



New Aeropolitical Dynamics of Global Aviation

By Marcelo L. Garcia, Chief Aviation Regulation, Policy & Strategy

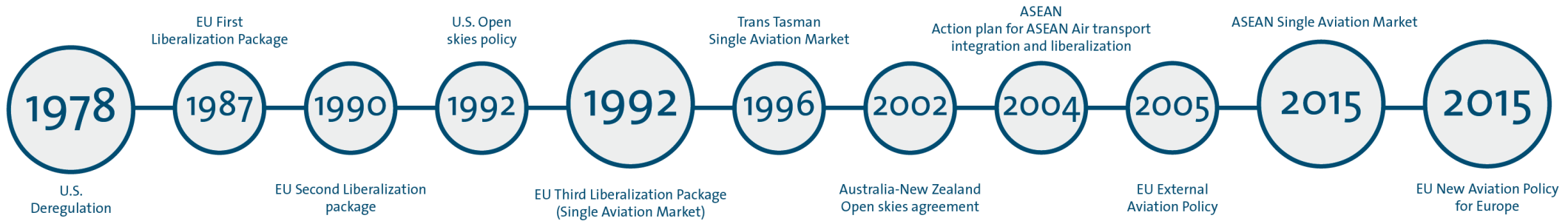
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Bridging the aviation ecosystem through innovative consulting solutions

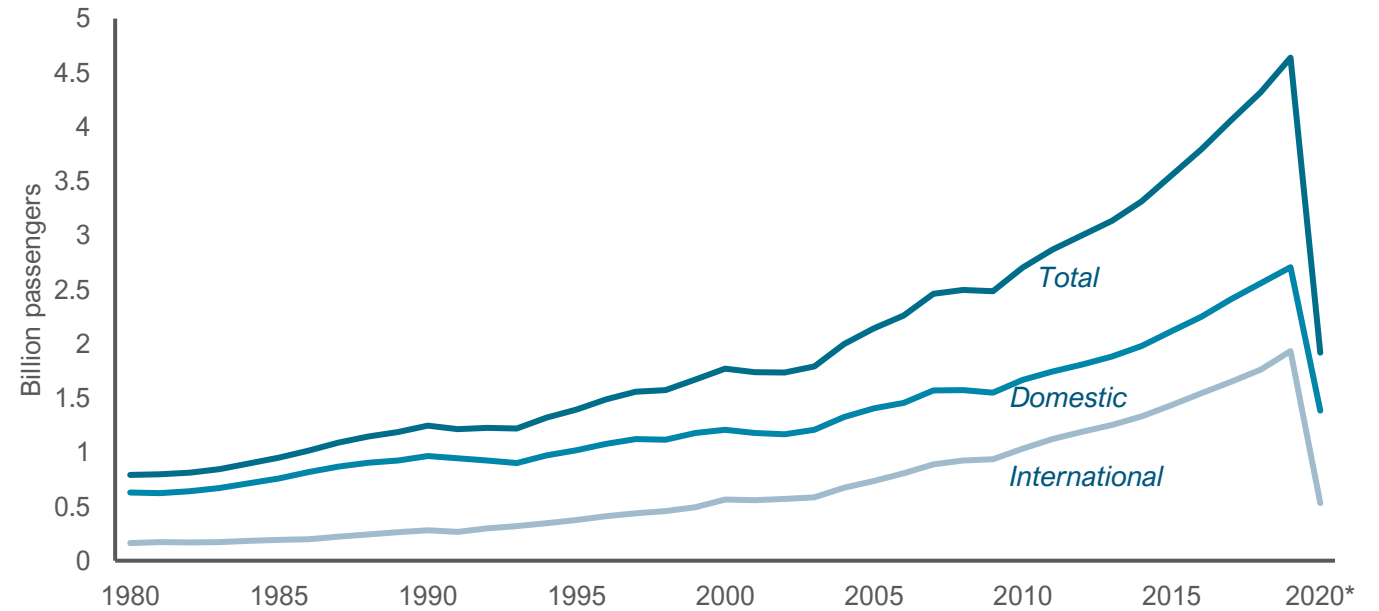
 a company of Royal HaskoningDHV		+75 years advising clients worldwide	
	Over 200 professionals from +45 countries	Projects delivered across aviation ecosystem	

Business & Strategy Consulting	 Economics, Policy & Strategy	 Transactions, Privatisation & Finance	 Sustainability & Climate Resilience
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Liberalization policies and regulatory reforms transformed the global aviation landscape



President Jimmy Carter signing the Airline Deregulation Act, 1978



Global passenger traffic (Source: ICAO)

A new era of aeropolitical dynamics and aviation diplomacy since mid-2010s

US airlines seek action against Gulf carriers

Alleged subsidies said to violate provisions of open-skies agreements

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U.S. Airlines: No New Flights To China Without Fixing Competitive Disadvantage



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Expanded Canada-United Arab Emirates air transport agreement to allow more flights between both countries

EU-Gulf open skies negotiations: Qatar CEO Al Baker warns of biased 'fair competition' definition

Analysis



Labor should review decision to block extra Qatar Airways flights to Australia, Senate inquiry says

