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Carriers have a weather eye on future

- Steve Creedy, Aviation writer
- É From: **The Australian**
- É December 22, 2009 12:00AM

LISTEN to the environmentalists, and airlines are on a highway to hell where they will be brought down by the dual forces of peak oil and climate change.

Talk to the aircraft manufacturers, and the future's so bright that airline executives have to wear shades.

The reality will likely be somewhere in between.

This is an industry where often the only certainty is uncertainty. It's highly susceptible to war, financial crises, fuel prices and disease.

All of these things have battered the industry in the past decade and it is highly likely that some will return to haunt it in the next 10 years.

Two that will certainly remain on the agenda are fuel prices and the environment.

The global financial crisis has offered a respite from the record fuel prices that rocked the industry in 2008 but many chief executives worry that this is just the lull before another storm.

They are also acutely aware that airlines remain in the sights of environmental activists and governments in terms of their carbon footprints.

These two factors, opposite sides of the same coin, have motivated a massive move towards more fuel-efficient planes, such as the Boeing 787 and Airbus A350, as well as calls for more efficient air navigation procedures and a rising interest in biofuels.

The next decade is also likely to be dominated by strong growth in traffic in the Asia-Pacific region, and particularly in China.

London consultancy Ascend predicts Asia-Pacific will pass Europe to have the world's second-biggest aircraft fleet by 2019.

The consultancy predicts the Asia-Pacific fleet will increase from 22 per cent of the global total to 28 per cent over the next decade as the region accounts for 35 per cent of all aircraft deliveries. Fourteen per cent of aircraft deliveries will be heading to the rapidly expanding Chinese market as its global fleet share rises from 7 per cent to 10 per cent.

And despite the gloomy predictions of environmentalists about climate change and travel, aircraft manufacturers remain optimistic about overall world and local trends. Both Airbus and Boeing are surprisingly close in their predictions for future annual growth in the Oceania market -- and both expect it to outstrip the global average.

Boeing estimates that growth in the region will be 5.1 per cent annually, compared with a world average of 4.9 per cent, and cargo will grow by 6.1 per cent per year.

It predicts airlines in Australia, New Zealand and the South Pacific islands will require 670 new aircraft valued at \$US90 billion (\$97bn) by 2028.

Liberalisation is another issue destined to play an important role in the next decade. Although it has moved much slower than expected, the international aviation market is starting to open up and allow easier access between markets.

There has already been some rationalisation of airlines within economic blocs such as the US and Europe, but more barriers will have to fall for this to happen globally.

As former BA, Ansett and Cathay Pacific chief Rod Eddington told an airports conference in Sydney recently, ownership and control provisions in bilateral air services agreements will need to be axed before there can be any significant global consolidation.

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10 second test: In which direction is the dancer spinning?

Right Left Both directions

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