Recent Developments in Aviation Industry: International and National

Dr. V. Balakista Reddy
Professor of Law and Registrar
Head, Centre for Aerospace and Defence Laws (CADL)
NALSAR University of Law, Hyderabad
E-mail- balakista@gmail.com

Scheme of Discussion

- What is Air Law and Why and Civil Aviation Regulations?
- Kinds of Civil Aviation Regulations- National, Bilateral, Regional and Global/International.
- International Air Law- Understanding the 3ps—(PPP)
- Chicago Convention and ICAO and Its Objectives
- ICAO's Mission and its New Objectives
- CURRENT AND FUTURE CHALLENGES
- GLP and Its Impact on Civil Aviation-
- Recent Aviation Regulations in North America, Europe, Africa and Asia-pacific
- GLP and its Impact on Bilateral Agreements

Scheme of Discussion Cont..

- Regional Regulatory Trends in
- N. America – Deregulation / Privatization
- Latin America – Deregulation /Privatization
- • Europe – Liberalization / Privatization
- • Asia-Pacific – Deregulation / Liberalization / Privatization
- • Middle East – Limited Privatization / Liberalization
- • Africa – Cautious Privatization / Some Liberalization
- Critical Financial Issues & Challenges
- Global Aviation Challenges 21st Century
- Global Aviation Strategies 21st Century
- GLP and Its Impact on Indian Civil Aviation Sector
- Indian Aviation Regulations before1953, from 1953 to 1994
- SWOT Analysis of Indian Aviation Industry

Why Air Law or Aviation Regulations?

- Aviation carries over four billion passengers annually-2019
- Every day, 1,20,000 flights departed, carrying around 12 Million passengers per day, along with $18bn trade.
- The global Air Transport sector supports 65.5 million jobs and USD 2.7 trillion global economic activity
- At any Given Movement 10,000 flights fly on the Skies
- Aviation industry having 1,303 airlines fly 31,717 aircraft on 45,091 routes between 3,759 airports in airspace managed by 170 air navigation service providers.
- ICAO Regulates Global Aviation among 193 member States
- With an open, free-trade approach, the growth in air transport will support some 97.8 million jobs and $5.7 trillion in economic activity in 2036.

Global Aviation Regulations

- What is Air Law? "the body of rules governing the use of airspace and its benefits for aviation, general public and nations of the world"
- Development of Int. Air Law including Philosophy and sources
- Understanding Int. Air Law or Aviation Regulations three PPP
- Chicago Regime- General and Technical Regulations- Paris convention1903, Paris Convention 1910 and 1919, Chicago convention 1944 and other related conventions dealing with the above regulations
- Warsaw Regime or The Liability Regime- the Warsaw convention 1929 and other related conventions and protocols dealing with Liability of Civil Aviation
- Criminal Air Law Regime or Air Safety and Security Regime, including various International conventions relating to aviation safety and aviation security.

Chicago Convention 1944

Chicago convention has been divided into four parts, 22 chapters and 96 articles.

- Part 1 Air navigation art. 1-42 Covering six chapters including the schedule and non-schedule flights
- Part II International Civil Aviation Organization (ICAO) Structure, powers and functions of the ICAO are covered under articles 43-66
- Part III Int. Air Transport regulations and their implementations are covered under articles 67-79
- Part IV Final Provisions including the authentic languages, signature, ratification, amendments etc. are covered under articles 80-96.

The OBJECTIVES OF ICAO

- Art.44 Objectives-
- ensure safe & orderly growth of int. civil aviation throughout the world;
- Encourage the arts of aircraft design and operation for peaceful purposes;
- Encourage the development of airways, airports, and air navigation facilities for international civil aviation;
- Meet the needs of the peoples of the world for safe, regular, efficient and economical air transport;
- Prevent economic waste caused by unreasonable competition;
- Insure that the rights of contracting states are fully respected and that every contracting state has a fair opportunity to operate int. airlines;
- Avoid discrimination between contracting states;
- Promote safety of flight in international air navigation;
- Promote generally the development of all aspects of international civil aeronautics.