Committee seeks more time so it can quiz former Qantas boss Alan Joyce about the Albanese government's Qatar Airways ruling

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■ A Senate committee has recommended the government re-examine its Qatar Airways decision amid concerns about the influence of Qantas and a lack of input from the consumer perspective. Photograph: Toby Melville/Reuters

Ukraine invasion: EU shuts airspace to Russian planes

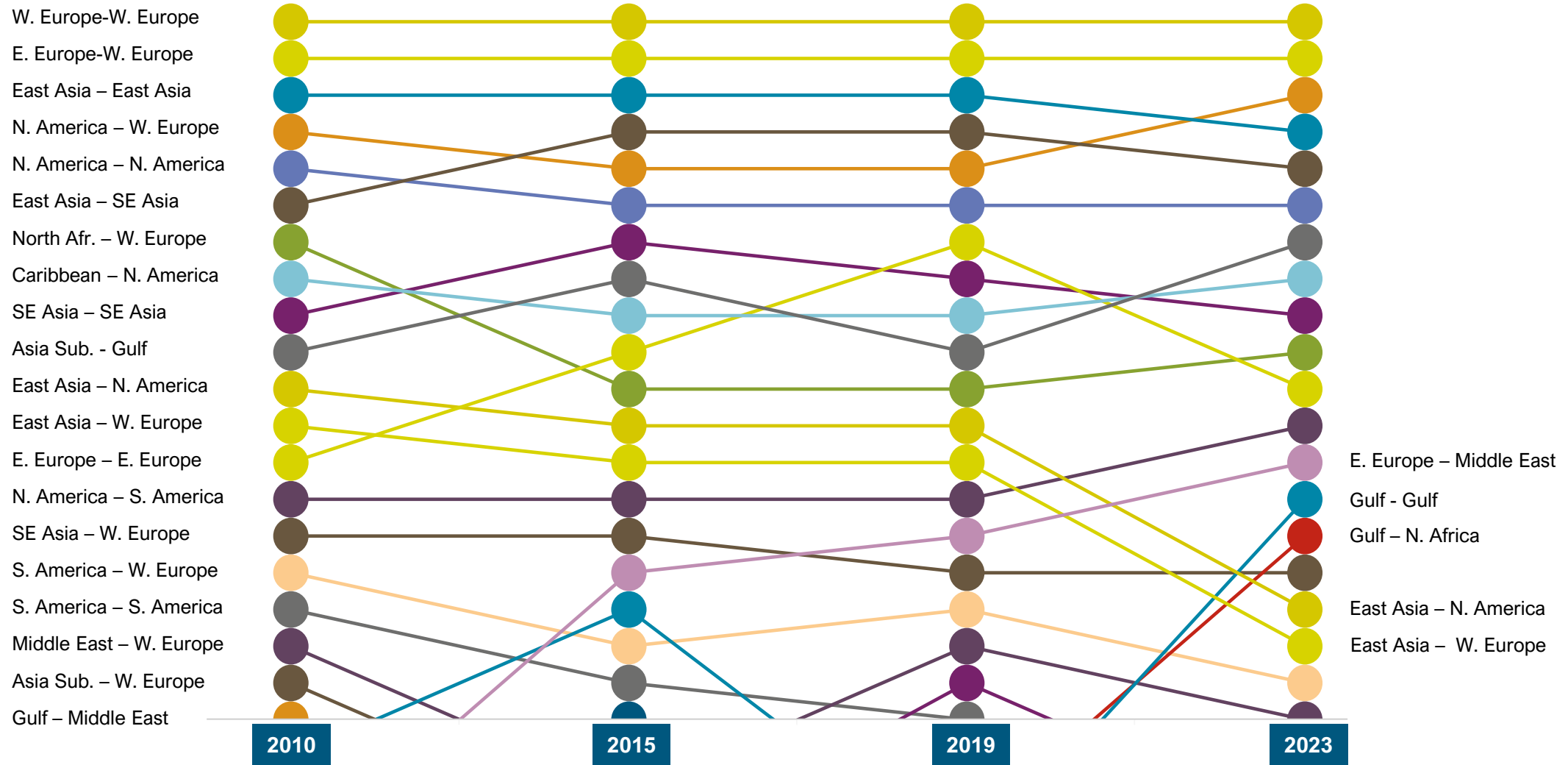
27 February 2022

Gulf Arab Reconciliation Hides Simmering Tensions

The four-year blockade of Qatar by rival Gulf powers is over, but fault lines among these states remain. If the gaps are not bridged, the competition could exacerbate conflicts – and spark new ones – well outside the region.

