

AVIATION WEEK

# Aviation Daily

The business daily of the airline industry since 1939

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**Friday, September 14, 2007**

## Congress Can Complete New FAA Bill This Fall, Blakey Believes

In her final interview before ending her tenure as FAA Administrator, Marion Blakey again urged Congress to act quickly to pass legislation to overhaul the FAA financing system, and she believes it is reasonable to expect a conclusion sometime this fall.

"I believe Congress can act [on FAA reauthorization] this fall, and they should," Blakey told The DAILY. The current FAA authorization expires at the end of this month, but it is apparent a new version will not be passed before then, and an extension of some kind will be necessary. However, Blakey reiterated her warning that "we should be very wary of extensions because they can be very disruptive" to FAA operations.

"Congress needs to step up and make a decision here," said Blakey. The most contentious issues surrounding reauthorization — such as making general and corporate aviation pay a larger share — "are not going to get any easier by simply continuing to extend" the current authorization. And as the next presidential election gets closer, "we are moving into a political environment, which often makes tough choices even harder."

One of the biggest problems is language in the House reauthorization bill that would reopen the contract imposed by FAA on its controller work force last year, and send them back to the bargaining table. The administration has signaled it would not accept a bill with this provision.

This issue remains "an enormous obstacle" if the House continues to insist on this provision, Blakey said. She believes it does not belong in

the reauthorization bill, as it "doesn't have any relationship" to the establishment of a new funding system.

Looking back, Blakey said she would have preferred to have reached a voluntary deal with the controllers instead of imposing a contract after impasse was reached. However, she said she would not change the approach taken by FAA.

Blakey questions the current collective bargaining system for controllers. "I fundamentally think there is a real question as to the rationale for a federal agency negotiating" over employee pay, Blakey said. She notes that FAA is almost the only agency that is forced to do so. This approach "puts unnecessary strain on the relationship" between employees and managers." Despite the bitter dispute over the contract, she believes controller morale is better than portrayed by the union.

Regarding her successor, Blakey firmly believes the next administrator should be confirmed for a full five-year term, and that a short-term recess appointment would not be desirable. The agency is a complex one, and it would take time to get up to speed. As the second administrator to serve a five-year term, Blakey thinks this is an appropriate term length.

She also does not support leaving an interim administrator through the next election. She believes the Democratic Congress would confirm a Bush nominee, because they recognize it is primarily a "safety position" rather than

*Continued on page 2*

### FuelWatch



#### Global Jet Fuel Prices (midpoint)\*

As of September 12, compared with previous week and previous year

<b>NY Jet Barge</b>	
234.90 cts per gallon	<b>35.60</b>
	<b>57.90</b>
<b>Chicago Jet</b>	
237.90 cts per gallon	<b>28.65</b>
	<b>54.25</b>
<b>West Coast (LA) Jet</b>	
226.75 cts per gallon	<b>12.50</b>
	<b>38.10</b>
<b>Europe: Rotterdam Jet Barges</b>	
222.95 cts per gallon	<b>14.05</b>
	<b>32.20</b>
<b>Asia/Pacific: Singapore Kero</b>	
217.25 cts per gallon	<b>8.30</b>
	<b>24.45</b>

\* All prices in cts/gal

(All data, except for Asia/Pacific, represent latest spot price data as of Wednesday. Asia/Pacific data represent latest spot price data as of Thursday.)

Source: Platts

Blakey from page 1

a partisan political job.

Regarding a new chief operating officer for the agency, Blakey said an announcement is still a few days away. Someone has been selected, but there are still some contract details to be ironed out. "The aviation community is going to be very pleased" with the new COO, she said. Industry observers believe Unit-

ed executive Henry Krakowski is the person selected (DAILY, Aug. 24).

Blakey said she is proud of the fact she headed FAA during one of the safest periods in the history of aviation. Establishing a new safety oversight system for the ATC organization was important, as was expanding FAA's international safety role, she said. -*adrian\_schofield@aviationweek.com*

## MEPs Warn On Ownership, Cabotage For Second Stage Of Open Skies

The second-stage of U.S.-EU open skies negotiations promises to be hard work if the U.S. doesn't move on the issues of foreign ownership and cabotage, members of the European Parliament (MEP) said yesterday in Washington.

The first stage of the open-skies agreement, which goes into effect next March, did not go far enough to address European interests in these issues, said Belgian MEP Said El Khadraoui. "We would have preferred one overall agreement, but this was not politically possible," said El Khadraoui, referring to the congressional resistance to changing ownership and cabotage rules.

In contrast to U.S. carriers operating in the EU, European carriers "do not have complete market access" El Khadraoui noted. To change this, ownership and control, code sharing, cabotage and access to the Fly America program will be part of the second stage of negotiations. Given that these issues historically have been hard to budge, Khadraoui remarked that the second stage of talks will be "difficult".

