covid, said Varadi. "We could keep going for three years even if we stopped operating completely," he noted.

Network building

"We learnt during Covid that you need to diversify your market," said Varadi, and Wizz Air's strong push into Italy was very helpful in that regard. The airline plans to increase its fleet based in Italy from 15 to 24 aircraft by summer 2022. The formation of Wizz Air UK prior to Brexit, and ventures such as Wizz Air Abu Dhabi, have also been helpful. The latter will be flying to 33 destinations from December when it adds a service to Moscow. Then there are several routes to Jordan from various bases in its network and the airline will continue to pioneer pushing eastward.

While deciding on new service is a process, Varadi explained Wizz Air's philosophy. "We don't overthink this... There is a clear recognition that people like to go to nature, to the seaside etc," he said. In the short term, he believes travellers will tend to favour travelling to sun, sea and ski destinations over city breaks. But, he added, "I don't think consumer behaviour will change because of Covid.

"Yes, there is an element of trial and error... but at the end of the day it boils down to cost of operations," said Varadi. "How can we enable lower unit costs versus our competitors and other means of transport? It comes back to our ability to stimulate the market. It's all down to cost."



Wizz Air has not slowed down the delivery of any of its new aircraft during the pandemic (photo: Wizz Air)

The issue of slots

Varadi is scathing of the European Commission's decision to temporarily suspend the 'use it or lose it' rule for airport slots. "All of these slot alleviations, they are kind of a joke... It needs to stop," he told delegates. "Short term, it's a crime that the system is operating [this way]."

With traffic at some airports at a virtual standstill and layoffs around Europe among airport workers, his view is that airlines like Wizz Air that want to move in, should be allowed to do so. "We call on industry for a significant change here and to get back to normal on slot rules instead of protecting the incumbents," he said.

On the issue of state aid for ailing airlines, Varadi said that it was tempting for some governments to get back into the aviation market. The crisis gave them a "great excuse" to do so, he said. However, the real question is what happens from here. "My personal view is in the long term, [state assistance] will hamper [airlines'] ability to grow."

"Structurally this gives more opportunities to Wizz Air," continued Varadi, who believes that further airline consolidation is inevitable and that LCCs will benefit. "LCCs will continue to grow in the market, and Wizz Air will be one of the front runners to grab these opportunities.

"We don't need any government aid; we need governments to stay out of aviation and focus on being national market regulators," he said.

Wizz Air was reported to have made an unsolicited bid for easyJet in September, which was never confirmed by either carrier, although easyJet did confirm it was approached by an unnamed party. Varadi did not comment on this report but added: "Our business is to grow organically, but we are not going to be blind on the market."

The ambition for this organic growth is massive. The plan is that in five to ten years Wizz Air will be four times as big as it is today, operating 500 aircraft and transporting 170 million passengers a year by 2029-2030.

To help facilitate such growth, Varadi's message to airports is that they need to encourage airline growth by keeping charges as low as possible. "I am not sure the right way to recoup losses is to increase charges, it just creates a market entry barrier," he said, responding to reports that some airports have recently announced hikes in charges to make up for their large losses. "In return for lower prices we can commit volume," he pointed out.

In terms of its fleet development, Wizz Air will continue to up-gauge its Airbus A320 fleet to the A321, raising the average seat count on Wizz Air metal to 207 seats over time. He described the A321neo as an "unbeatable aircraft".

The airline also has the long-range A321XLR on order. This aircraft will enable the carrier to launch new routes that were beyond its imagination previously, such as flights from the Canary Islands to Abu Dhabi and from Iceland to Jordan. However, Wizz Air will not take on transatlantic services with the A321XLR. "We are not going to do stupid things," said Varadi, noting that there are plenty of examples of airlines that were "over-eager" in launching this type of service, and failed. ■

SunExpress expands business model

SunExpress has been operating its entire fleet of 39 Boeing 737s this summer (photo: SunExpress)

In addition to expanding its route network connecting European destinations to Turkey, SunExpress is launching an interesting airline partnership model, with Air Cairo being the first to test the waters.

The model is more than simply a codeshare or interline arrangement, with SunExpress taking over the entire commercial management of a portion of Air Cairo's route network and aircraft. "It is a completely different partnership model," said Wilken Bellmann, head of network planning and scheduling at SunExpress, which is a joint venture carrier between Lufthansa and Turkish Airlines focused on touristic and VFR markets from and to Turkey.

The project on this new partnership model has grown in the SunExpress commercial team and is led by Bellmann, who started working on the concept just prior to the pandemic, he told *ARGS* at Routes in Milan. SunExpress approached Egyptian low-cost carrier Air Cairo about the idea, which gives SunExpress a market that it can sell in addition to Turkey, said Bellmann. Moreover, Egypt is a year-round market whereas Turkey is much more seasonal.

SunExpress is enthusiastic about airline partnerships as it seeks to grow with incremental demand and is looking for more, said Bellmann. Its codeshare with Lufthansa, which was started three years ago, now extends to 11 routes while it also has an interlining deal with Air Canada and United Airlines to diversify its passenger mix.