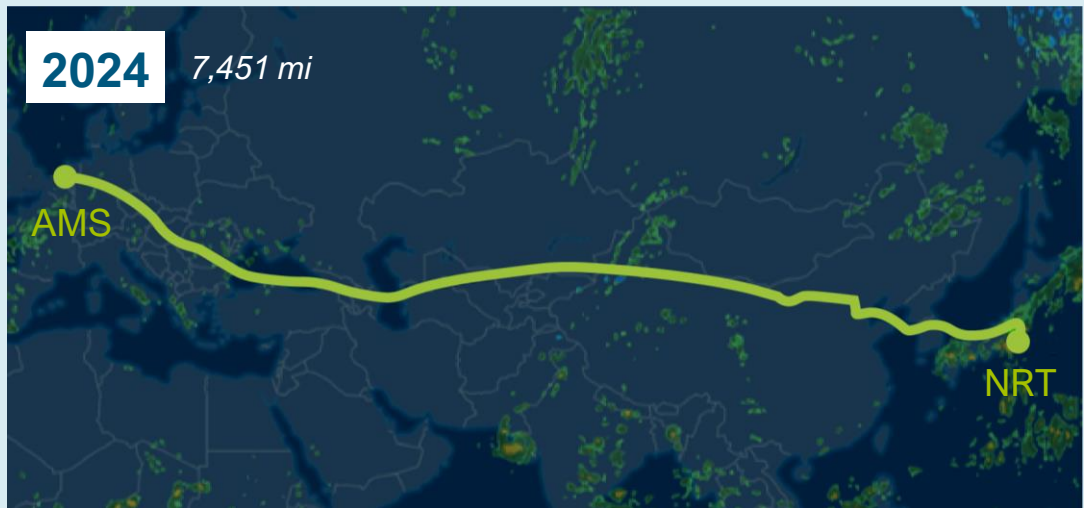
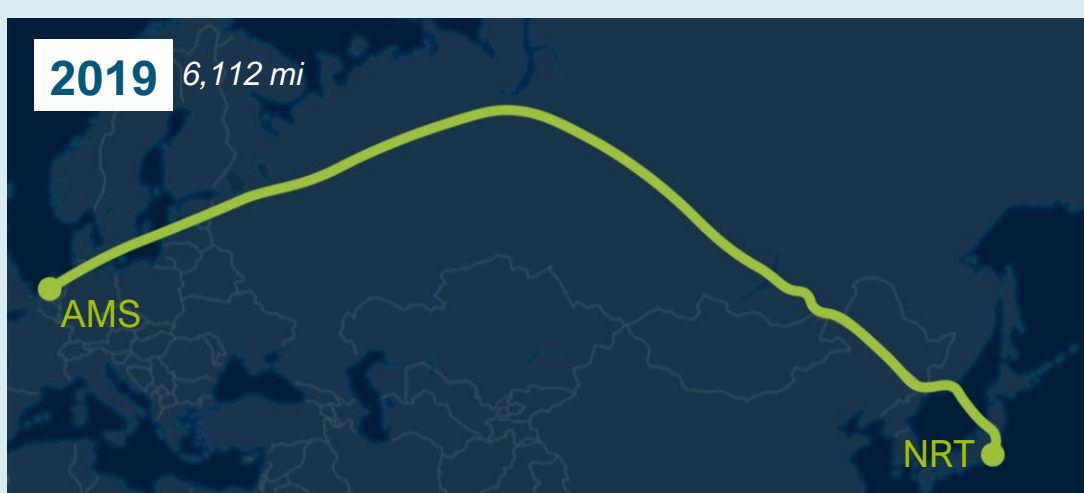
Australia and the Netherlands initiate legal proceedings against Russia in ICAO over downed MH17 flight

Evolution of top-20 global O&D passenger flows: stability, new connectivity, volatility



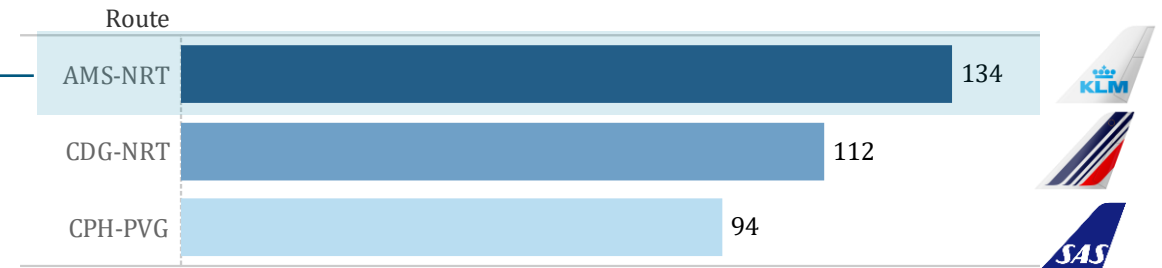
Global O&D passenger flows, ranked by passenger volume 2010-2023 (Source: Sabre, NACO analysis)

Closure of Russian airspace increases flight times between Western Europe and East Asia, leading to 23% increase in carbon emissions on AMS-NRT route



2024 vs 2019 route of AMS-NRT KLM flight (Source: Flightaware)

Selected EU-East Asia routes extra flying time in minutes



2024 vs 2019, operated by EU carriers (Source: Cirium, NACO analysis)

	Distance (mi)	Block time	Fuel (t)	CO ₂ (t)
2019	6,112	11 h 5 m	57.7	182
2024	7,451	13 h 9 m	71.3	225