Opponents of changing the ownership rules should realize that European investment in U.S. carriers poses no threat to security, said Angelos Pangratis, deputy head of section for the delegation of the European Commission in Washington. Resistance from labor groups ignores the realities of globalization and is a "protectionist reaction," he added.

A provision in the open-skies agreement allows either side — the EU or the U.S. — as well as individual EU member states to opt out of the deal if it is not concluded in a way that satisfies all participants. Both El Khadraoui and Pangratis warned of this provision and urged that both the U.S. and EU negotiate outstanding issues to prevent the deal from unraveling.

The U.S. is committed to negotiating the second-stage agreement, said Paul Gretch, director of DOT's Office of International Aviation, but it is essential to engage members of Congress in order to see progress on the issues of ownership and cabotage, he said.

At the heart of the matter is language in the House

FAA reauthorization bill that more strictly defines ownership and control. The language surfaced after the conclusion of the first stage of open-skies talks. Gretch noted that DOT thinks the language is "unnecessary" and "confusing." The second meeting of the working group to monitor the progress of the deal will convene in November, the MEPs said. -*madhu\_unnikrishnan@aviationweek.com*

## U.S., Japan, Amend Bilateral, Ease Cargo, Code-Share Limits

The U.S. and Japan yesterday struck a deal in Tokyo that expands cargo, code sharing and charter operations between the two countries.

The new agreement allows UPS to operate six weekly flights between points in the U.S. and Nagoya. UPS can connect these frequencies through to Shanghai, the carrier said in a statement.

Polar will be allowed to operate six weekly flights to Kansai or Nagoya with connections to two points beyond, a person familiar with the matter told The DAILY.

The agreement does not allow either carrier to connect to Beijing, and it limits connections to Shanghai to six weekly frequencies, according to a copy of the Record of Discussions obtained by The DAILY.

In addition, the deal lifts some restrictions on code sharing. "The agreement allows additional flights between the U.S. and Japan and beyond Japan by U.S. airlines that carry the code of another U.S. carrier," a DOT spokesman said.

The deal also lifts the limit on the number of charter flights between the U.S. and Japan, effective Jan. 1. But charter flights to Tokyo will be capped at 400 one-way flights per year, rising to 500 on Jan. 1, 2009.

Yesterday's deal is the first time the two countries have amended their bilateral agreement since 1998. The Record of Discussions commits the two sides to hold another round of talks by next summer.

The Record of Discussions was signed by John Byerly, deputy assistant secretary of State for transportation affairs, and Ryuhei Maeda, deputy director-general of the minister's secretariat in the Ministry of Land, Infrastructure and Transport. - *madhu\_unnikrishnan@aviationweek.com*

## Lufthansa Aircraft Decision Won't Happen Before Yearend

Lufthansa does not plan to make a decision on an order for either the Airbus A350 or the Boeing 767 before the end of the year, as Senior VP-Corporate Fleet Nico Buchholz told reporters that while the carrier is in the final phase of evaluations, it is in no rush to place an order.

Lufthansa is in the process of replacing its long-haul fleet in the medium to long term. It has ordered 15 A380s and 20 747-8s to replace its existing fleet of 30 747-400s. The next step will be to look into the smaller-sized long-haul jets that could supersede its A340 and A330 fleet. According to Buchholz, the 30 A340-300s are economically viable in Lufthansa's case, as many of them are now fully written off and are now even cheaper than a 787 would be from a total cost perspective. Lufthansa writes off its aircraft in 12 years and has no plans to change that policy.

Lufthansa could become a launch customer for a 737 replacement, Buchholz said, but he cautioned that the aircraft would have to be a big step forward. "We want a good solution, rather than a rushed solution." Lufthansa would need an aircraft to supersede its fleet of 737 Classics and eventually its A320 family fleet, too. The 737s are approaching an average age of 17 years. But Buchholz stressed that it would be fine for the airline to get a replacement in the 2015-2017 timeframe if suitable engine technology is not ready before then.

According to Buchholz, Lufthansa plans to continue flying its aging Airbus A300s for several years. It operates 14 of them, mostly on domestic and European routes, but has reconfigured some of them with its old-generation, long-haul, business-class seats to be able to fly them to destinations in the Middle East and Asia. The A300s are 18 years old on average. Buchholz said that the A330 does not work as a replacement for the A300 because of the wingspan. The aircraft would occupy two gates at key airports, such as Berlin Tegel, and thus use up too much space.

The airline recently placed the launch order for the 747-8 Intercontinental and to date remains the only passenger carrier opting for the aircraft. But according to Buchholz, Lufthansa is not concerned about the current lack of additional airlines buying the Intercontinental. He predicted that others will buy it before the end of the year.