***Wilken Bellmann** (right), head of network planning and scheduling at SunExpress, and his colleague **Marc Fischer**, specialist network planning*

This summer, as some European travellers found beach destinations open once again, has seen SunExpress operating its entire 39-aircraft strong Boeing 737 fleet to 70 destinations and in some markets, demand has surpassed 2019 levels, said Bellmann.

More destinations

In terms of growth, SunExpress has announced two additional routes in the UK. Birmingham and Edinburgh will be served multiple times per week from Antalya, adding to services from London Gatwick and Manchester, with further expansion in the UK and Ireland highly likely in the next years, said Bellmann. More destinations in Central and Eastern Europe are also on the SunExpress radar where there is a strong market for sun and beach holidays. "We start with major cities and then expand to smaller airports and catchments," he added.

The carrier's established and mature markets in Western Europe and Scandinavia also have room for further growth through capturing additional market share, noted Bellmann. There is a strong combination of touristic and VFR demand in these regions.

Founded as a joint venture in 1989, SunExpress has grown steadily. It is headquartered in Antalya, known as the touristic capital of Turkey, and has become the largest carrier based on international seats at its other key hub Izmir on the Aegean coast. It will add 19 new Boeing 737 Max aircraft over the coming three years and has the flexibility to expand its fleet size even further if the market opportunities are there.

Bellmann stressed that SunExpress is an airline that is looking for "mid-to long-term partnerships and success rather than just quick wins." ■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King Khalid International Airport is the main hub airport of Riyadh, the nation's capital city

Saudi Arabia is the place to go

The Riyadh Airports Company (RAC) team at World Routes were not surprised that they were receiving a lot of attention at the globe's favourite network development meeting, because Saudi Arabia's travel story is starting to blossom.

The Middle East's oil powerhouse, which has eschewed international visitors to a large extent in the past, is now on a mega country-wide drive to open up its borders to overseas travellers as part of a grand vision to develop its economy away from a reliance on the black stuff.

The Saudi Arabian government's over-arching strategy is called Vision 2030. An ambitious programme, it features multiple streams of work and activity across the country and society. For the air transport industry, the key target in Vision 2030 is to welcome 100 million international visitors to the kingdom by 2030.

This is an important, but by no means the only attraction for Saudi Arabia to advertise its wares via a Routes showcase. Its list of attributes is impressive. Firstly, and critically, the kingdom opened its borders to overseas visitors with a visa-on-arrival programme in September 2019.

Secondly, the country has an array of tourism opportunities, in addition to the incredible Haj and Umrah pilgrimage influxes to the holy shrines, that it is proud to spotlight.

Thirdly, despite the global pandemic Saudi Arabia is undergoing something of a renaissance, with a young, dynamic population and a business environment that is encouraging entrepreneurship and inward investment.

Fourthly, the country's aviation infrastructure is receiving heavy investment – with new airports and potentially new airlines.

And lastly, the Saudi authorities have licensed 44 international companies to establish regional headquarters in Riyadh, a move that will inevitably generate significant traffic. Firms like Unilever, Baker Hughes and Siemens are among those slated to come in as the kingdom pushes to

***Jacopo Tonucci** of Riyadh Airports believes Saudi Arabia is becoming increasingly attractive to tourists*

become a regional commercial hub.

At World Routes, RAC, which manages and operates King Khalid International Airport, was promoting both itself and the kingdom. There is a palpable sense of excitement and optimism around Saudi Arabia's ambition, something that Jacopo Tonucci, development director aeronautical business at RAC, embraces and embodies. "Vision 2030 is fuelling everything," he explained. "It brings with it so many opportunities."

The pandemic has certainly slowed things down, but momentum is once again growing, and traffic is returning as travel restrictions begin to ease. In fact, in Saudi Arabia domestic travel has been booming this year. At Riyadh, the number of domestic destinations is back to pre-pandemic levels and domestic traffic is up by 40% in this year to date compared with 2020, said Tonucci.

In round numbers, King Khalid International handled around 29 million passengers in 2019, a figure that fell back to about 12 million in 2020. RAC has not given a forecast for this year, but from January to September traffic grew by 35% compared to the same period in 2020, leading to an expectation for significantly more passengers in 2021 than last year.

The country's tourist hotspots and travel goals give Tonucci and his team a stellar sales pitch. "Airlines are taking note and seeing that there is a market here – there is a lot of focus on tourism. Saudi Arabia has an exciting story to tell."

In terms of market recovery, Tonucci reports that the airport had six more airlines at the time of the Routes event, held in mid-October, than it did when the pandemic began, bringing the total serving the airport to 48. The newcomers are three scheduled carriers: KLM, Himalaya Airlines of Nepal and Ukraine's SkyUp Airlines, in addition to three scheduled charter operators: Turkey's FreeBird, Vietnam's Bamboo Airways and Somali carrier Daallo.

The country's low-cost players Flyadeal and flynas are also growing fast. Flyadeal began international services to Dubai from Riyadh in July and will add further international destinations to its strong domestic network in the coming months. Flynas opened routes to Kiev, Lviv, Hurghada, Tashkent, Salzburg and Tirana this year.

Saudi Arabian Airlines has also been boosting service, recently announcing a second daily flight to London Heathrow.