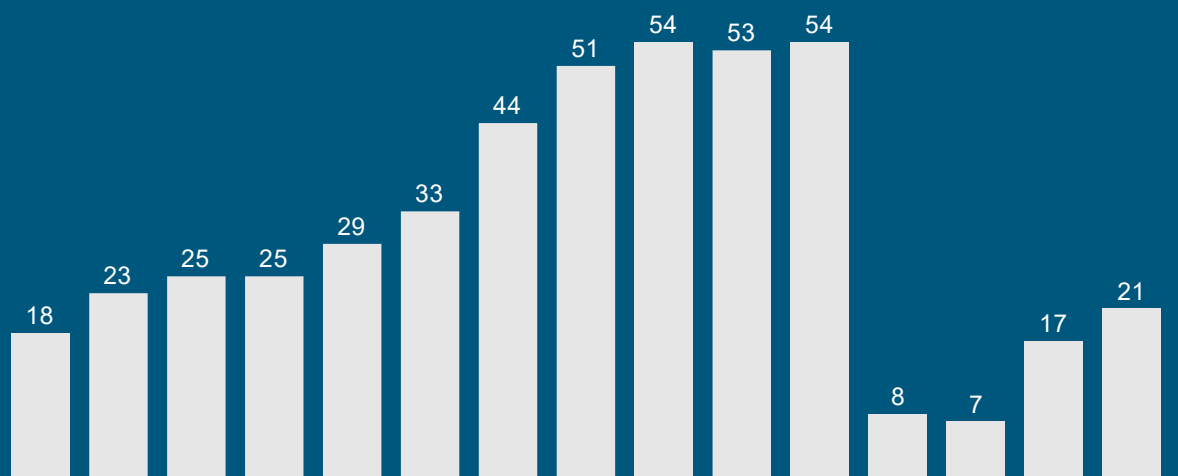
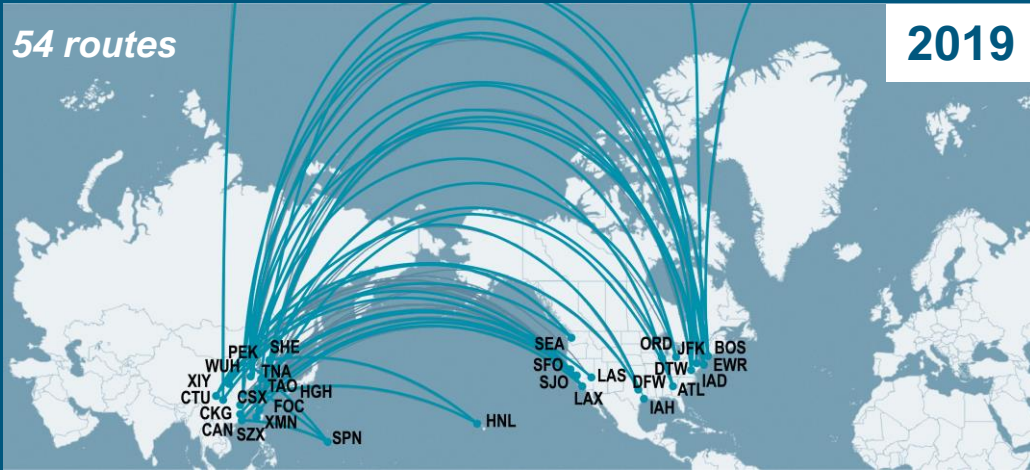
50 kg extra fuel burnt per passenger

2024 average air fare for AMS-NRT route is 30% higher* than in 2019

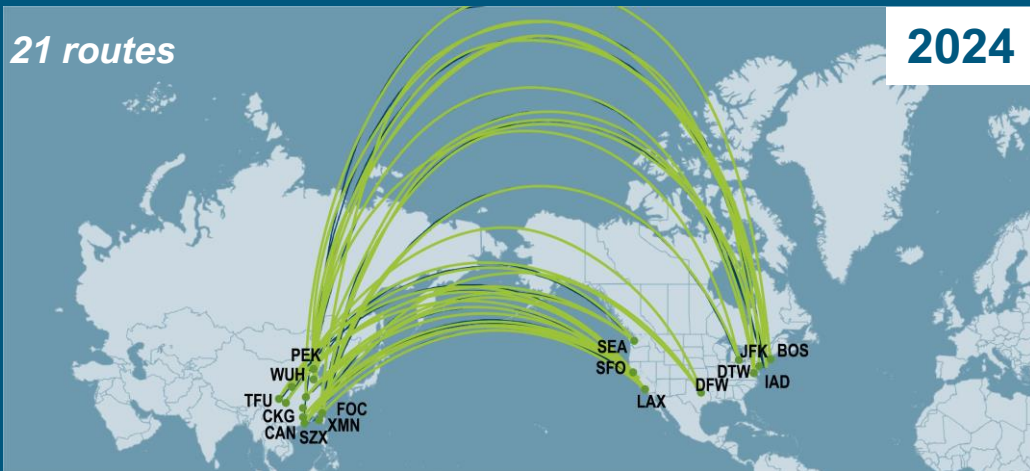
*inflation adjusted

2024 vs 2019, AMS-NRT route operated by KLM B789 (Source: Cirium, Sabre, NACO Analysis)