MISSION OF THE ICAO

- The main mission of ICAO includes strengthening of safety and security, increasing of efficiency of international civil aviation, and promotion of principles enshrined in the Chicago Convention. The mission is further elaborated through eight strategic objectives:
- - Foster the implementation of ICAO Standards and Recommended Practices (SARPs) to the greatest extent possible worldwide.
- - Develop and adopt new or amended SARPS and associated documents in a timely manner to meet changing needs.
- - Strengthen the legal framework governing international civil aviation.
- - Ensure the currency, coordination and implementation of regional air navigation plans and provide the framework for the efficient implementation of new air navigation systems and services.
- - Respond on a timely basis to major challenges to the safe, secure and efficient development and operation of civil aviation.
- - Ensure that guidance and information on the economic regulation of international air transport is current and effective.
- - Assist in the mobilization of human, technical and financial resources for civil aviation facilities and services.
- - Ensure the greatest possible efficiency and effectiveness in the operations of the Organization, inter alia to meet the above objectives.

CURRENT AND FUTURE CHALLENGES

- Since 1944, the Chicago Convention has proved resilient by providing a sufficiently
- flexible framework to enable ICAO to fulfil successfully the responsibilities assigned to it. Today, however, major challenges are facing international civil aviation. There is a great need for ICAO to adapt within the framework of the Convention to rapidly changing circumstances including:
- - Globalization and trans-nationalization of markets and operations.
- - Terrorism and use of aircrafts as weapons.
- - Emergence of regional and sub-regional trading and regulatory blocks.
- - Commercialization of government service providers.
- - Diversification of fiscal measures to respond to budgetary needs.
- - Potential evasion of safety regulation (along with labour, competition and other regulation) as a consequence of blurring of sectoral boundaries and responsibilities of related authorities.
- - Recognition of and response to environmental concerns.
- - Emergence of new technologies.
- - Approach of physical limits to infrastructure capacity.

Globalization and its Impact

- Globalization is the shift towards a more integrated and independent world economy. World Bank: Globalization is the growing integration of economies and societies around the world. The globalization components are:
- The globalization of markets, globalization of production, globalization of technology, globalization of HR skills
- Globalization of markets is one of the most fascinating developments of 20th century. Its impact on economic transactions, processes, institutions, and players is dramatic and wide ranging. It challenges established norms and behavior and requires different mindsets. Yet, it creates opportunities for the well prepared participants who can be proactive and visionary
- Globalization of markets involves the growing interdependency among the economies of the world; multinational nature of sourcing, manufacturing, trading, and investment activities; increasing frequency of cross-border transactions and financing; and heightened intensify of competition among a larger number of players.

Globalization and its Impact Cont.

- Globalization has both positive and negative aspects.
-
- On the positive side, it generated by growing international economic, cultural, and political cooperation and solved many global problems.

- On the negative side, globalization also has profound implications for states such as the autonomy and policy-making capability of states is being undermined by economic and cultural internationalization.
- Many governments see their role as not to regulate markets but to facilitate their expansion.
- Role of State have Changed from Law-maker to Law-takers
- Globalization and regional interactions are wiping out national borders and weakening national policies.

Air Transport in USA before De- Regulations

- The Federal Aviation Act of 1958 was an act of the United States Congress that created the Federal Aviation Agency (later the Federal Aviation Administration or the FAA) and abolished its predecessor, the Civil Aeronautics Administration (CAA).
- The act empowered the FAA to oversee and regulate safety in the airline industry and the use of American airspace by both military aircraft and civilian aircraft.
- The Airport and Airway Development Act of 1970 placed the agency in charge of a new airport aid program funded by a special aviation trust fund and made FAA responsible for safety certification of airports served by air carriers.

De-Regulation in USA

- The deregulation process in the USA stared first in air cargo sector in 1977, followed by the passenger deregulation by passing deregulation Act, in 1978
- The aim of the above act was that the market place should determine the airlines business decisions in the future.
- This fundamental change in policy meant that the U.S. Government's role in the new regulatory environment would be to protect the competitive process, not individual competitors.
- The scope of regulatory reform was limited essentially to commercial meters, such as pricing (which include fares, rates, and charges) market entry, capacity and frequencies, but did not include any relaxation of government controls over such matter as safety, air traffic control, airworthiness, personnel licensing and aircraft maintenance.