Not only has King Khalid International increased its airline count but the number of destinations has grown, said Tonucci. A total of 92 points were served in 2019, a figure that has risen to 105 in 2021. The country target under Vision 2030 is to reach 250 destinations served by 2030.

The capital's airport is looking all around the compass to connect as many primary markets as possible to Saudi Arabia with Riyadh as the top priority, said Tonucci. Once these links are established, attention will turn to secondary destinations across Europe, Asia, the Americas and Africa.

There is an "air service development community" approach to attracting services. Bringing all stakeholders to the table, the airport works in tandem with Saudi Arabia's national carriers, the General Authority of Civil Aviation, the Saudi Tourism Authority and the Saudi Air Connectivity Programme.

The partnership approach was particularly helpful in wooing KLM, with the Dutch carrier beginning service from Amsterdam to Riyadh in January 2021. Conversations about the flights began at World Routes in Adelaide in 2019, paused as the pandemic hit, but resumed later in 2020, culminating in the route being announced in late 2020.

"The success of this launch is due to the great understanding from KLM of the opportunity that Riyadh and Saudi Arabia brings," said Tonucci. "There was a great synergy between all the teams involved, including the team at Amsterdam Airport Schiphol." ■


Kansas City International's new terminal is scheduled to open in 2023 (photo: KCI)


Patrick Klein (left), director of aviation at Kansas City International Airport (KCI), and **Justin Meyer**, KCI's deputy director of aviation marketing and air service development.

Kansas City presses on with new terminal

"We will deliver a post-pandemic terminal at pre-pandemic prices," declared Patrick Klein, director of aviation at Kansas City International Airport (KCI), for the Aviation Department's development team at the city has locked in the build price of the terminal, regardless of any pandemic-related inflationary effects on construction and material costs.

And this city, the largest in the state of Missouri and located exactly in the centre of America, is more than ready for an up-to-date airport. The current three single-storey terminals, with their horseshoe design, were conceived and built for 1960s air travel, but with miniscule terminal space they were obsolete within weeks of the original terminal opening in 1972.

To rectify matters, the new KCI will feature a sparkling, spacious, single 39-gate US$1.5 billion terminal, scheduled to open in 2023. It is the largest single infrastructure project in Kansas City's history.

Klein is gratified that the pandemic did not put a brake on the project, dubbed 'Build KCI'.

"While we saw other projects [in the US] stopped, we are grateful to the airlines for their support," he told *ARGS* at Routes. "They have an equal vote on the construction and design and didn't once say it should be stopped. They know the need and how much the old facility is a hindrance to growth."

The project started in April 2019 and is on time and on budget, said Klein. "It is a real opportunity for us to be at the front of the airline path to prosperity in a facility that will change the way travellers experience Kansas City."

For Southwest Airlines, which has about 50% of the traffic at KCI, the new terminal will enable it to grow. "Southwest, our major carrier, has said it has throttled back connecting services [because of the limitations of KCI]," said Klein. And it is not alone. The terminal will eliminate the constraints that airlines say have discouraged them from increasing services to KCI, he noted.

The KCI team are excited about the new terminal attracting more domestic service and are spying transatlantic links too. In 2018, KCI had worked with Icelandair to launch a service to Reykjavik, the airport's only transatlantic link. However, in October 2019, Icelandair pulled the route, and also stopped its San Francisco service as it trimmed its US network.

But Icelandair's experience helps prove there is a market, said Justin Meyer, KCI's deputy director of aviation marketing and air service development. In the peak months of June and July there are some 600 travellers a day travelling to Kansas City from Europe, with over 400 a day on average across the year. This data shows there is demand, said Meyer, and aircraft like the long-range Airbus A321XLR or Boeing 787 Max would be the perfect types to help make a Kansas-to-Europe route viable.

"In the post-pandemic world, market opportunities like this are going to grow significantly – we will see trans-oceanic flying and routes into KCI could work well," said Meyer. ■

Tampa runs the hard yards

Chris Minner, executive vice president of marketing and communications at Tampa International Airport, is clear that the key to successfully launching a new route comes down to the basics. "We hear it's the 'sweat equity' that makes the difference," he explained.

"Our experience is that while fee waivers for the first two years of operation and some marketing support is nice, and ours are among the more generous in the US, they don't make a market work," he told ARGS at Routes in Milan.

What is needed is the fundamental generation of market demand, and that's where the phrase "sweat equity" comes in.

"That means the hard work of helping connect the airline with the CVB (convention and visitors bureau) and the people who are selling the market," said Minner. "Then there are connections with business leaders to work out corporate contracts. In the first two years of operation, we are making sure the relationships we can create continue to [serve] our mutual self-interest."

The creation of early momentum through such efforts gives a new route the best chance of being successful, enabling it to move into the maturity phase.

Tampa was in Milan with a dedicated stand for the first time, demonstrating its belief that air service, and especially international air service, will return strongly to serve the Tampa Bay region, one of the top three growing markets in the US.

Tampa's air service development team has had a good run over the past few years, attracting strong domestic growth, and bringing in several international players including British Airways, Lufthansa and Copa Airlines. However, overseas service stopped as the pandemic took hold and with the travel restrictions in place international traffic has remained 85% below pre-Covid levels, said Minner.