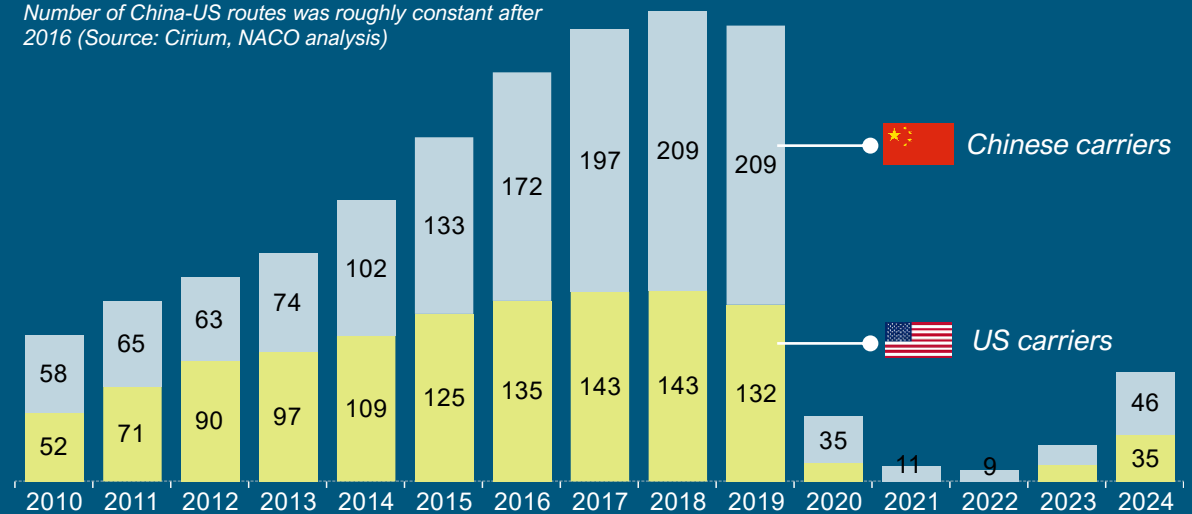
2024 China-US seat capacity is 25% of 2019, China-US connectivity stagnated since 2016



Number of China-US routes was roughly constant after 2016 (Source: Cirium, NACO analysis)

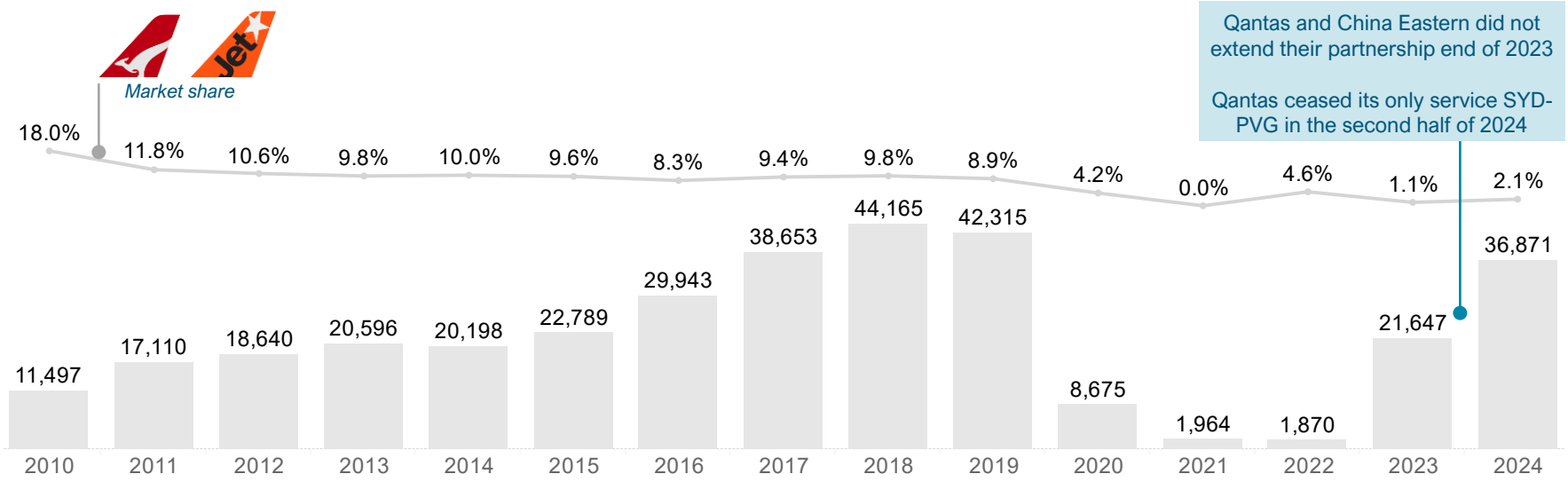


China-US routes (Source: Cirium)

