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AIRLINE ROUTES & GROUND SERVICES

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Chief Executive
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EMERGING PLAYERS

Positioned for new opportunities

SCAN TO VIEW ONLINE

Editor's NOTES

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A further raft of recent aircraft orders illustrates there is no let-up in airlines positioning themselves to meet long-term travel demand.

To some extent it is a product of the timelines of manufacturer backlogs, which make securing fresh narrowbody capacity before the next decade challenging, and even more so for widebodies.

But while the rationale for the bulk of orders is now around securing delivery slots into the 2030s, there was a nuance to some of the eye-catching deals unveiled during November's Dubai Airshow.

Take Emirates' follow-on order for 65 more Boeing 777-9s. On the one hand this marks a timely recommitment to a much-delayed programme – Boeing having recently further pushed back first deliveries into 2027. But there is also a longer game. Emirates has not given up on persuading the manufacturer to build a larger version – backing a Boeing 'feasibility study' for a stretched 777-10. This would offer a future aircraft sized at least one step closer to the Airbus A380s, a backbone of its fleet today.

By contrast the order from fellow UAE carrier Etihad Airways, which signed for Airbus A330-900s alongside a further batch of A350s, has a nearer-term focus. The airline's move for A330s was driven by a desire to get hold of aircraft sooner. It is working with Avolon to take delivery of some of these aircraft from 2027 – securing some of the nearest delivery slots available. For Etihad Chief Executive Antonoaldo Neves the addition of the A330neos is not about a change in network strategy. Rather, he noted that the timing and performance will enable the carrier to release aircraft to other missions.

But for most airlines, the driving factor of orders is repeat business and building out future deliveries to meet long-term growth. Kazakhstan airline group Air Astana, for example, having simplified its fleet almost entirely around A321neo jets and Boeing 787s, doubled down by placing follow-on commitments for both types in November to fuel growth in the next decade.

What also remains clear is the geographic direction of travel. While all airlines are caught in the rush to secure slots, recent sizeable orders are skewed towards growth and emerging markets.

A prime case is the Philippines, where flag carrier Philippine Airlines and low-cost unit Cebu Pacific are growing sharply, as the respective chief executives outlined at Routes World in October. Growth for both carriers will be further fuelled by a planned new hub airport for the country's capital Manila which could eventually handle 200 million passengers.

The growth potential is underlined by Association of Asia Pacific Airilnes Director General Subhas Menon, who while flagging current challenges in the market, points to the strong fundamentals driving long-term growth in the region.

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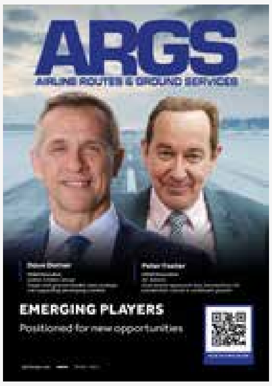