International service

Tampa's priority now is to win back those lost volumes and build again. Although international traffic is only about 7% of

Tampa's has opened its Blue Express Curbside check-in lanes (photo: Tampa International Airport).

Tampa's overall passenger mix, it brings in more dollars than domestic service. "It is critically important for businesses in the Tampa Bay region and for hoteliers in the region as these services bring in long-haul travellers who stay longer and spend more. They are very high value," said Minner.

Some service has returned, with Southwest flying again to Havana in Cuba, Copa to Panama, JetBlue to Cancun and Air Canada to Toronto. British Airways is expected back in November, while Eurowings Discover will take over Lufthansa's Frankfurt service from December.

"We definitely want to see the recovery of our international services," said Minner. "We will work like hell to bring back the markets that have really thrived. The Caribbean and Latin America are going to be a focus for us where we believe there are opportunities to flow traffic southbound [from Tampa]."

While international service has lagged, domestic traffic has in contrast boomed. "We are back to 100% of our pre-Covid numbers," said Minner.

"Throughout the pandemic people wanted access to wide-open spaces and so the 35 miles of white sand [in the region] is very appealing," he explained. "In Tampa we are seeing the phenomenon of the advent of remote working," said Minner.

In addition, a lot of people have been relocating from other areas. To underline this, eight corporations have announced they will relocate their headquarters to Tampa Bay, he said. "Jobs are coming to Tampa Bay and people are coming to Tampa Bay."

This activity, and the influx of tourists seeking out Tampa's beaches and attractions, has contributed strongly to hotel revenues in 2021 being 46% ahead of 2020's numbers. "In fact, 3,200 new hotel rooms have opened in Tampa Bay in the last 18 months," said Minner.

It is this market strength that attracts airlines like start-up Breeze Airways to Tampa. The airport was pleased to be the launch market for the carrier, which began service to 10 cities from Tampa in May. The Tampa team already had good connections with founder David Neeleman and other Breeze executives, and both groups used their knowledge of the Tampa market to plan the inaugural services for the Embraer 190/195 operator.

"The Breeze routes have gotten off to a good start," said Minner. "[The Breeze executives] know Tampa International Airport, having dealt with us in the past, and know about our track record of being able to support airlines in launch mode."

Other US carriers have been investing in Tampa service and other facilities, too. Spirit Airlines has been announcing new services, with one of the latest including Tampa in an effort to connect Manchester-Boston Regional Airport (as the first new airline at this small airport in 17 years) with Florida in November.

Chris Minner, executive vice-president of marketing & communications at Tampa International.

Frontier Airlines has a new service from Tampa to New York's Stewart International and has opened a pilot and crew base at Tampa, while United Airlines has opened an MRO base to service its narrowbody fleet at the airport, said Minner.

New curbside lanes

As far as development on the Tampa International Airport property goes, the airport opened eight new check-in lanes, called Blue Express Curbside, for travellers flying without a checked bag. This enables them to bypass the ticketing area and go straight to the terminal's transfer levels. "This is part of us finishing phase two of a three-phase master plan to double our curbside area," said Minner.

Tampa had been preparing the plans as part of its $1 billion overall development master plan to build a new 16-gate international and domestic terminal, but put this was put on pause when Covid struck, explained Minner.

"We are working with airlines and the planners on whether we need to change the plan, taking a fresh look at passenger forecasts," he said. "By the end of the first quarter next year, we will complete that work and decide what the plan is going to look like." ■

An end to travel restrictions will help boost traffic on its Indian routes

Oman Airports ready to revive

Oman Airports is delighted that Air France and Edelweiss are starting operations this winter, bringing tourists to a country that looks east across the Arabian Sea to India. Government travel restrictions imposed in response to the pandemic mean that the Air France Boeing 787 service from Paris to Oman's capital Muscat is limited to three frequencies a week, while the Edelweiss Airbus A340 service from Zurich will operate twice a week.

Tibor Mihalka, senior manager of the route development team at Oman Airports, is gratified that these European carriers recognise the potential of Oman's inbound leisure market. However, he is under no illusion about the size of the task for this small country to rebuild traffic and woo back carriers to Muscat. "We are working hard to try and revive the network," said Mihalka, but he acknowledges that it will be a tough climb back.

A major obstacle to overcome is the pandemic-related travel restrictions that cramp traveller volumes to Oman's two main markets: the Indian subcontinent and the Middle East. For instance, when this interview took place at World Routes in Milan in mid-October, the travel bubble between Oman and India only allowed for 6,000 seats per week, per country.

"This is hitting our main market badly, as you can imagine," said Mihalka. At its peak this market would number about 27,000 seats weekly. The lifting of the restrictions will give Oman a major boost and will be crucial to its traffic recovery in the coming years.

In terms of numbers, Oman Airports (a state-owned company established in 2002 that manages all the airports of the Sultanate including Muscat International, Duqm, Sohar and Salalah) saw traffic grow to 16 million passengers in 2019. This slumped to 4 million in 2020, with 3.1

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From left to right: Iman Al-Nasseri, Dr Tibor Mihalka and Dagmo Ahmed Jama of Oman Airports at World Routes.

million of those in the first quarter before the pandemic bit. Traffic will reach 3.7-3.8 million in 2021, spread evenly across the year.