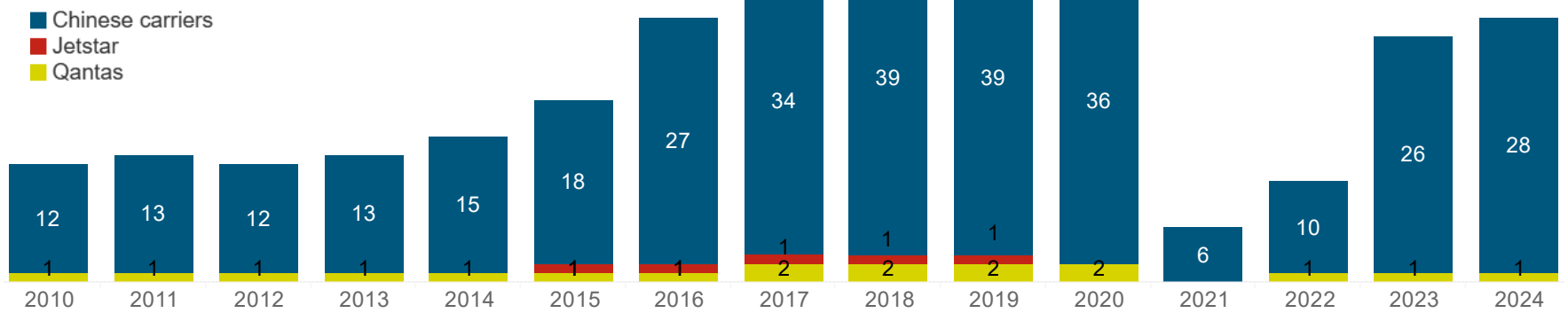


China-US weekly frequencies (Source: Cirium, NACO analysis)

Australia-China market: unbalanced utilisation of traffic rights challenges reciprocity principle



Weekly one-way seat capacity, Qantas and Jetstar market share (Source: Cirium, NACO analysis)



Number of routes served by airline (Source: Cirium, NACO analysis)

Point-of-Sale China has increased by 16.7 p.p.

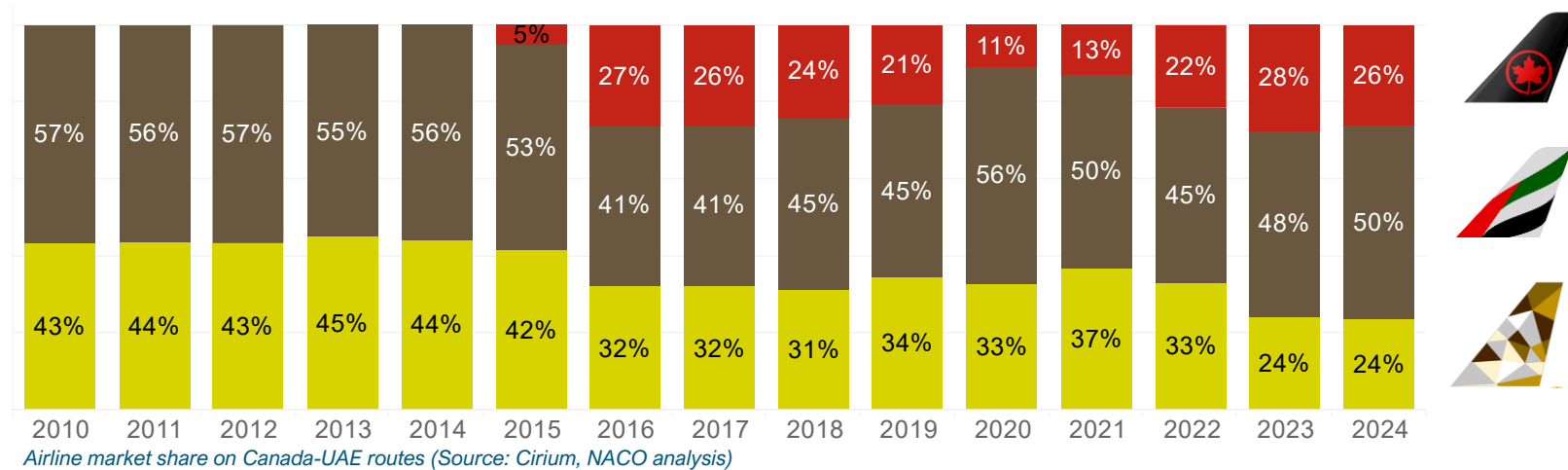
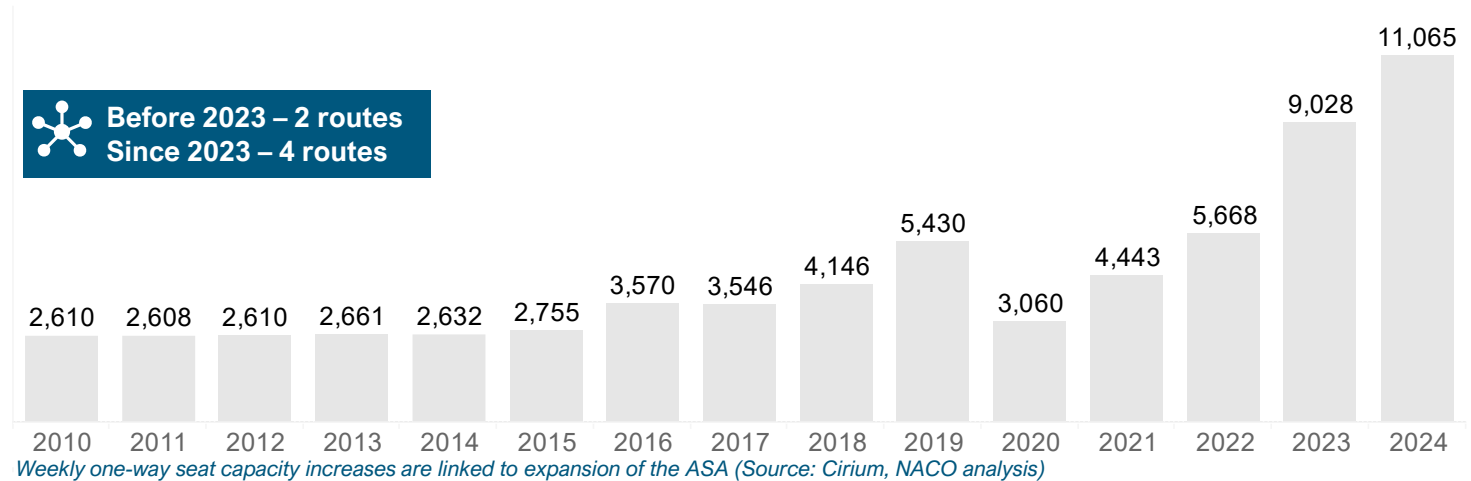
2015
41.5%