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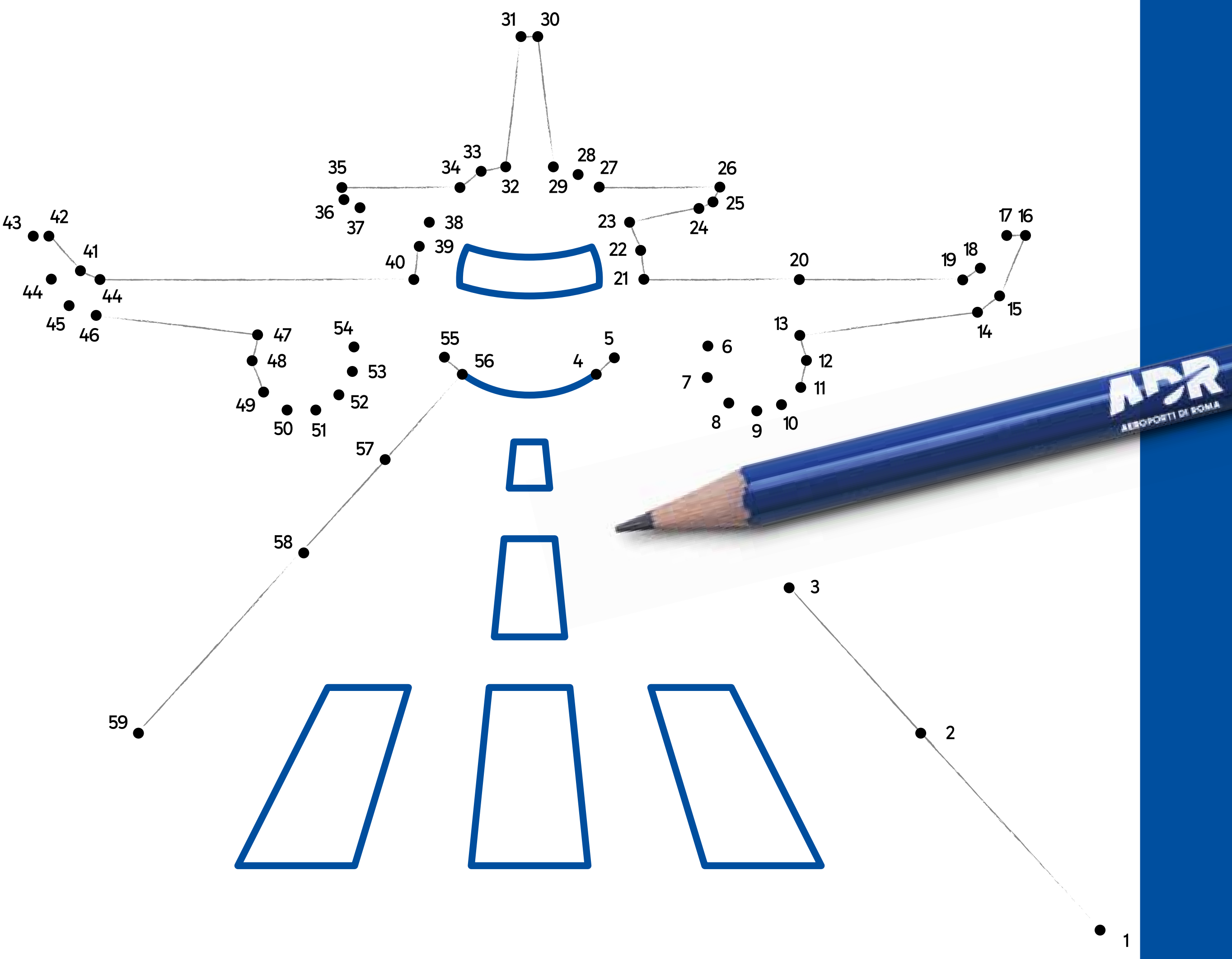

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Airlines are calling for efficient expansion at Heathrow (photo: Adobe).

UK plots path for capital gains

Long-awaited moves to expand airport capacity in London are gaining traction, but familiar debates between airlines and airports on expansion remain. *Graham Dunn* reports

Following the UK Government's approval of expansion plans at London City, Gatwick and Luton airports, together with the continued steps towards a third runway at Heathrow, growth is on the agenda for the UK capital.

There is, though, debate about how best to deliver this growth, and a familiar tension between airlines and airports on the cost of such expansion.

"We always want to make sure our customers feel there is value for money," said Heathrow Airport Chief Executive Thomas Woldbye at the Airlines 25 event in London in November.

"We are never going to be the cheapest airport in the world. Operating what is, virtually, a big airport in central London is just very expensive. Building costs are twice as high, and we build a lot, so it is an expensive place. That said we want our airlines to appreciate there is value for money. And if you look at demand, if there wasn't value for money, why would we have a long list of airlines that want to get into the airport and pay for slots?"

Woldbye suggests the focus on talks with airlines should be on how both airports and carriers can become more efficient. "The third runway is an excellent opportunity to do that because it provides growth and it is easier to make an airport more efficient when it is growing," he said.

The UK Government's ongoing review for the third runway at the hub will now be based on Heathrow Airport's proposals. This features a longer 3,500m runway than the competing Arora proposal, which included a shorter runway.

Competitive hub

Speaking earlier at the same event Sean Doyle, Chief Executive of Heathrow Airport's biggest operator British Airways, said: "We need to make sure we are competitive and we need to build this runway as quickly and efficiently as we can."

As part of IAG, Doyle flagged that the group allocates capital on the basis of performance and that if Heathrow becomes "uncompetitive", IAG has opportunities at Barcelona, Dublin and

Madrid to deploy capacity.

"That is why for everyone's sake a competitive Heathrow is very important," Doyle added. "We've lot of markets that we could fly to, that we don't fly to today. And every business needs the lever of growth. I don't want to have a situation where British Airways is constrained for growth at a hub, and our hub actually becomes less relevant in terms of the O&D [markets] it serves compared to other hubs."