Boeing has sales campaigns in progress with British Airways and Emirates. *-jflottau@freenet.de*

## Contractors Bid To Test Counter-MANPADS On Civilian Planes

BAE Systems and Northrop Grumman are seeking to win a new Dept. of Homeland Security (DHS) con-

tract to test their laser-jamming technologies' ability to protect passenger aircraft from shoulder-fired, heat-seeking missile attacks, company officials confirmed yesterday.

Both BAE and Northrop Grumman have been testing cargo aircraft on the feasibility of equipping scheduled commercial flights with protection against small missiles known as man-portable air defense systems (MANPADS).

It would mark the first time directed infrared counter measures (DIRCM) technology — developed to protect military aircraft — was used on a civilian passenger aircraft in the DHS program.

### \$30 Million Set-Aside

In the third and final phase of DHS's four-year counter-MANPADS study, BAE has equipped a single ABX Air Boeing 767-200F cargo aircraft with its JetEye technology. Northrop Grumman, which uses similar technology in its Guardian counter-MANPADS system, has equipped 11 FedEx cargo aircraft in regular service, including an MD-11, DC-10 and a Boeing 747, with Guardian.

Prodded by Congress, DHS has spent more than \$121 million studying counter MANPADS technology, but the department has not committed to purchasing any device once Phase III testing is complete in March 2008.

But lawmakers inserted language into the Fiscal 2007 Homeland Security appropriations bill, signed last October by President Bush, that sets aside \$30 million to \$40 million to evaluate the feasibility of placing counter-MANPADS technology on a passenger aircraft.

Both Northrop Grumman and BAE are awaiting DHS's decision, which could come as soon as Monday. The department has also issued a broad agency announcement seeking carriers willing to test the technology on their aircraft, said Larry Orluskie, a spokesman for the DHS Science & Technology Directorate, which has been running the counter-MANPADS program.

BAE officials said last January that after Phase III, they wanted to continue testing the technology on the commercial airliners of team partner American.

Manufactured in more than 20 countries, MANPADS are considered a serious threat to commercial aircraft. About 40 civilian aircraft have been struck by MANPADS, resulting in some 25 crashes and 400 deaths since the 1970s, the U.S. State Dept. estimates. Officials believe there are more than 750,000 MANPADS around the world, but they don't know how many have made their way into the arsenals of terrorists, criminals and non-state entities like Al Qaeda.

Congress has also required DHS to revisit previously rejected counter-MANPADS technologies, including ground-based systems. DHS is also studying the use of a high-altitude unmanned aerial vehicle (UAV) to protect airports from MANPADS. *-john\_doyle@aviationweek.com*



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## ExpressJet Formally Releases August Traffic Statistics

One day after the U.S. Transportation Dept. rejected ExpressJet's motion to treat certain operating data for its independent branded flying operation confidential, the carrier released traffic statistics for August.

Since it launched operations in April, ExpressJet has petitioned DOT each month not to release its monthly statistics as part of T-100 figures that all airlines must report. As long as DOT did not rule on ExpressJet's request, the data could remain confidential, a point American emphasized to DOT (DAILY, July 31).

DOT earlier this week ruled against ExpressJet's request, prompting a swift issuance by the company of both its contract and branded traffic statistics for August. If the company opts not to appeal DOT's decision, data for April-July should be available to the public within 10 days (DAILY, Sept. 12).

Load factor in the branded oper-

ation dropped one percentage point in August versus July to 64%. In July ExpressJet's load factor included both the branded flying and the pro-rate operations the carrier began as Delta Connection from Los Angeles in July (Daily, Aug. 9).

ExpressJet's capacity in August of 298 million available seat miles in its branded flying outpaced the 190 million revenue passenger miles the carrier logged. Average stage lengths in the branded flying of 679 miles were higher than the 568 miles ExpressJet posted in its contracted flying with Continental.

The company is putting fixes in place to bolster its reservations systems to support complex itineraries to gain more travel agency traffic and corporate travelers. But ExpressJet CEO Jim Ream recently said the improvements probably wouldn't be in place to trigger a breakeven result for the third quarter. -lori\_ranson@aviationweek.com

## Multi-Agency Plan Aimed At Improving Volcano Reporting

Federal agencies have created a new plan for tracking volcanic ash plumes and reducing their risk to aircraft.

The National Volcanic Ash Operations Plan for Aviation is intended to improve agency coordination. The plan will "help us detect, track and forecast hazardous ash clouds and adequately warn the aviation community on the present and future location of the cloud....Standardizing and coordinating these activities should significantly reduce danger," said NOAA Administrator Conrad Lautenbacher.

The document defines agency

responsibilities and provides inter-agency standards for observations, advisories, warnings, notices and forecasts, as well as outlining the actions each agency will take in the event of an eruption.