2019
48.6% ▲

2024
58.2% ▲

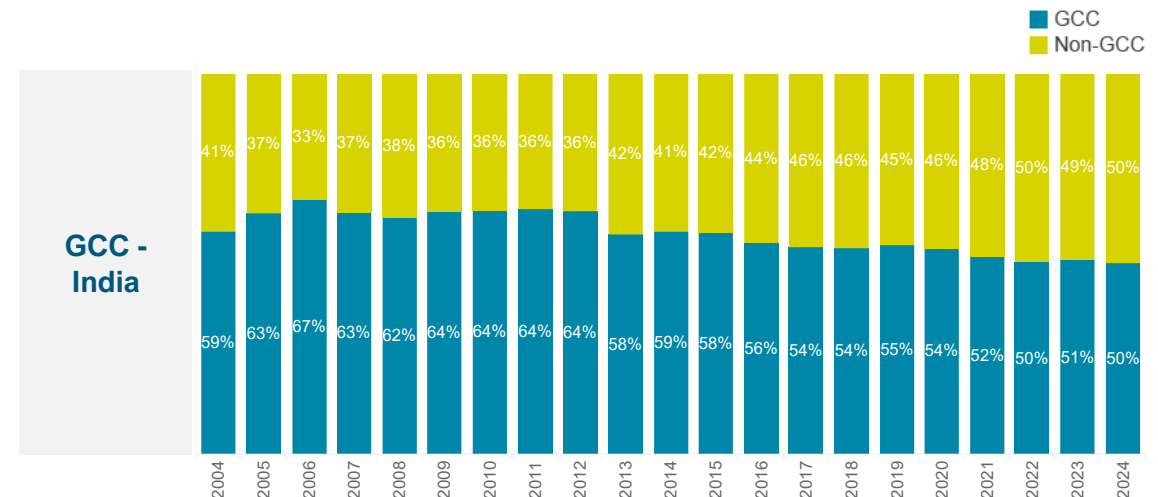
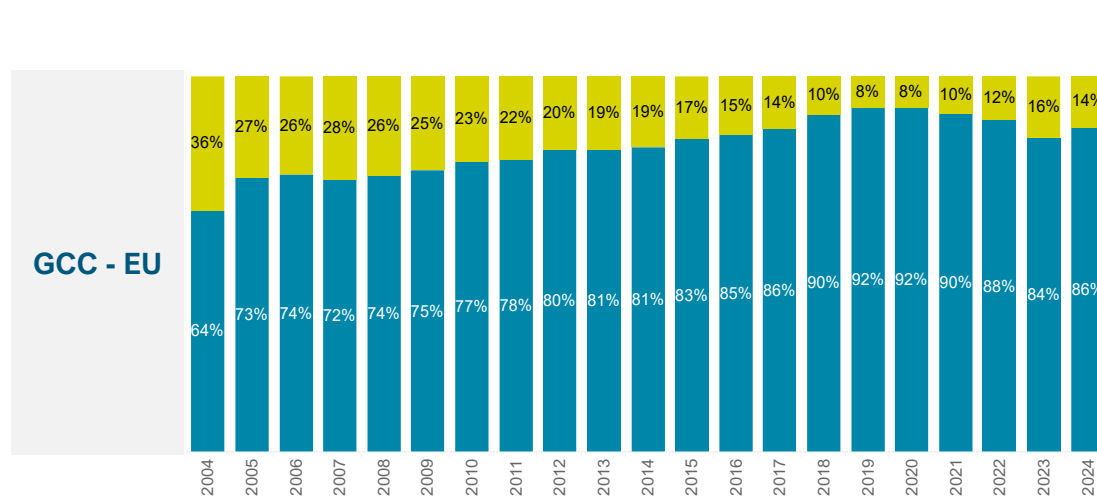
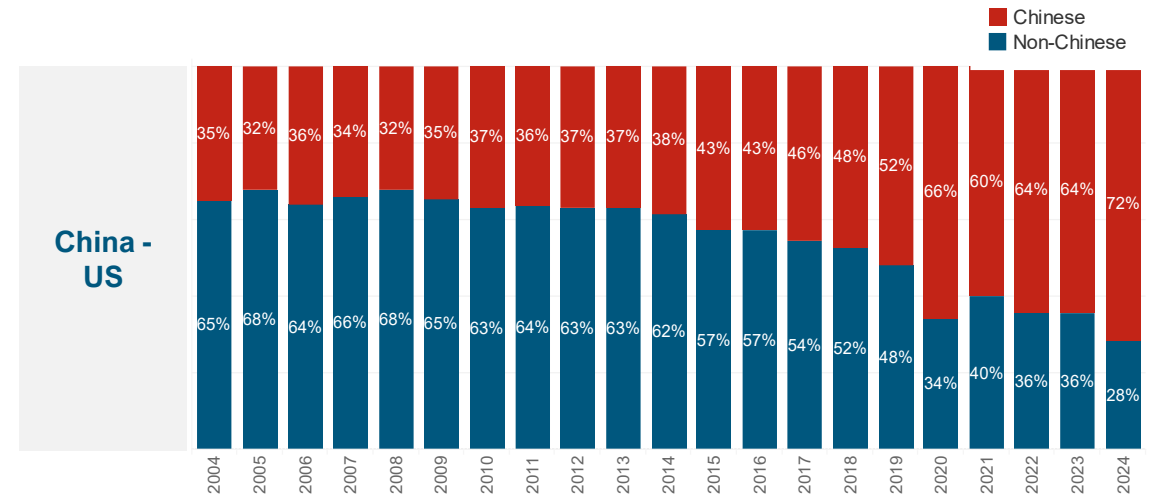
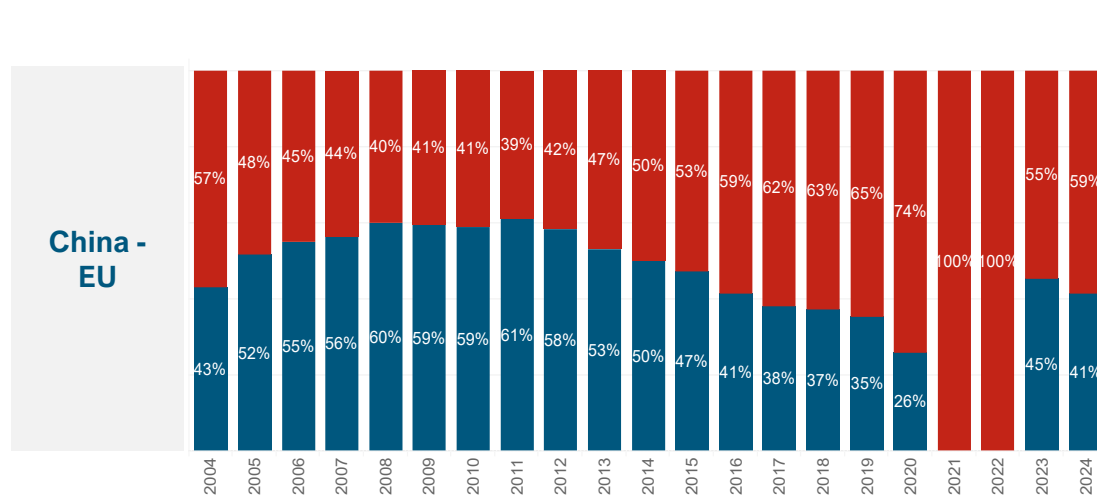
(Source: Sabre, NACO analysis)