De-Regulation in USA

- As a result of deregulation in the United States, many new airlines entered the market and a substantially lower and wider range of new promotional and special fares were introduced.
- However, the cut-throat competition faded fast and the focus of competition shifted to the control of airport departure gates and take-off and landing slots.
- Today, the airline industry in the United States is concentrated in fewer hands than ever before and it can be expected that this trend will continue the future.
- While many supporters of 1978 legislation expected that it would reduce the concentration of market share among the larges airlines, the opposite has occurred.
- For instance, in the 1990s we can see five larges U.S. airlines controlled over 80per cent of total passenger business. Compared with less than 60 per cent before deregulation·

US Bilateral Agreement of 1992

“Open Skies” Agreements In August of 1992, the Department of Transportation (DOT) announced its “Open Skies” initiative, which was intended to continue the trend of liberalizing international civil aviation. As defined by the DOT, “Open Skies” consists of the following 11 principles:

1) Open entry on all routes;
2) 2) Unrestricted capacity and frequency on all routes;

3) The right to operate between any point in the U.S. and any point in the European Community without restriction, including service to intermediate and beyond points, and the right to transfer passengers to an unlimited number of smaller aircraft at the international gateway;

4) Flexibility in setting fares;

US Bilateral Agreement of 1992

5) Liberal charter arrangements;

6) Liberal cargo arrangements;

7) The ability of carriers to convert earnings into hard currency and return those earnings to their homelands promptly and without restriction;

8) Open code-sharing opportunities;

9) The right of a carrier to perform its own ground handling in the other country;

10) The ability of carriers to freely enter into commercial transactions related to their flight operations; [and]

11) A commitment for nondiscriminatory operation of and access to computer reservation systems.

Origins of European Union (EU)

- Rome Treaty of 1957
- The four governing bodies of the EU-
- the Council,
- the Commission,
- Parliament, and
- the European Court of Justice
- share responsibility to interpret and implement the governing treaties.
- EU and Air Transport Regulations
- EU Third Package Regulation of 2407, 2408 and 2409 and Their Impact on Aviation
- EU Bilateral Air Services Agreements of Liberal and Open Skies

EU and Civil Aviation

- While historically the airlines of Europe had been heavily regulated, owned, and/ or subsidized by their governments
- by the 1980s the European Community (EC, or the Community) began to move toward liberalization.
- National governments traditionally shielded their airlines from the rigors of the marketplace, perceiving the industry to have public utility characteristics.
- Governments utilized air carriers to promote public policy objectives beyond allocative efficiency, such as increasing tourism and foreign exchange, augmenting international prestige, enhancing national security, reducing unemployment, and promoting domestic aircraft manufacturing.
- With the implementation of the EU Council's Third Package of liberalization in 1993, these positions began to change. National flag carriers now are forced to compete on equal terms, and are increasingly being run as competitive enterprises.

Liberalization in EU

- A major landmark was the decision of the European Court of Justice in the Nouvelles Frontieres case in April 1986, that air transport agreements are subject to the competition rules of the Treaty of Rome, Signed in 1957 by six European Countries.
- This meant that airlines may be prosecuted for violation unless exemptions have been granted to them under policies agreed upon by the Council of Ministers.
- The implications of this judgment put considerable pressure upon the European Community (EC), presently European Union (EU, to develop and agree upon an air transport policy.
- In December 1987, the Council of Ministers adopted a package of legal instruments put to them by the Commission and thus took the first step toward a general liberalization of the European air transport industry

EU Aviation Regulations

- There are three different regulations:
- Regulation NO. 2407—the licensing regulation, dealing with the requirements for the issue and revocation of operating licenses to air carriers established in the Community
- Regulation No. 2408—the access regulation, giving access to intra-Community routes to Community air carriers, and
- Regulation No. 2409—the fares regulations, whose purpose is to abolish government intervention in the determination of fares on intra-Community routes[7].(3 ,see Aviation Industry Developments 1997,p.115)
- As a result, all air services within EU countries may be regarded as having a special status under the EU third aviation package a domestic traffic and thus providing EU-based airlines with the opportunity to open new routes, whereas non-EU airline services within EU-countries may be considered cabotage traffic. This could bring about a new dimension in future negations concerning air service agreements.

EU Bilateral Agreement

- In Europe, US has the first “Open Skies” Agreement was reached in October of 1992 with the Netherlands, and over the next several years, similar agreements were reached with other European countries, including Austria, Czech Republic, Belgium, Denmark, Finland, Germany, Luxembourg, Norway, Sweden, Switzerland, and Iceland
- As a result of these agreements, the United States enjoys what can be characterized as quasi-cabotage rights within the European Union (EU).
- In other words, although U.S. carriers still cannot operate truly domestic routes (e.g., Paris to Marseille), they have created so-called “hub and spoke networks” within Europe; for example, a hub in Frankfurt, Germany, with spokes to Paris and Marseille.
- On the other hand, it should be noted that U.S. law currently prevents European carriers from enjoying any type of cabotage rights within the U.S. domestic market.