The plan was prepared by the federal coordinator for meteorological services and supporting research, after working group meetings involving FAA, the U.S. Air Force, NOAA, the U.S. Geological Survey, NASA, the Smithsonian Institution and the Air Line Pilots Association. -adrian\_schofield@aviationweek.com

**Southwest Airlines Cargo** will use CargoMax Revenue Manager from Sabre Airline Solutions to help it increase freight revenues. The Sa-

bre tool conducts capacity forecasting, manages overbookings and provides demand forecasting and bid pricing.

## Kingfisher Eyes Business Jets In U.S.

Kingfisher Airlines Chairman Vijay Mallya is understood to be interested in buying a controlling stake in U.S.-based very light jet (VLJ) manufacturer Epic Aircraft. He is expected to invest about US\$200 million.

Mallya flew into Oshkosh on his personal Airbus A319 to firm up the investment, though no details were announced, and he made an appearance with Epic Aircraft CEO Rick Schrameck during a news conference. The official announcement is expected at the National Business Aviation Association Annual Meeting and Convention in Atlanta, Ga., on Sept. 25.

Thanks to government plan's to relax the norms governing the ability of domestic Indian carriers to operate international service (DAILY, Aug. 8), Kingfisher plans to expand its operations to the U.S. with flights to San Francisco and New York by April 2009.

It already filed an application with U.S. Transportation Dept. (DAILY, Aug. 10).

It is likely that the carrier will connect its premium customers on Epic VLJs to the rest of the country once they arrive on the East and West coasts.

The single-engine turboprop Epic Dynasty is to be certified by Canada in 2008 and receive FAA certification later. *-mathews.neelam@gmail.com*

## Ryanair Looks At Capacity Boost In Northern Italy

Ryanair would massively expand its capacity in Milan and Bergamo if it can agree with Milan Airport on beneficial terms for landing and handling fees.

The airline wants to capitalize on Alitalia's plan to reduce capacity in Milan and focus on Rome Fiumicino (DAILY, Sept. 6).

The airline promised to base 12 aircraft at Malpensa Airport, serving 50 routes, plus six additional Boeing 737s at its existing base in Bergamo. Ryanair would allocate five additional aircraft to Malpensa in 2008, four in 2009 and three in 2010, the airline said yesterday.

Ryanair is meeting airport officials for negotiations this week. *-jflottau@freenet.de*

## Boeing Optimistic About Emirates Demands

Boeing Commercial's President and CEO Scott Carson is optimistic the new 747-8 Intercontinental can meet the ambitious range targets set by Emirates Airline President Tim Clark.

Emirates wants to fly the aircraft nonstop from Dubai to Los Angeles with a full payload. Currently, the aircraft can get to somewhere "south of San Francisco," Boeing executives say.

"We can solve Clark's problem," Carson told reporters in Seattle. "I'm sure the improvements are doable."

Carson was skeptical about a widebody replacement for the 737, an option that ILFC Chairman Steve Udvar-Hazy supports because it would make for quicker turnaround times. "If you have an airplane that looks like an egg, it might not be very economic," Carson said. *-jflottau@freenet.de*

## Duty-free Shopping Unveiled In Qantas' First-Class Lounge

Qantas' first-class passengers flying out of Sydney and Melbourne will now be able make duty-free purchases in the carrier's First Lounge.

Guests will be given a 24-page catalog containing items that include beauty care, perfumes, watches and liquor. They can place orders with the facility's concierge, who will handle the payment and have the items delivered directly to the lounge.

"Once they have entered the sanctuary of the Qantas First Lounge. We seek to take care of all of [passengers'] requirements so they will not need to leave until boarding their flight," said spokeswoman Holly Williams. *-benet\_wilson@aviationweek.com*

## Dragonair To Resume Flights To Kathmandu

Hong Kong-based Dragonair will resume flights to Kathmandu on Dec. 2, offering four services a week using Airbus A320 aircraft.

Dragonair, which started flying to the Nepalese capital in 1989, suspended flights in June 2001 due to the civil unrest. The airline currently operates a network of 31 destinations, including 21 to mainland China. *-wdennis@tm.net.my*

**United** will begin new daily passenger and cargo flights between Los Angeles and Frankfurt on Dec. 15. United will use a Boeing 777 on the flight, which connects in Frankfurt to more than 885 points served by its Star Alliance partners. The flights will bring to four the number of U.S. gateways United uses to serve Frankfurt. It also flies there from Chicago, San Francisco and Washington.

**Strong demand is driving Spanair** to boost service to Algiers, adding three return flights on routes to Madrid and Barcelona. The carrier started service to the Algerian capital in July and is responding to stronger-than-expected traffic volume. The frequency increases are being phased in, with a first step at the beginning of October and a second later that month.

**CSA Czech Airlines has increased its order** for Airbus single-aisle aircraft to 20 with the decision to exercise options for eight A319s. The carrier still holds four options for the narrowbodies.