Canada-UAE Air Service Agreement: Case of contained liberalisation and rebalancing of traffic rights utilisation over time



- **1999**
ASA signed
- **2010**
Canada refused UAE ASA expansion request
- **2015**
Air Canada entered the UAE market
- **2018**
ASA expansion
- **2023**
ASA expansion, Air Canada and Emirates signed codeshare
Air Canada became the sole operator of YVR-DXB

Lack of reciprocity likely to trigger national interest considerations



Share of airlines by capacity (Source: Cirium, NACO analysis)

Navigating the new aeropolitical dynamics of global aviation: Challenges and opportunities ahead



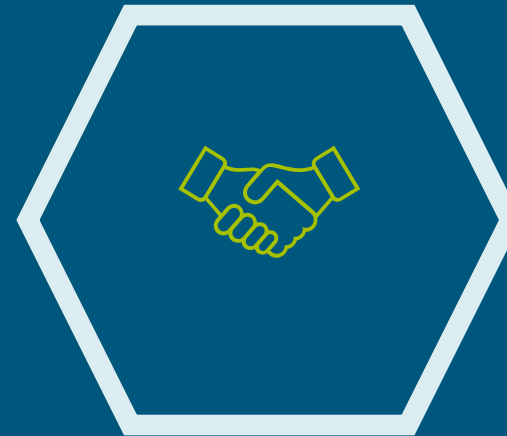
**Aggressive aviation
diplomacy will continue
and possibly intensify**



**Public interest vs.
national interest
debate reemerges at
national level**



**Regulatory and doing
business environment
are key market access
fundamentals**



**New era of airline-to-
airline commercial
cooperation to curb
down negative effects
of political decisions**



**Ecosystem approach
is a key ingredient to
preserve benefits of
liberalization and
deregulation**

THANK YOU



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