The pandemic has hit both the airport and its main carrier Oman Air, for which transfer traffic was an important part of the revenue mix. Oman Airports is doing all it can to support Oman Air's revival and at the same time is looking to bring in as many carriers and destinations from outside the country as possible, said Mihalka.

Low-cost success

Oman Airports has had its successes even during the pandemic, particularly in attracting services from low-cost carriers from around the Gulf, he went on. For instance, Jazeera Airways began flying from Kuwait City in February with a three-times-weekly A320 service, while Air Arabia Abu Dhabi and Air Arabia Egypt started service in March. The airport expects Wizz Air Abu Dhabi to begin flights in late October.

Mihalka trusts that the intrinsic attraction of Oman as a destination will ensure it can rebound at a decent pace. "Oman is an authentic Arabic country," he said. "It is positioned as a wonderful nature and adventure destination with great hiking and biking, and sea, desert and mountains to experience and explore."

There has also been substantial investment in the country's infrastructure, including the new Muscat International Airport opened in March 2018, while several high-end hotels are being built in and around the capital. ■

Swedavia: A green machine

One of the first exhibitor stands to greet delegates arriving onto the show floor at World Routes in Milan was Swedavia Airports.

Swedavia is renowned for serving one of the best fresh coffees from its barista at Routes shows, and the tasty brew was available again in Milan. While this feature of its presence is important to delegates, another major highlight of its appearance, and one that was emblazoned across its stand, is its environmental credentials.

Specifically, Swedavia is immensely proud of being the world's first airport group to achieve net zero greenhouse gas emissions. "In April 2021 we managed to reach our goal – zero fossil carbon dioxide emissions from our own airport operations," said Elizabeth Axtelius, director aviation business at Swedavia.

"We have been working hard on this for many years," said Axtelius. "For the whole industry it is something that is extremely important. A few years ago, nobody was looking at this challenge [decarbonisation]. Maybe we will not have a new route because of [our goal of achieving zero carbon emissions], but everyone is looking at what we are doing."

A couple of weeks after Routes, Swedavia's climate transition work was honoured in ACI Europe's annual awards with Stockholm Arlanda named as Eco-Innovation Airport of the Year. ACI Europe said Stockholm is held up as "a pioneer in the forefront of sustainable development, [and] is leading by example by becoming fossil-free in a short timeframe" through its systematic and consistent approach.

State-owned Swedavia owns, operates and develops a network of Swedish airports, with the largest being Stockholm and Göteborg Landvetter. It set the sustainability target a decade ago when it *(article continued above right top)*

emitted about 8,000 tonnes of fossil carbon dioxide annually, a figure that has now been reduced to zero.

Swedavia has a raft of sustainability initiatives including sustainable aviation fuel and infrastructure for electric aircraft. Measures implemented to transform Swedavia's operations include having all airports today run on renewable electricity and heating/cooling, using renewable fuel for the uninterruptible power supply, and having Swedavia's fleet of vehicles powered by electricity or renewable fuels.

Return to service

As Swedavia stresses its sustainability achievements, it is welcoming back carriers to its airports as traffic returns. Swedes, many of whom have saved a lot of money during lockdowns, are eager to begin travelling again.

And the airport's main airline customers are reintroducing services. During the third quarter, nearly 4.4 million passengers flew to or from Swedavia's airports, over double the number flown in the same period in 2020. However, passenger volume is still only 40% of pre-pandemic levels.

Ryanair is moving strongly into Stockholm, with the airport becoming one of its new bases. It will base two aircraft there and will have launched 20 new routes from the Swedish capital to European destinations, including Venice, by the end of March 2022.

The Irish carrier joins Finnair and Eurowings in making recent announcements to establish a base at Stockholm, said Axtelius. Eurowings will place five aircraft at Arlanda and launch 20 routes from summer 2020.

Stockholm Arlanda is the largest airport in the Swedavia group (photo: Swedavia)

__Elizabeth Axtelius__, director aviation business at Swedavia.

Finnair, meanwhile, is establishing a base at the airport for long-haul services to Los Angeles and New York using Airbus A350s. These are in addition to previously announced direct routes from Stockholm to Miami, Phuket and Bangkok. "This is a very important investment by Finnair. The US is an extremely important market for Swedish trade," said Axtelius. In addition, SAS is resuming service on three long-haul routes from Arlanda to US destinations. Another interesting new route is from Icelandic low-cost carrier PLAY. It will launch service between Gothenburg and Reykjavik starting next spring.

Swedavia has worked on developing air connectivity within as well as to and from Sweden, and the recovery is well underway. "Most of our year-round routes are back," said Axtelius. "Then our priority is working on increasing frequencies."

To assist airlines, Swedavia plans to keep its charges at 2021 rates next year, said Axtelius. "In 2021 we did not increase charges and in fact kept them at 2019 levels. To be able to recover we need to be competitive during this period." ■

***Tawanda Gusha**, chief executive of The Airports Company of Zimbabwe*

Time to discover Victoria Falls

Victoria Falls is one of the destinations that is going to benefit from the launch of German tourism carrier Eurowings Discover. In March 2022 the newly launched carrier will be the first long-haul airline to serve the region in western Zimbabwe – which is home to one of the world's most spectacular waterfalls, located on the Zambezi River.