## DFW Economic Impact: \$16 Bln, 305,000 New Jobs, Says Study

The economic impact of Dallas/Fort Worth International Airport has grown to more than \$16.6 billion, according to a new study from the Texas Dept. of Transportation (TxDOT).

DFW and its associated businesses also provide 305,000 jobs and more than \$7 billion in annual payroll to the North Texas economy it added. The study, conducted by Wilbur Smith Associates for TxDOT's Aviation Division, concluded that general and commercial aviation activity in Texas contributes more than \$48 billion dollars to the state economy, and that DFW is directly responsible for more than one-third of that total.

The latest study uses data from 2005 as its basis, and shows DFW's total economic impact grew by 16% from the previous study. DFW's job and payroll totals are up 13% and 26%, respectively, from the previous figures. The previous study used 2001 data.

The impact assessment also said the direct economic output attributable to DFW is estimated at more than \$2.6 billion. Additionally, the airport brings more than 16.3 million visitors to the area each year, supporting about 178,500 visitor-related jobs and \$3.7 billion in payroll. Visitor expenditures are also responsible for \$6.5 billion in direct economic output.

Wilbur Smith Associates used the Impact Analysis for Planning (IMPLAN) model to measure the multiplier effect and determine secondary impacts in the study. "Many people refer to DFW as the 'economic engine' of North Texas, and these numbers again confirm that this airport is significantly helping to create one of the nation's great economic regions," said CEO Jeff Fegan in a statement. *-benet\_wilson@aviationweek.com*

## FAA Taps Four Airports For Military Airport Program Grants

FAA will provide funding to four airports to help them convert from military to civilian use under the Military Airport Program (MAP).

The new facilities are Portsmouth International Airport, Portsmouth, N.H.; Sawyer International Airport, Marquette, Mich; Plattsburgh International Airport, Plattsburgh, N.Y.; and Killeen-Fort Hood Regional Airport, Killeen, Texas.

MAP uses Airport Improvement Program grants for up to five years to increase civilian aviation capacity by upgrading former military airports. Up to 15 airports may participate in the program at any one time, including one general aviation airport.

Plattsburgh will use funding over four years to conduct hangar work and buy snow removal equipment. Sawyer will spend \$2.6 million over three years to renovate military aircraft hangars for civilian use and improve utilities.

Portsmouth will receive \$2.9 million for three years to make terminal security improvements, acquire snow removal equipment and design and build a deicing/holding apron pad. And Killeen will receive \$285,000 to expand the existing fueling area to meet current and projected operational requirements at the airport. *-benet\_wilson@aviationweek.com*

**BAA** has appointed Canadian businessman Richard Drouin as a non-executive director of the board. Drouin replaces Macky Tall, joined the board after Ferrovial's acquisition last June. He is a counsel at Canadian law firm McCarthy Tétrault LLP and chairman of the North American Electric Reliability Corporation (NERC). Until recently, he was chairman of Abitibi-Consolidated Inc. and Stelco Inc.

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# Departures

## Opinions On Current Issues In Aviation

### It's More About Labor And Economics, And Less About Scope

By William Swelbar

I have one word for the discussion that began in Departures on Aug. 2 and continued throughout the month regarding the issue of scope clauses — hypocritical.

While scope clause limits in mainline pilot contracts were a significant issue in the late 1990s, they can hardly be considered a similar impediment at any carrier today. You can't claim that scope defines work for mainline pilots any more than you can say that small narrowbody jets have a place only in the regional airline industry.

While I do not agree with Capt. Hill's economic analysis of the use of 35- to 90-seat jets, I believe he has identified a key issue facing airline labor unions in the next round of negotiations. The arbitrage in labor rates between the mainline and regional sectors of the industry fueled the growth of the regional industry over the past 10 years. Now, as rates have converged across nearly all sectors of the industry, one can make the case that the economics of the relationships between mainline carriers and their regional affiliates may not be the best operating model for tomorrow.

Mr. Abbey cites American and Continental as the airlines with the most restrictive pilot scope clauses. In fact, each carrier has been judicious in its use of its regional fleets and has outperformed the industry during a tumultuous time. Continental made the first declaration that its 50-seat growth would come to an end sooner than expected, and American has been the most vocal of the mainline carriers about the need to keep constraints on domestic capacity.

There are many issues that should be of equal or greater importance to the regional industry than scope clauses — particularly building an airport and airway infrastructure that meets America's 21st century needs, as suggested by Mr. Cohen. The debate surrounding the reauthorization bill seems to be lacking an important push from labor, as both mainline and regional pilots have a lot at stake in this debate. The current situation does not bode well for growth in either sector, and growth is a critical ingredient for

stakeholder success.

We are at a crossroads as the next round of mainline pilot negotiations begins: 1) Will mainline pilots continue to relax their scope and watch as significantly more small narrowbody flying is done by another sector of the industry that could potentially rekindle the discussion of labor arbitrage? or 2) Will mainline pilots seriously reflect and understand that the facilitation of growth at the mainline is their best course of action in terms of job protection — and maybe even job creation?