Given the many years of talk of a third runway at Heathrow, Woldbye was asked if he would bet on it happening. "I'm not a betting man," he said, "but I'm intent on making it happen."

UK low-cost carrier easyJet, which marked its 30th anniversary in November, again indicated an interest in serving Heathrow at the right price and if slots were available, something Woldbye suggested could be possible with the airport's expansion.

"If we look at the third runway in the future, there is no reason we shouldn't have low-cost airlines so we also cater for that part of the sector," he said. "Our job is not to tell people how to fly; our job is to have the widest range of products on the shelves."

Corneel Koster, Chief Operating Officer at another Heathrow operator, Virgin Atlantic, also stressed the need for "affordable expansion" at the airport. "It is important that expansion unlocks value and that it offers additional growth. But it cannot just come at all costs," said Koster, who succeeds Shai Weiss as the airline's chief executive next year. "It needs to also have a level playing field, where home-based carriers get similar terminal equivalence and opportunities to serve and delight their customers."

*New Gatwick Airport CEO **Pierre-Hugues Schmit** (photo: Gatwick Airport).*

Gatwick development

Koster also backed the expansion at Gatwick, which in September secured government approval to bring its northern runway into routine use. "We absolutely believe there is a business case for additional capacity at Gatwick as well as Heathrow," said Koster.

New Gatwick Airport Chief Executive Pierre-Hugues Schmit said its expansion has factored in the growth elsewhere in London. "There is demand," he said. "But what matters in the end is there is an option that matches a certain pricing point and our plan intends to be affordable for the airline community and the passenger."

In the meantime, the Gatwick chief said the airport was continuing to invest in capacity and resilience, particularly in its peak morning periods where it has increased movements from 56 to 57 flights an hour. "We think we can still do better on a single runway, but obviously at some point we need the second runway," he said.

IATA Senior Economist Maja Marciniak had earlier told delegates that while the UK passenger market has increased 24% since 2014, that is lower growth than other markets in Europe have experienced. Meanwhile, the number of routes flown has only grown 2% over that period.

"All the other major comparative markets have seen a larger increase," she said. "We are seeing the UK is growing, but there is more potential in the market and there is more to do to attract that growth."

She added: "When capacity is constrained, it's very challenging to open a new route without closing one. And that is exactly what we are seeing with the UK."

Marciniak cited data showing that medium-haul routes between 1,500km and 4,000km have increased 27% since 2014, but that routes under 500km are down more than a third.

"We are seeing airlines strategically re-evaluate their networks, offering more of the medium haul and scaling back on the very short haul. There are a number of reasons why that might be, but the outcome could very likely be an impact on the domestic connectivity and the availability of connections to more remote airports," she said.

Regional operations in the UK suffered a blow in October when Eastern Airways suspended operations amid financial challenges.

Luke Farajallah, Chief Executive of Scottish regional carrier Loganair, highlighted the importance of ensuring a regional strategy is attached to growth at Gatwick and Heathrow. "Everyone wants to bring footfall into an airport," he said. "But there is a need for people to recognise the growth opportunities that come with regional traffic into and out of London." ■

Aer Lingus will make Raleigh-Durham its latest XLR route (photo: Aer Lingus).

Airlines grow transatlantic reach

Network carriers from both sides of the Atlantic are adding new destinations next summer, in part benefitting from the incoming XLR aircraft. But competition remains fierce, writes *Sophie Storey*

Network carriers have lost none of their appetite for adding new transatlantic routes to their spring and summer schedules, despite reporting yield pressure in the third quarter.

British Airways (BA) will begin flying direct from London Heathrow to St. Louis next April. The four-times weekly service will be the only direct UK link to the city and conveniently coincides with the 100th anniversary of Route 66. BA hopes to benefit from the increasing number of tourists looking to visit the famous highway.

BA parent IAG was among those to flag yield pressures on the transatlantic. However, speaking during the recent Airlines 25 conference, BA Chief Executive Sean Doyle attributed the results to the high capacity coming into Southern Europe, and said things have now stabilised.

Air France plans to launch Las Vegas flights in April 2026. “Paris-Las Vegas is emblematic of a post-pandemic trend,” said Lucie Garrido, an Air France-KLM consultant speaking in a personal capacity. “Airlines are leveraging their brand strength to capture premium leisure demand.”