Speaking to ARGS at World Routes, Tawanda Gusha, chief executive of The Airports Company of Zimbabwe (ACZ), said that the target is to make Victoria Falls a tourism hub. The airport has been upgraded to enable long-haul flights and there has been substantial investment in hotels and properties in the region.

"There are a lot of camps coming up, high-end accommodation properties located right in the bush where visitors can be close to nature," he said.

ACZ was created in 2020 when the government separated the Civil Aviation Authority (CAA) of Zimbabwe into two entities as part of civil aviation reforms. "The idea is in line with international best practice to separate regulators from the operating company," said Gusha, who became ACZ's inaugural head.

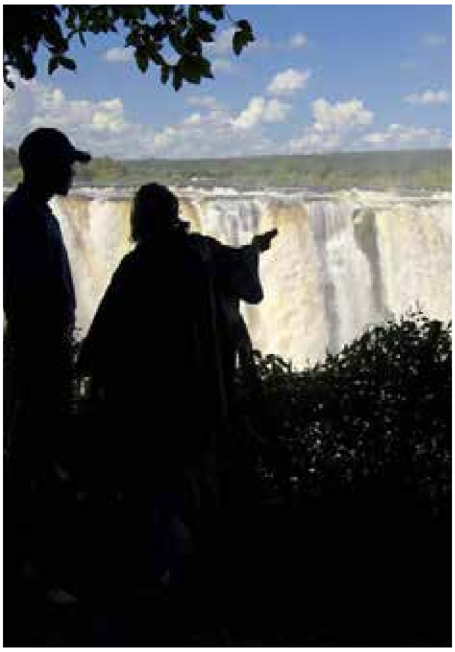
The pandemic of course caused a total shutdown of Zimbabwe's airports in 2020, with only Ethiopian Airlines continuing to operate up to September that year. The recovery has been slow, but ACZ was at Routes to drum up business with an eye on further European service and Asian connections, although the latter will take longer to achieve.

Gusha is hopeful traffic will be back to pre-Covid-19 levels at its main hub in capital Harare by mid- to late 2022. ACZ managed to attract Qatar Airways to Harare in August this year, with the Doha-based carrier beginning Boeing 787 service three times a week, he said.

The Eurowings Discover Airbus A330 service, meanwhile, will route from Frankfurt to Windhoek to Victoria Falls three times a week. Talks with the German carrier's team began at the last World Routes in Adelaide in 2019, said Gusha. It is one of the first successes of ACZ's new Air Services Development Program, a collaboration between ACZ and the country's CAA, guided by the Ministry of Transport and Infrastructural Development.

Another carrier welcomed back has been the newly revived South African Airways, which started daily A320 services from Johannesburg in September. Regional carriers Air Zimbabwe and Fastjet are also serving Harare, while Emirates is working on introducing daily flights to Dubai again (it currently offers six per week), said Gusha.

A new arrival at Victoria Falls is Mack Air, a Botswana-based airline that began offering twice-daily Cessna Caravan flights from the safari town of Kasane in April, making it possible for tourists to sample both destinations in a single day. ■



More airlines are flying to Victoria Falls

***Pedro Pierluisi**, governor of Puerto Rico, speaking at World Routes (all photos: Discover Puerto Rico).*

Puerto Rico rides its luck

Puerto Rico, which literally means 'rich port 'in Spanish, deserves a slice of luck. Not that suffering from the pandemic was a blessing, but a combination of federal government money and being open for business to US tourists when other locations were closed, has given the Caribbean island a platform for recovery it cannot have predicted a year or two ago.

It was back in September 2017 that Puerto Rico hit its lowest point in recent times. Located some 1,000 miles southeast of Miami, Florida, it was devastated by Hurricane Maria, one of the strongest storms to hit the island in nearly 90 years. Luckily for Puerto Rico it is a commonwealth territory of the USA, overseen by the federal government. This has led to significant funds being spent in the country for rebuilding and recovery.

"We have had a lot of federal assistance," explained Pedro Pierluisi, governor of Puerto Rico, in an interview at World Routes in Milan. He became the 14th governor of the territory in January 2021 – nearly a year into the pandemic and at a point when Puerto Rico was pulling out of trouble financially, having filed for the largest municipal bankruptcy in US history (its debt stood at US$74 billion in May 2017).

Good timing

"My timing is good," said Pierluisi. "There has been a debt restructuring process. We will have the bankruptcy behind us. We will save money with the cost of our debt falling by two-thirds."

Now, Pierluisi's eye is on growth in tourism to help spark Puerto Rico back to life. And it is already happening. "Tourism got hit in 2020, but 2021 has been an amazing year. It's an incredible rebound," he said.

In fact: "2021 was actually our all-time record year in tourism terms," said Brad Dean, chief executive of Discover Puerto Rico. "This was largely because of domestic tourism with more visitors and capacity than ever before." The influx of visitors predominantly comprised US leisure travellers wanting a Caribbean, beach-style vacation.