Liberalization in other Countries

- Moreover, in view of the US experience, the deregulation of domestic air transport gradually spread to almost every part of the world at different times –
- for example, in Canada (1984), New Zealand (1986), UK (1988), Taiwan (1987) Japan (1988), China (1988), Australia (1990) and Nigeria (1988).
- Furthermore, in view of developments in domestic markets, further reform was extended to the liberalisation of international routes.
- The USA started to pursue open skies agreements (OSA) with other countries in 1992 where carriers of two nations could operate any route between their two countries without significant restrictions on capacity, frequency or price, and have the right

Impact on Developing Countries

- The most serious impact of deregulation and liberalization of the aviation industry is being felt by airlines in developing countries.
- This lead to the formation of regional airlines from a number of small carriers in order to improve efficiency and productivity, to reduce cost and to maintain market share.
- Alternatively airlines also combined operations and joint projects, such as joint scheduling, sharing of equipment, crews and ground facilities, pooling of aircraft parts and support equipment, and cooperative arrangements for aircraft overhaul and maintenance.
- The rapidly changing environment of world air transport makes it essential that governments of developing countries and airline management should be very clear about their objectives and the need for close cooperation and sharing of scarce national resources.

Impact on Asia/Pacific Region

- The Asia/Pacific region offers abundant opportunities as the fastest growing aviation region in the world.
- The reasons for this optimism includes the strong economic expansion, significant ethnic ties with various countries, increase in leisure time, moves towards air transport liberalization and vigorous efforts to promote tourism to/from the region.
- The size and economic potential of the region has acted as a catalyst for development of new aircraft types, and manufacturers foresees a big market for future new aircraft.

Globalization and Civil Aviation

- Since the passing of the De Regulation Act of 1978 in the United States of America, the international air transport is undergoing the most dramatic changes in its history.
- Globalization, deregulation, liberal bilateral air transport agreements, international alliances, privatization of airlines and airports, and economic constraints are some of the factors challenging established management and business practices.
- Globalization process, each region plays variations on a common theme. In North America, air travel is the normal way of moving people, mail and increasingly freight.
- In the European Union, we have liberalization, consolidation, concentration and decentralization.
- Civil aviation in Eastern Europe and the Former Soviet Union is being restructured and needs strengthening –while adjusting to a free market economy.
- Impressive Aviation expansion is happening in China and India

LPG and Its Impact on Civil Aviation

- Privatization, cross-border acquisitions, market alliances, merger and restructuring of airlines in the wake of liberalization of air transport and deregulation are all leading towards market oriented international aviation environment.
- Airlines of many countries are in various stages of privatization.
- Airports Privatization is happening in many parts of the world including developing countries.
- The Asia/Pacific region offers abundant opportunities as the fastest growing aviation region in the world.
- The reasons for this optimism includes the strong economic expansion, significant ethnic ties with various countries, increase in leisure time, moves towards air transport liberalization and vigorous efforts to promote tourism to/from the region.

LPG and Its Impact on Civil Aviation

- New operating environment , Bankruptcy and shut downs of Airlines
- Regulation vs. Liberalization vs. Deregulation
- Rising costs (fuel, labor, maintenance, security)
- New generation airlines vs. legacies (tiers)
- Restructuring and alliances , Excessive capacity , Competition (transport and technology) Customer (target, loyalty)
- Air carrier ownership and control, Sustainability of air carriers and safeguards , Physical and environmental constraints
- Air transport and the global trade mechanism , Consumer protection and passenger rights Impact of technology (aircraft, e-commerce, CRSs and GDSs, Internet) on liberalization process
- Future approaches to regulatory reform etc are the future trends in international air Law

Developments in Bilateral Agreements

- Bilateral air services agreements remain the primary vehicles for liberalizing international air transport services for most States. During the past decade, about one thousand bilateral air services agreements (including amendments and/or memoranda of understanding) were reportedly concluded.
- Over 70 per cent of these agreements and amendments contained some form of liberalized arrangements, such as expanded traffic rights (covering Third, Fourth and in some cases Fifth Freedom traffic rights), multiple designation with or without route limitations, free determination of capacity, a double disapproval tariff or free pricing regime, and broadened criteria of airline ownership and control.
- As the airline business evolves, some of the recent bilateral air services agreements have included provisions dealing with computer reservation systems (CRSs), airline codesharing, leasing of aircraft and intermodal transport.
- One notable development is the considerable increase in the number of bilateral "open skies" air services agreements, which provide for full market access without restrictions on Third, Fourth and Fifth Freedom traffic rights, designation, capacity, frequencies, codesharing and tariffs. The first such

