

European Airlines should not receive additional subsidies for the five days airspace closure

Frankfurt, June 02, 2010 – A clear majority of Air Cargo Professionals from around the World disagree to provide European air carriers with government subsidies because of the 6-days airspace closure, caused by the volcanic ash from Island. This was the result of the aviainform May readers poll asking whether politicians should pay subsidies to cover lost revenues when European airspace was closed for six days.

These 6 days resulted in approx. 63.000 cancelled flights, hundreds of thousands of stranded passengers and approx. 100.000 of airfreight being on hold. Especially air carriers flying on intra-European routes have been hit hard as e.g. passengers on Low Cost Carriers will typically not make such flights at a later stage which at the end will result in heavy losses. Some large European network carriers might be able to absorb losses as they will try to up sell premium cabin products (e.g. business or first) and, as their portion on business-related traffic is higher, they might also be able to retain some of these passengers at a later time of the year. Air Cargo business however seemed to be less affected as approx. “only” 20 per cent, equivalent to about 20.000 tons of airfreight had been “perishable” and will not be transported again while the remaining 80.000 tons of airfreight was flown at a later stage or was transported on alternative routes or alternative modes.

Our May poll resulted in 87,2 per cent of our 425-strong poll guests to not provide any subsidies to air carriers, which had to stop their operation for full five-days while European airspace was closed. Only 12,8 per cent of our poll guests decided that airlines should be compensated for not being able to run their networks.

As the majority of our visitors are from within the air transport industry, this gives a fairly clear picture that even in crisis situations air cargo people are believing into the commercial aspect of the business to absorb costs and risks without external subsidies. Different to other modes such as rail or road the air transport industry covers costs by fees such as landing fees or overflying fees while e.g. European rail companies often require major investments into infrastructure, paid by governments.

Keeping this in mind, readers are kindly reminded that airlines will try now to offset some of their costs by increasing transportation rates and that airfreight might become more expensive in the forthcoming months. We at aviainform believe that increased rates are worth the investment into a highly reliable and dependable network as many industries have seen severe interruptions of their own production once a reliable air service is simply not available.

Having a different thought or opinion? Write to us (info@aviainform.org) - We are interested in hearing from you.

About avianform: As one of the most specialized consultants in researching market data, trends and developments of the global Air Transport Community, avianform enables air carriers and other providers of Air Transport Services to anticipate changes in their competitive environment. As experts with diverse backgrounds in the Air Transport Industry, avianform understood right from the beginning that generally the complete data required for meaningful analysis in the airfreight and transportation industry simply does not exist. avianform address this data gap by building databases that quantify trade and freight transport demand at a highly granular level while remaining consistent across geographic limitations. Maintaining an extensive collection of traffic and economic data and providing unique analytical tools, avianform enable Air Transport Industry organizations to employ information as a strategic asset.

On behalf of its clients avianform instantaneously observe the latest developments in civil aviation, accumulate such information with customer-internal data and analyze the results to improve its client's business performance enhancement process. This will support managers both foresee risk and identify new profit opportunities that will lead to sustained, above-average growth.

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