Other new European carrier routes next summer include LOT Polish Airlines starting Warsaw-San Francisco, while Aer Lingus will launch the first direct service between Dublin and Raleigh-Durham International Airport. This route marks another launch using the carrier’s new Airbus A321XLRs, having already deployed the long-range aircraft for Nashville flights this year.

XLR impact

North American carriers are also introducing their first XLR routes as American Airlines, Air Canada and United Airlines add the long-range narrowbody to their fleets.

American Airlines is the first US carrier to take the type and plans to use it on a New York JFK-Edinburgh route as early as March 2026. Air Canada meanwhile will operate the XLR on five transatlantic routes next summer including new flights to Palma de Mallorca and Berlin.

OAG Analyst Deidre Fulton said: “This new aircraft opens up a new era on the transatlantic, allowing carriers to operate a smaller aircraft, potentially more frequently, with lower costs than a widebody aircraft.”

Fulton predicts that steady growth will continue for the transatlantic market. “We’ll [OAG] be watching forward bookings with interest for 2026 and of course how the performance of those new A321XLR routes unfold.”

American Airlines is also operating new widebody services to Athens, Budapest, Milan Malpensa, Prague and Zurich, while Air Canada’s broader transatlantic push for summer 2026 includes services from Montréal to Nantes and Catania.

United Airlines will add flights to Glasgow, Bari, Santiago de Compostela and Split, while Delta Air Lines’ new services include its first daily flight from New York JFK to Porto. Alaska Airlines meanwhile makes its European debut with a flight to Rome.

While network airlines continue to expand, the transatlantic remains a challenging market for low-cost carriers. This was underlined when Icelandic budget carrier PLAY Airlines ceased operations in October this year.

“The transatlantic market has a long history of carriers trying and failing to make it work,” said Garrido. “Even the most efficient low-cost carriers find that transatlantic long-haul is brutally unforgiving.” ■

Air Astana group carried 9 million passengers in 2024 (all photos: Air Astana).

Turning adversity into opportunity

Long-serving Chief Executive Peter Foster is stepping down after two decades at the helm of Air Astana, during which the Kazakhstan airline group has continued to grow despite market and fleet disruption. *Graham Dunn* reports from Almaty

Over 20 years at the helm of Kazakhstan carrier Air Astana, Chief Executive Peter Foster has grown accustomed to the ups and downs of the airline industry.

Already faced with rebuilding out of an industry frozen by the Covid pandemic, Air Astana has had to deal with disruption from and the loss of the neighbouring Russian market. The carrier has also had its growth clipped by lack of availability of Airbus A320neo-family aircraft due to continuing Pratt & Whitney GTF powerplant issues.

But despite these challenges, the group has embarked on strong post-pandemic growth, in part fuelled by the timely launch of its low-cost unit FlyArystan. Indeed, it has enjoyed fortunes bright enough that the company last year successfully carried out a long-sought IPO and has just committed to a follow-on order for up to 15 Boeing 787s and signed an MoU for up to 50 more A320neo-family jets.

Foster, who in October announced he will step down next year to be succeeded by Air Astana's Chief Financial Officer Ibrahim

Canliel, leaves the airline profitable, a large way through a major fleet simplification and expansion, and increasingly looking towards network opportunities to the East.

Eastern promise

Air Astana this year launched new services from Almaty to Mumbai and Guangzhou, and both India and China are key markets for an airline seeking to tap opportunities beyond its home market.

As the ninth-biggest country in the world by area, Kazakhstan is tailor-made to develop domestic air travel – a burgeoning demand it has helped to stimulate through budget arm FlyArystan in particular. But at the same time, Kazakhstan does not even feature among the 50 biggest countries by population.

Speaking to *ARGS* during a media briefing in Almaty at the end of September, Foster acknowledged the strategic challenge for the carrier. "With a population of 20 million people, there's a limit on the size of the [Kazakhstan] outbound market," said Foster.

He noted, though, that big markets like China and India are within four hours flying distance of Kazakhstan.

Air Astana serves Delhi and Mumbai in India, while FlyArystan flies to Goa. "India has a great future. We'd love to fly to other places in India well," he said, also noting that the new airports in Delhi and Mumbai means slots are going to be less of an issue.

China, one of five countries bordering Kazakhstan and where it also serves Beijing and Urumqi, offers an even bigger opportunity.