One necessary outcome in this next round of negotiations is a recognition that structural impediments to success exist within each sector of the industry. Cost maintenance/reduction remains paramount in this less-than-robust revenue environment. We cannot forget that vigilant cost controls must remain the focus if we are ever to find an enduring operating model that creates capital for all stakeholders, rather than recycling capital among them.

Today, network legacy carriers operate nearly 700 fewer aircraft with fewer than 150 seats than in 2000. Just because Embraer- and Bombardier-manufactured equipment resides with the regional sector of the industry today does not mean that the sector is entitled to all aircraft made by these two companies.

So, in addition to getting on with the business of fixing the infrastructure, let's get busy and negotiate an economic framework that can get the mainline sector of the industry growing again. Unless mainline pilots find a new way to think about domestic flying in this next round of negotiations, aircraft manufactured by Embraer and Bombardier will remain the entitlement of the regional carriers.

This topic, and the fact that it has again reared its head, serves only to remind us that the industry's restructuring is far from complete.

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*Facilitation of  
mainline growth  
is the best job  
protection for  
pilots.*

## Fitch Lauds Cleveland For High O&D Base, Stable Service Area

The stable service area demographics of the Cleveland metropolitan statistical area and high O&D passenger base — at 76% in 2006 — are among the reasons that debt watcher Fitch has assigned an A rating to the city's \$148.2 million in airport system revenue bonds and given a stable outlook.

Fitch also lauded Cleveland-Hopkins International Airport for its strong liquidity for an airport with a residual rate-making methodology, stable operating margin and proven ability to generate healthy non-airline revenue levels. "Offsetting credit factors include the airport's high cost structure and lower than average utilization levels, market share dominance — at 62% in 2006 — by Continental Airlines and connecting traffic levels," it warned.

While overall enplanement levels have stagnated since 2001, Cleveland-Hopkins experienced a 16% increase in O&D passenger activity in 2006 due to rising demand from the service area and the competitive response of airlines serving the airport to the introduction of low-cost air service at nearby Akron-Canton Regional Airport.

"However, connecting traffic declined by 33% during the period due to routing decisions made by Continental, which operates its smallest domestic connecting hub at Hopkins, following the downturn in passenger traffic in the aftermath of the events of Sept. 11, 2001," said Fitch.

Although the airport's finances are quite strong, with 512 days of cash on hand at yearend 2006 (Dec. 31), 58% of its revenues generated by non-airline sources, and a strong 41% operating margin, the airport's cost structure is considerably higher than Fitch's average, partly as a result of the decline in connecting passengers. "The airport's 2006 cost per enplaned passenger was \$10.11, down slightly from \$11.12 in 2005," it said. "Although management has historically utilized a residual rate-setting methodology, resulting in debt service coverage slightly above the 125% rate covenant, changes effective January 2007 should result in greater airline utilization of the terminal, growth in non-airline revenues and the ability to renegotiate should any dire connecting traffic scenario occur." -[benet\\_wilson@aviationweek.com](mailto:benet_wilson@aviationweek.com)

## DFW, EPA Unveil Plan To Cut Chemicals Used On Grounds

Dallas/Fort Worth Airport is partnering with the Environmental Protection Agency to reduce harmful chemicals at its facility.

Under the National Partnership for Environmental Priorities (NPEP) program, DFW has pledged to cut 940 pounds of pendimethalin and trifluralin found in

herbicides used to treat airport grounds. NPEP works with public and private organizations to reduce the use or release of 31 priority chemicals beyond what is legally required. The chemicals can build up in the environment, causing harm to humans and the ecosystem.

DFW will cut its priority chemical use through the efforts of its grounds maintenance team, which will replace its current herbicide with one that contains less or no pendimethalin and trifluralin. "We are proud to embark upon this partnership with the EPA to reduce Dallas/Fort Worth International Airport's environment footprint," said Dan Bergman, DFW's vice president of environmental affairs. "As an advocate for the principles of environmental stewardship, DFW Airport requires adoption and integration of sound environmental principles and practices into all aspects of our organization."

More than 130 partners across the nation have joined NPEP with a goal to reduce the use or release of 4 million pounds of priority chemicals by 2011. Other airports participating in the partnership include Dallas Love Field and Los Angeles World Airports. -[benet\\_wilson@aviationweek.com](mailto:benet_wilson@aviationweek.com)

## Delta Continues Caribbean Growth, Adds St. Kitts, Bonaire

Delta will launch new flights from its Atlanta hub to Bonaire and St. Kitts in February, part of its continuing expansion in the Caribbean and Latin America.

With U.S. Transportation Dept. approval already won, all that Delta requires for the services is approval of the local governments.