However, travel restrictions meant Mexico, Latin American countries like Costa Rica and Caribbean islands were off limits. Cue Puerto Rico, which offered a Caribbean experience open to US travellers. With its strong health regime, the island was both popular and safe.

For Dean there is an element of taking an opportunity during a moment of crisis. The key question now, he asks, is "can we protect what we've got? We have seen a lot of first-time visitors who are amazed at what Puerto Rico has to offer beyond its beaches." The average length of stay is changing too, with the range now four to five nights compared to an average of two to three nights a few years ago, he said.

According to Discover Puerto Rico, the island saw record-breaking lodging revenues in 2021 of over $960 million, compared to $560 million in 2020, $950 million in 2019 and $800 million in 2018. Although revenue per available room (RevPAR) took a dip in August, the RevPAR for Puerto Rico in July was $224, 67% higher than the Caribbean average. This was the second month that RevPAR had exceeded $200, a mark that had never been met before June 2021. Pre-pandemic, Puerto Rico's RevPAR was consistently just below the Caribbean average. Now, it has been running 27-104% higher than that average.

"We have recognised that just positioning Puerto Rico as a beautiful beach destination won't cut it. What is really different about Puerto Rico is the rich, vibrant culture here, a 300-year-old city in San Juan and our brilliant rainforests," said Dean.

"There is a fascinating fusion of cultures here when coupled with the Puerto Rican heritage, which gives a unique experience in the Caribbean," said Dean. There is also a recognition that tourism has changed and that Puerto Rico's strong commitment to sustainability is important, as is a strong marketing push to attract LGBT travellers.

Tourism investment

The country has made significant investment in its tourism product, airport and hotels, in addition to substantial rebuilding work following Hurricane Maria. A recently opened highlight is the Distrito T-Mobile, a 5-acre entertainment complex in capital San Juan. "It's Times Square with a Latin flavour," said Dean.

In addition to the US carriers Puerto Rico is wooing, the destination is looking forward to welcoming back more international services. Iberia, Avianca, Copa and WestJet have all resumed flights to the island and German leisure carrier Condor is expected to return in summer 2022, said Dean.

Governor Pierluisi is clear that tourism is a major tool to help rebuild and develop Puerto Rico's economy and wants to press home the success it has reaped this year. "I'm using American rescue funds to double the marketing budget of our DMO (destination marketing organisation)," he said. "We are promoting tourism with a vengeance."

At present, 5% of Puerto Rico's GDP and about 10% of its employment comes from tourism, said Pierluisi. About half of its economy is related to manufacturing, which gives the country stability and resilience, he added. "Tourism complements our manufacturing sector so well."

"It's realistic to believe that we can double tourism GDP to 10% in 10 years – that is not far-fetched," said Pierluisi. If that comes true then it could well be said that some luck kick-started Puerto Rico's renaissance in 2021, but it is hard work and persistence that will ensure the belief of Pierluisi and Dean is rewarded in the longer run. ■

A street party in capital San Juan. (all photos: Discover Puerto Rico).

Vienna ready to charge ahead

***Julian Jäger,** Vienna International Airport joint chief executive*

Julian Jäger, joint chief executive and chief commercial officer at Vienna International Airport, is pleased that the support his airport has received from the Austrian Government and sensible business management during the pandemic, means his team will not need to increase charges substantially in the years up to 2026.

Vienna is not alone among European airports able to peg charges to its airline customers, but its fee structure is in stark contrast to some bringing in double-digit rises that have received heavy criticism from IATA (the International Air Transport Association). According to Jäger, Vienna will increase charges by 1.5% in 2022. Anyhow, the regulatory environment in Austrian means it cannot raise fees by more than inflation.

A recovery in traffic over the coming years will influence what price rises Vienna does in fact implement, if at all.

Government support

Overall, Vienna has had a "comfortable situation because of significant support from the government" in the form of a short-working scheme where the state paid 80% of staff salaries, explained Jäger. The airport has seen its workforce fall by about 50%. In terms of financial performance, Vienna will manage to have a small positive operating result this year, he said.

In an interview with ARGS at World Routes in Milan, Jäger listed the advantages he sees for Vienna as it works its way back from the pandemic crisis. Firstly, Vienna has a relatively low charges structure for a hub airport. Secondly, it has always had a strong share of traffic transiting to Eastern Europe, with half of its catchment area located to the east. Thirdly, it is an attractive incoming market. "I eagerly await city tourism coming back. Vienna is an excellent place for congresses," he said.

Like all airport chiefs, Jäger is looking forward to a traffic rebound, which has

Etihad Airways started service to Vienna in July 2021 (photo: Vienna International Airport).

already started. The pandemic came after Vienna had finished a record year in 2019 with nearly 32 million passengers handled, and this came on the back of strong growth in the previous two years.

After traffic flatlined in 2020, this summer has been reasonable, with throughput at 57% of 2019 levels in July and August, said Jäger. The following months were "not bad", leading him to believe that "the worst is over". The return of European traffic this summer has been driven by a pent-up demand for leisure travellers going south to holiday destinations.

This winter the airport has announced that about 90% of the travel destinations offered from Vienna before the pandemic crisis can once again be reached via direct flights. Jäger is cautious about traffic levels this winter as no one quite knows if the virus will flare up, but there are good reasons to be positive for 2022.