"China is a massive outbound market," said Foster. "The reason why China is such a big game is because Kazakhs can go to China without a visa."

Asia has also become a more attractive option because of the operational complications for Air Astana in serving Europe since it stopped flying to or over Russia following the invasion of Ukraine. While Kazakhstan has not imposed sanctions on Russia, and local carrier SCAT continues to serve the country, the government is being careful to avoid the risk of secondary sanctions. Air Astana itself stopped serving and overflying Russia in March 2022.

"We would have gone East in any case," said Foster, "because the growth markets are in Korea, probably in Japan in future for us, and India and now China which has come back in quite a robust way. And of course the Gulf which is a huge growth area."

The longer routing on its flights to western Europe, where it serves Amsterdam, Frankfurt and London Heathrow, also presented operational challenges. Air Astana was for a period required to add an intermediate fuel stop in the western Kazakh city of Aktou on the Heathrow route until it began a programme to outfit its Airbus A321LRs with an auxiliary central fuel tank.

"That has increased the range of the aircraft so we can now roughly speaking get to 4,200 nautical miles," he said.

"By the same token, that has allowed us to focus on East Asia and it has knocked Aeroflot out as a competitor to Europe," Foster noted. While Aeroflot still serves Kazakhstan from Moscow Sheremetyevo, it no longer has onward connections to most of Europe.

Air Astana also lost Russia as a source market, though Foster noted the impact on the carrier has been less pronounced than it would have been before the pandemic.

"So, its loss in March 2022 was a lot less dramatic than it might have been three years earlier," said Foster. "And with all the Pratt & Whitney problems that we have had, we have been very limited by the number of aircraft we can deploy in any case. We would almost certainly have carried on flying to Russia, but our growth has been significantly constrained by the Pratt & Whitney problem."

Fleeting challenge

As an operator of GTF-powered Airbus A320neos, Air Astana has been among the airlines impacted by the powder metal problems which have required additional engine inspections. Foster also pointed to additional disruption. "We had 16 unplanned engine removals over the summer. That's on top of powdered metal," Foster said, noting

***Peter Foster** will step down as Chief Executive after more than 20 years at the helm.*

The group launched low-cost arm FlyArystan in 2019 as part of its dual-brand strategy.

the impact of this is exacerbated by a shortage of engine shop space.

The unavailability of aircraft means Air Astana has had to keep hold of existing A320ceos – and bring in additional aircraft and spare engines.

"By this stage we would have expected to have an entirely Neo fleet [of A320s], but obviously the Pratt & Whitney problems have got in the way of that. So we still have a significant number of Ceos, some we've had to bring in quite recently, second-hand aircraft to supplement the loss of the Neo [capacity]," he explained.

Foster though talked up the performance of the A321LR – describing the company's best decision as placing an order for 11 of them and joking its worst decision was to not order more.

"If we had double the number of LRs we would be very happy," he said. "It's a great aircraft. It is extremely passenger friendly, we can get a huge amount of yield out of the business cabin even though it has only 16 seats. We are talking about 15% savings against a 757, so that aircraft – notwithstanding the engine issues – is an extremely economical and passenger-friendly aircraft."

It has since taken steps to add more A321LRs, in November announcing an MoU for up to 50 more A320neos for delivery from 2031. The majority of these with be A321LRs.

Fleet simplification

The aircraft is part of a major overhaul which has seen Air Astana shift from the four types it operated in 2019 - Embraer 190s, Boeing 757s and 767s alongside Airbus narrowbodies. After the 757s were replaced in 2019, the last of the Embraer jets were phased out earlier this year.

It has also grown the fleet, from 35 in 2019 to reach an expected 63 by the end of this year. That will comprise 39 A320s, 21 A321s and three 767s - which were the last three passenger-versions of the aircraft produced by Boeing.

The carrier will increase its fleet to 72 next year as it adds more Neos, as well as taking delivery of its first Boeing 787-9. Air Astana is taking three 787s over the next two years and in November supplemented its commitment with a firm order for five more of the type. It also took options and purchase rights covering a further 10 Dreamliners. The newly-ordered widebodies are set for delivery between 2032-35.

"The 787 will fly where the 767s fly today," Foster said. "It will fly to Korea, it will almost certainly fly to Japan at some point in the future, it will go to Thailand and various routes to southeast Asia. It will fly to Frankfurt in the summer. There is huge demand for Dubai. So, there is plenty of work for it."