Regional Regulatory Trends

- • N. America – Deregulation / Privatization
- • Latin America – Deregulation /Privatization
- • Europe – Liberalization / Privatization
- • Asia-Pacific – Deregulation / Liberalization / Privatization
- • Middle East – Limited Privatization / Liberalization
- • Africa – Cautious Privatization / Some Liberalization

North American Region-Canada/USA/Mexico

- • Canada – privatization of airlines, airports, ATC; rise of low-cost carrier
- • USA – rise of low-cost carrier; government, control of airports; secondary airports; major, airline debt; bankruptcies; mergers; stagnant, domestic growth; increased international growth, US domestic routes hardest hit
- • Mexico – government controlled; bankruptcy; low-cost carrier to emerge
- Overall "De-hubbing" or "de-peaking" starting to happen , Simplifying of aircraft fleet, Automation initiatives to improve customer service and enhance productivity, Changing distribution methods, Modification of in-flight services, Initiating broad range of cost savings programs

Asia-Pacific Region

- • Managed liberalization (slow to change)
- • Strong growth (especially since 9/11)(i.e., China 8% PAX growth
- next 20 years; India growing domestically and internationally 20% per year)
- • No regional organization for Asia (unique)
- • "Megacarriers" and small international carriers co-exist
- • No interline agreements
- • Largest share of world economy
- • Busiest international route in world (Hong Kong – Taipei)
- • Growth of alliances
- • Airport and airspace congestion, competition, need for advanced navigational equipment
- • Centre of growth declining

Why Liberalization in India?

- Pre-Liberalization More regulations: Trade Barriers, Tariff Barriers and Non-Tariff Barriers, Technical Barriers to Trade, More Taxes, Restrictive Regulations
- Since its independence in 1947, India has implemented six major industrial policies, the most recent being announced July24, 1991.
- India Lieralized its economy in 1991 With Mounting problems- huge fiscal deficits, BoP crisis and foreign exchange crisis, Foreign investors and NRIs had lost confidence in Indian economy
- Major measures as a part of Liberalization---Devaluation of Currency, Disinvestment, Dismantling of The Industrial Licensing Regime Abolition of the MRTP Act , Allowing Foreign Direct Investment, Wide-ranging financial sector reforms
- Reforms relating to the banking system- New private sector banks were licensed and branch licensing restrictions were relaxed., Credit delivery was shifted away from cash credit to loan method

LPG and Aviation Sector

- Contribution of technology - lower the cost of air travel.
- Fuel-efficient engines, Low maintenance, an improved materials have progressively allowed airlines to lower air fares and allowing more and more people to use air transportation on a routine basis.
- Why above Changes?
- Change in priorities of governments, General deterioration of condition of airports and airlines owned by government, Financial problems faced by States, Managerial problems and desire to improve, Recognition of airports and airlines as business propositions
- Legislative Changes including Monopolies and Restrictive Trade Practice Act, 1969 (MRTP) replaced by the Competition Act, 2002, The Foreign Exchange Regulation Act, 1974 (FERA), replaced by the Foreign Exchange Management Act, FDIs and The Foreign Investment Promotion Board (FIPB) and Export Processing Zones (EPZs) and Export Oriented Units (EOUs):

Globalization and India

- Exchange Control and Convertibility-- Exchange controls on current account transactions were progressively relaxed culminating in current account convertibility.,
- Foreign Institutional Investors were allowed to invest in Indian equities subject to restrictions on maximum holdings in individual companies.,
- Reforms relating to the banking system-- Capital base of the banks were strengthened by recapitalization, public equity issues and subordinated debt, Prudential norms were introduced and progressively tightened for income recognition, classification of assets, provisioning of bad debts, marking to market of investments, New private sector banks were licensed and branch licensing restrictions were relaxed., Credit delivery was shifted away from cash credit to loan method

European Region (EU) and Middle East

- Liberalized environment (1997) – Third Package
- • Privatization of airlines
- • Rise of low-cost carrier
- • Growth of alliances
- • Competition with other modes of transport (high speed rail)
- • Theme for future is ‘leadership’ in air transport regulation
- • National pride still an issue
- • 45+ European airports lost all scheduled flights
- Middle East
- Fairly stagnant in terms of growth
- • Rich and poor
- • High cost airlines feeling pinch of 9/11
- • Implementing low-cost strategies
- • Safety and security?