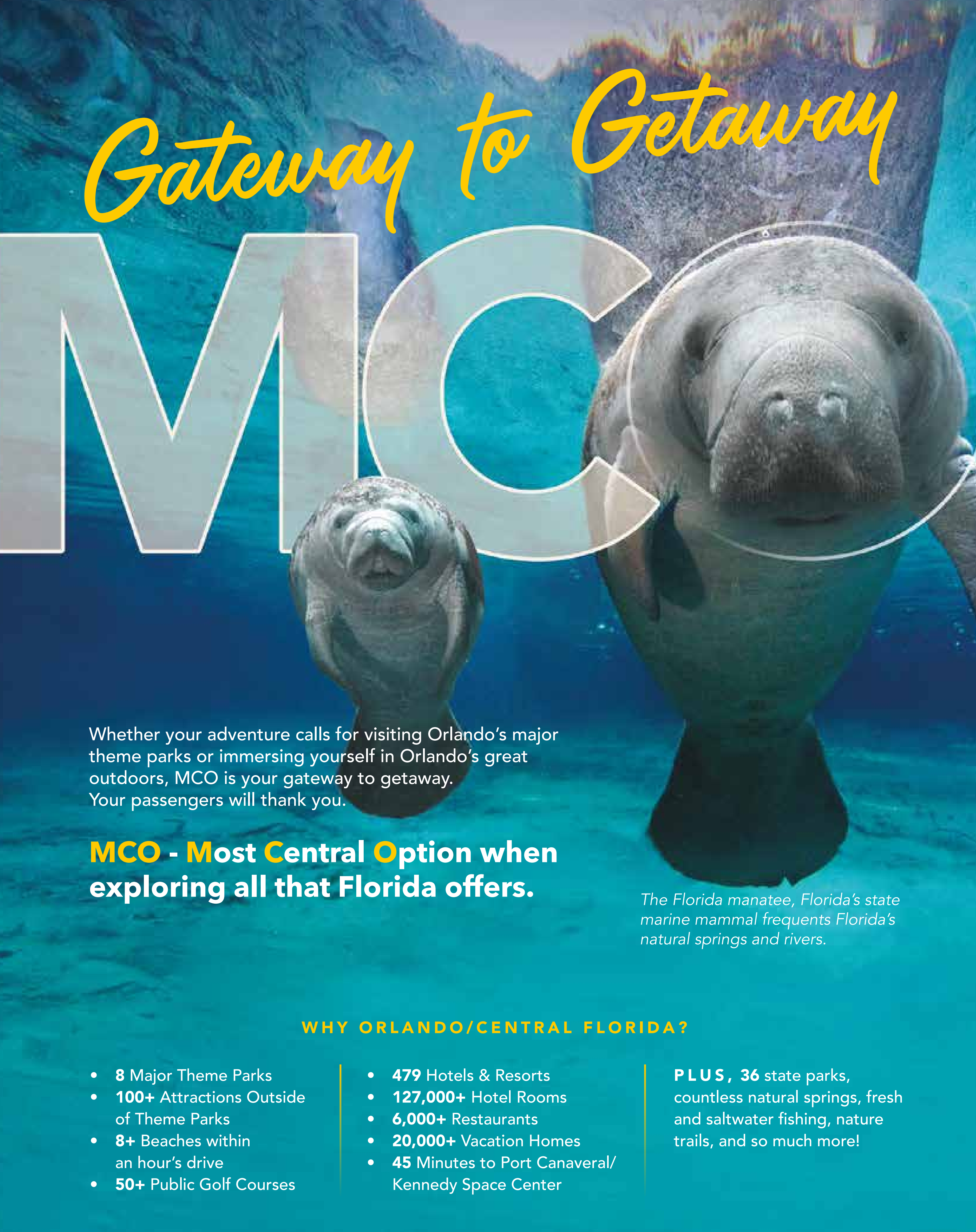
"I am very optimistic for North America as soon as markets open up," said Jäger. "Even now, Austrian Airlines has been doing good business to the US with strong connecting traffic to Eastern Europe," he added. However, he acknowledges that it will take the Asian market longer to recover as travel restrictions make reopening more difficult on that sector.

Carriers return

Carriers like Air Canada and EVA Airways have resumed at Vienna, while Ethiopian Airlines, which has served the airport for 75 years, never stopped its service throughout the crisis, said Jäger. Air Canada is the only North American carrier serving the airport – but the slower resumption of Asian travel leads Jäger to think there will be a shift of capacity from the Pacific to the Atlantic. "We think there is a good opportunity now to attract North American carriers to Europe and Vienna."

Although the rebuilding of the former airline base is essential, Vienna has succeeded in bringing in new carriers too. "We managed to get Etihad started in July – it was a complete newcomer. We were a blind spot on their map," said Jäger. Etihad is now operating between Abu Dhabi and Vienna twice a week with Boeing 787-9s.

Meanwhile, low-cost carriers (LCCs) have taken the opportunity to expand their route networks at Vienna. Wizz Air and Ryanair announced a total of 13 new destinations from their winter schedules. "LCCs want to increase their market share in 2022 – it's the right time to attack," observed Jäger. ■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