The Dreamliner also opens up the potential to serve the USA, though for now at least, that route is off the table while it cannot overfly Russia. "If we were to do the US, the idea would have been to do the US non-stop from Almaty or Astana using the 787. But now with the Russian airspace closure, that is not an option for us," he said.

Air Astana's long-term plan will see the fleet reach 84 by 2029 with the addition largely of more A321neos. The backbone

Air Astana operates three Boeing 767s – the last three passenger versions produced.

of the fleet will comprise 40 A320s and 38 A321s, alongside the 767s and 787s.

But while new aircraft join the fleet, Foster expects it be some time before the current fleet availability issues within the industry play out.

"It is going to be a very long, slow process," he said, while also noting this means the extra lost capacity will also eventually be returning. "By late 2027, early 2028, aircraft are going to be coming back. And that is why we have been relatively modest in our growth plans for 2028 and 2029, because of that factor."

Foster noted that FlyArystan, which has taken a relatively large share of the grounding pain, for example has a fleet of 23 aircraft but is only currently flying 14 of them. "So they are going to have natural growth, virtually doubling capacity just by having aircraft coming back into service," he said.

Dual strategy

Air Astana launched FlyArystan in 2019 as part of its dual-brand strategy. The low-cost carrier operates an all A320 family fleet in a higher-density single-class configuration.

FlyArystan has been a strong driver of growth since the pandemic, particularly in the growing Kazakhstan domestic market. It carried 4.2 million passengers last year, alongside the 4.8 million flown by network carrier Air Astana.

Air Astana itself accounts for three-quarters of the group's revenue and focuses its hub operations on Almaty, where it is benefitting from the opening last year of a new international terminal increasing passenger capacity at the airport to over 14 million.

"The hub and spoke network is primarily from Central Asia and the region onto the long-haul network, and primarily that is Almaty-focused and that is working pretty well because we have got the new terminal in Almaty," said Foster.

The carrier though also operates out of the Kazakh capital Astana. "We add services to Astana when there is sufficient business that it will support itself. Beijing, Seoul, Dubai, Istanbul and Frankfurt routes are all good Astana routes. But there is no intention to develop a hub around Astana," Foster explained.

The dual brand strategy also positions the two carriers for different market segments. This enables the group to tap the potential of the growing Central Asia and Caucasus market – a region with a population of 95 million but which Air Astana notes is one of most under-connected in the world. Air Astana already serves 11 routes in the region and FlyArystan nine, which the group says gives it almost 30% market share by seats.

That potential is reflected in continued growth. The 9 million passengers the group carried last year was up 11% on 2023 and is getting on for double the 5.2 million it carried in 2019. That growth has continued over the first half of this year, as group passenger numbers climbed 11% to 4.5 million over the first half of 2024.

"We have a lot more airlines coming into Kazakhstan and at the same time we've got a lot more people coming into the country, and the market has grown," said Foster. "That is pretty much in line with the IATA forecast, which said Kazakhstan and Central Asia was going to be the next big growth story in aviation. And that has proved to be the case." ■

Azure skies ahead

Despite a tangle of external challenges, Association of Asia Pacific Airlines Director General Subhas Menon strikes an upbeat note on the region's prospects, writes *Tony Harrington*

Subhas Menon *pictured at AAPA's annual Assembly of Presidents in November (photo: AAPA).*

Subhas Menon is in full flight. The Director General of the Association of Asia Pacific Airlines (AAPA) has only 30 minutes, so I've just asked for his elevator speech on the state of airlines in the world's fastest-growing region, which sweeps from Central Asia through China, India and Southeast Asia to North Asia, Australasia and the South-West Pacific.

The former Singapore Airlines executive started with good news. The 18 carriers he represents have all recovered from Covid and are growing faster, though sometimes differently, than they did before.

While global passenger journeys are forecast to double by 2050, Menon expects APAC's collective markets to get there by 2040, assuming geopolitical instability eases and airlines can operate more optimally and optimistically.

That's a big if, given the upheavals which have come since Covid, among them military conflicts, airspace closures, supply chain stagnation and trade chaos.

"We thought the pandemic was the worst crisis to hit the industry," Menon said. "But now, if you look at what's happening around the world, particularly in the US, we're seeing unpredictability and disruption to trade flows and air travel for a much longer time."

Impacts vary between markets, he said, so in measuring and managing them "we need to distinguish between a fly in the ointment and a spanner in the works."