Saturday service to Bonaire will start on Feb. 9, while Saturday service to St. Kitts will launch one week later. Delta said the flights will complement service to the other Dutch Caribbean islands off Venezuela's coast. Nonstop service between Atlanta and Curacao starts on Dec. 22.

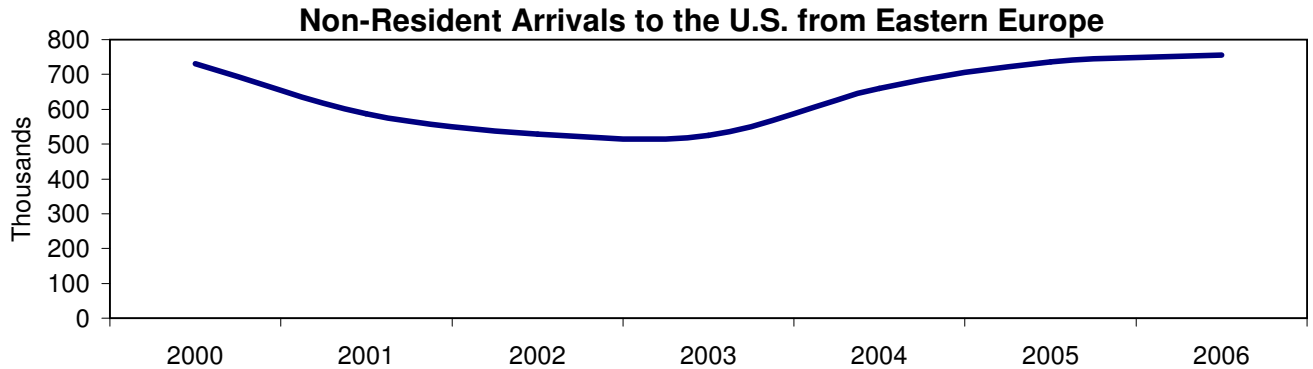
December and February will be key growth months for Delta — new service from New York Kennedy to Panama City, Guatemala City and Port-of-Spain will launch in December, while flights from Kennedy to Liberia and San Jose in Costa Rica are slated to launch in February, around the same time as the St. Kitts service out of Atlanta. -[annette\\_santiago@aviationweek.com](mailto:annette_santiago@aviationweek.com)

**Vaisala** says it has received FAA certification for its latest automated weather observing system known as AWOS IV, including a new freezing rain sensor. This sensor provides automated reporting of the intensity and duration of freezing rain occurrences. AWOS IV also provides information on temperature, dew point, wind speed and direction, visibility, cloud height, thunderstorms and runway surface condition.



## Non-Resident Arrivals To the U.S. - Eastern Europe

ITA Office of Travel & Tourism Data  
The Year 2006



### Visitation by Eastern European Non-Resident Arrivals

	2006		2005		% Change
	% Shr.	(000)	% Shr.	(000)	
<b>Eastern Europe</b>	<b>100.0%</b>	<b>460,069</b>	<b>100.0%</b>	<b>432,702</b>	<b>6.3%</b>
Poland	29.9%	137,588	31.1%	134,430	2.3%
Russia	20.6%	94,681	19.6%	84,780	11.7%
Romania	8.6%	39,775	8.7%	37,627	5.7%
Hungary	8.1%	37,257	8.6%	37,308	-0.1%
Czech Republic	8.0%	36,659	8.2%	35,341	3.7%
Ukraine	6.5%	30,125	5.6%	24,164	24.7%
Bulgaria	3.9%	18,123	3.8%	16,565	9.4%
Slovakia	3.3%	14,965	3.2%	13,800	8.4%
Latvia	1.7%	7,693	1.6%	6,981	10.2%
Estonia	1.6%	7,547	1.5%	6,625	13.9%
Lithuania	1.6%	7,373	1.6%	6,959	5.9%
Byelarus	1.3%	5,982	1.2%	5,225	14.5%
Czechoslovakia	1.3%	5,911	1.6%	6,874	-14.0%
Albania	1.1%	4,850	1.4%	5,986	-19.0%
Armenia	0.8%	3,668	0.8%	3,633	1.0%
Georgia	0.6%	2,583	0.5%	2,360	9.4%
Moldova	0.6%	2,549	0.5%	2,186	16.6%
Azerbaijan	0.5%	2,207	0.4%	1,587	39.1%
USSR	0.1%	533	0.1%	271	96.7%