African Region

- Low standards (safety, environment)
- • Airlines do not contribute to regional economy
- • Slow growth but growing (i.e., N. Africa regional growth 4-6% per year
- • Propensity to fly variable limited but will increase over next 15 years
- • Increased stability in the region
- • Old aircraft fleet (i.e., B727)(Stage I and II)(average age is 18 years)
- • Will need 1,000 new aircraft next 15 years to replace old technology
- • Since 1992: airline integration; restructuring; commercialization – positive
- • 'Flag carrier' to self-reliance, privatization, less governmental control
- • Need for new management to cope with global trends
- • Need autonomy in civil aviation authorities
- • Need infrastructure
- • Need personnel training
- • Airlines to work together as partners
- • Rise of LCC start-ups

Latin America & Caribbean

- • Moving toward liberalization
- • Increased PAX growth and competition
- • Increased alliances
- • Developing corporate strategy and a competitive
- strategy to cope with competition
- • Need for training
- • Need for R&D
- • Brand culture important
- • Focus on safety

Latin American Challenges

- • Think as a “business” and not an airline
- • Cost savings
- • Focus governments on economic benefits the industry brings
- • Airport privatization issues (failed?)
- • User charges and accounting for money
- • Taxes and use of proceeds
- • Safety performance
- • Environmental performance
- – **Invest in new technology**
- – **Efficient use of infrastructure**
- – **Operate aircraft effectively**
- – **Discuss emissions trading**
- • Infrastructure (airports)
- • Liberalization issues
- • Improve communication internally and externally
- • Will there be a SAFTA? Impact?

Critical Financial Issues & Challenges

- • Cost Controls • Access to Capital Markets • Insurance
- • Foreign Currency Exposure • Fleet Replacement and Price of New Aircraft
- • Industry Losses and Inconsistent Profitability
- • Cost of Funds and Low Yield on Surplus Funds
- • Productivity and Labor Reform
- • Irrational Pricing and Predatory Action by Major
- Carriers---• Over-Capacity •
- Cash Flow and Ability to Self-Finance
- • Debt/Equity Ratios
- • Taxation • Ownership Issues

Global Aviation Challenges 21st Century

- New operating environment
- • Bankruptcy and shut downs
- • "Generic" vs. "Airline" business plan • "Flexible" strategic plan (key)
- • Treat as a "business"
- • Regulation vs. Liberalization vs. Deregulation
- • Rising costs (fuel, labor, maintenance, security)
- • New generation airlines vs. legacies (tiers)
- • Restructuring and alliances
- Excessive capacity
- • Competition (transport and technology)
- • Customer (target, loyalty)
- • Organizational design and Internal challenges
- • Strategy
- • Duplication

Global Aviation Challenges 21st Century

- Functional and departmental barriers
- Staff relations and new types of employees
- • Legacy system dependencies
- • Lack of compromise
- • Air carrier ownership and control
- • Sustainability of air carriers and safeguards
- Physical and environmental constraints
- • Air transport and the global trade mechanism
- • Consumer protection and passenger rights
- • Impact of technology (aircraft, e-commerce, CRSs and GDSs, Internet) on liberalization process
- • Future approaches to regulatory reform

Global Aviation Strategies 21st Century

- Understand reality of change and become “flexible”
- • Revitalize strategy
- • LCC, LC/HV, “Virtual” carriers
- • Customer focus (ask what they want)
- • Eliminate duplication
- • Organizational accountability
- • Staff relations into strength
- • Updating of airline systems
- • Build partnerships (alliances, interactive marketing)
- • Act decisively
- • Diversify the business (core and non-core)
- Airlines “inventing” new ways to reduce future costs and spending of capital
- • Increased efficiency
- • Dependent upon aviation (links local, national
- and international economies)
- • Airlines must take control of business issues and
- work in partnership (first time in history)

Achieving Success

- **Solid "airline" business plan**
- **• Flexibility**
- **• Diversity**
- **• Leadership**
- **• Steady and moderate growth strategies**
- **• Effective cost cutting strategies**
- **• Fleet commonality**
- **• Reasonable capital requirements**
- **• Long-term vision**
- **Carefully evaluate new partnerships and alliances**
- **• Respond to consumer needs**
- **• Create an environment that enhances labor/management relationships and cooperation**
- **• Engage in effective lobbying efforts to influence critical**
- **government policies, laws, regulations and taxes**
- **• Reduce cost structures, eliminate inefficiencies and increase**
- **productivity to the greatest extent possible (e.g., technological applications)**

Thank you