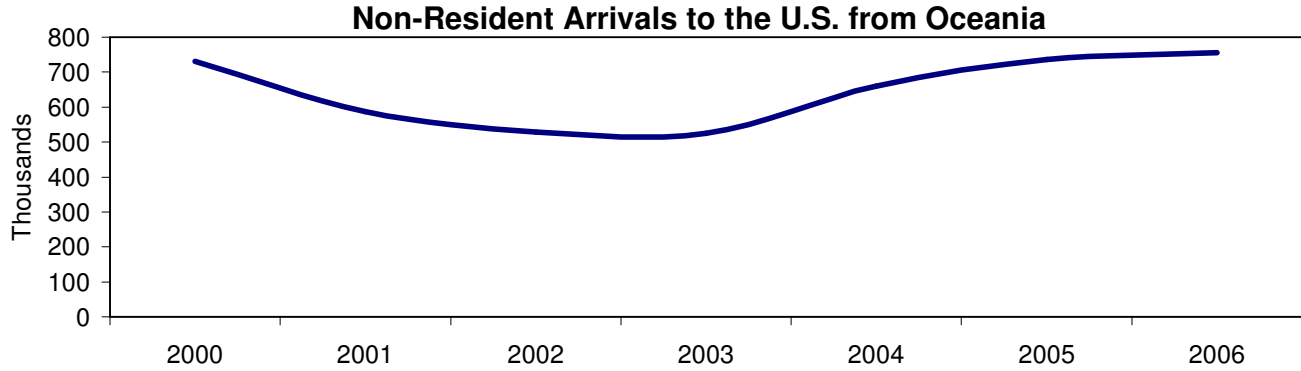
### Purpose of Trip

	2006	2005	Chg.
Visit Friends/Relatives (VFR)	41.8%	41.6%	0.2
Leisure/Rec./Holidays	24.2%	19.5%	4.7
Business/Professional	23.5%	22.7%	0.8
Study/Teaching	5.6%	7.7%	(2.1)

Based on Form I-94 data collected by the Office of Travel and Tourism Industries. Includes inbound, nonresident travelers to the U.S. only. Percentages include multiple selection responses (i.e. arrival will visit both New England and South Atlantic).

## Non-Resident Arrivals To the U.S. - Oceania

ITA Office of Travel & Tourism Data  
The Year 2006



### Visitation by Oceania Non-Resident Arrivals

	2006		2005		% Change
	% Shr.	(000)	% Shr.	(000)	
<b>Oceania</b>	<b>100.0%</b>	<b>756,226</b>	<b>100.0%</b>	<b>736,840</b>	<b>2.6%</b>
Australia	79.8%	603,275	79.0%	581,773	3.7%
New Zealand	18.3%	138,486	19.0%	139,780	-0.9%
Fiji	0.6%	4,811	0.7%	4,893	-1.7%
French Polynesia	0.5%	3,857	0.5%	3,973	-2.9%
Tonga	0.3%	2,127	0.3%	2,288	-7.0%
Western Samoa	0.2%	1,258	0.2%	1,173	7.2%
New Caledonia	0.2%	1,139	0.2%	1,273	-10.5%
Papua New Guinea	0.1%	549	0.1%	588	-6.6%
Cook Islands	0.0%	215	0.0%	355	-39.4%
Vanuatu	0.0%	184	0.0%	184	0.0%
Kiribati	0.0%	161	0.0%	325	-50.5%
Solomon Islands	0.0%	81	0.0%	74	9.5%
Wallis And Futuna Islands	0.0%	38	0.0%	79	-51.9%
Nauru	0.0%	14	0.0%	22	-36.4%
Tuvalu	0.0%	12	0.0%	29	-58.6%
Cocos Islands	0.0%	7	0.0%	9	-22.2%
Niue	0.0%	7	0.0%	11	-36.4%
Christmas Island	0.0%	5	0.0%	6	-16.7%
Pitcairn Islands	0.0%	-	0.0%	5	-100.0%

### Purpose of Trip

	2006	2005	Chg.
Leisure/Rec./Holidays	45.1%	42.1%	3.0
Visit Friends/Relatives (VFR)	25.1%	28.3%	(3.2)
Business/Professional	17.7%	16.0%	1.7
Convention/Conference	9.2%	11.0%	(1.8)

Based on Form I-94 data collected by the Office of Travel and Tourism Industries. Includes inbound, nonresident travelers to the U.S. only. Percentages include multiple selection responses (i.e. arrival will visit both New England and South Atlantic).





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Milano Convention Centre  
Milan, Italy

Join airline executives and their supplier and service counterparts as they focus on the future of MRO operations and prepare for some bumps and turns in the skies.

*Where is the industry headed?  
How will the continued growth of low cost carriers affect the industry?  
Where does the PMA Parts debate stand today, and what are the next steps in the evolution?  
What will be the impact of the latest government and industry regulations?*

**SPECIAL SESSION: DUBAI — COMING TO MRO EUROPE**

*Dubai is rapidly becoming a new Center of Gravity in MRO and many other aspects of aerospace and aviation. What are the implications behind the acquisitions being made by Dubai Aerospace Enterprise (DAE)? What is the strategy behind the purchase of SRTechnics, Standard Aero and how much more is there to come? **SPEAKER: BOB JOHNSON, CEO, DAE***

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