APAC-US air passenger traffic has declined dramatically, with average year-on-year growth now barely noticeable at less than 1%. That compares with intra-Asia traffic up around 10%, APAC-Europe up 8%, and the South-West Pacific, predominantly Australia, New Zealand and Pacific islands, 4% higher.

APAC air freight, too, has stayed buoyant, despite President Donald Trump's uneven and ever-changing tariff threats, which, in some form, Menon still expects will go ahead.

Does that spell disaster for APAC airlines? Menon thinks not.

"All markets in the Asia Pacific region are doing well," he said. "The fundamentals of the economies are very strong. It all depends on how quickly they can find new trade relationships and markets."

Collectively, APAC GDP is expected to rise by 4.5% this year, well above the 3.2% global rise predicted by the International Monetary Fund.

"Cargo is the weathervane of the economy," he added, and for now data shows the sector is healthy, with freight customers managing risk by "front loading" consignments to get ahead of tariffs and reshaping their trading relationships.

"We're seeing a deliberate shift in freight flows, away from the US but with more focus on APAC regional markets. A lot of it is within the region, and to and from China, India, Europe and Australia are all doing very well."

But he cautioned that growth is moderating due to uncertainty.

The greatest impacts are in north Asian markets of China, Japan and South Korea, all of which have heavy flight flows to and from America, while South-East Asian carriers focus more on Europe and intra APAC.

Also ahead for airlines are disconnected APAC policies on decarbonising aviation with differing strategies, timelines and blending mandates for sustainable aviation fuel, widely considered the most immediate pathway to cleaner flight.

"The airlines are bearing the cost of transition when it should be the fuel companies," said Menon. "Airlines are the users of the fuel, not the producers. Governments should take the load off the airlines."

Now, more than ever, he warned, APAC carriers rely on the region's governments to recognise the value of air transport for connectivity and both social and economic stimulation and apply what he calls sensible policies rather than growth-grounding taxes and regulations.

For example, he said, "EU261-type regulations" are creeping in, penalising APAC airlines for reliability failures which disrupt customers – failures not always of the airlines' making.

"India is doing it. Thailand is doing it. Malaysia has done it, and to some extent Japan. And Australia is introducing new laws.

"If it is within their control, then of course the airlines have to take responsibility for disrupting customers. But not if it's beyond their control.

"Governments should remember that aviation can be a cash cow," said Menon of the economic dividends offered by air transport, "if you get the milking right."

But he argued that the reverse will occur if carriers are penalised unfairly, with outcomes including higher costs and lower capability or willingness to invest in growth, which is already seriously challenged by supply chain disruption.

"Airlines are feeling the pinch," said Menon. "With supply chain issues they're not getting the aircraft. They're not getting the engines. They're not getting the parts.

"The main concern is that there doesn't seem to be very meaningful headway being made in the supply chains. Everywhere you look, you see a wall. We need to see some movement on this."

One avenue, he suggested, is for APAC governments to streamline safety evaluations and approvals for use of after-market parts to expedite aircraft maintenance and repairs, extend use of older aircraft to accommodate growth, and promote the circular economy.

While delays on new narrowbody aircraft are easing and APAC carriers are starting to receive their orders, widebody deliveries still face significant delays, in particular the Boeing 777-9, widely ordered by carriers across the APAC region, but now not due before 2027, seven years late. Engine issues, too, are impacting heavily.

"When you only have two big (airframe) suppliers, sooner or later this whole system is going to come unstuck," said Menon. "We need breakthrough technologies."

He highlighted "signs and opportunities" for industrial powerhouses including China, Japan and India to meaningfully scale up airframe and engine production and singled out US-based Jet Zero's 250-seat, 5,000 nautical mile Z4 'blended-wing' aircraft, the first flight of which is planned for 2027.

But that's all big picture stuff for another day.

What's next? Who knows? But Menon, who himself will step down from the role as director general at AAPA in April, is upbeat, expecting 10% average growth for APAC airlines in 2025, versus IATA's estimate of 5.8% globally.

For now, at least, it's azure skies ahead for APAC's airlines. ■

*Çelebi Aviation Chief Executive **Dave Dorner** (photo: Çelebi Aviation).*

Emerging player

Çelebi Aviation Group Chief Executive Dave Dorner is doubling down on growth opportunities in developing markets, writes *Graham Dunn*

Global ground and cargo handling specialist Çelebi Aviation Group is leaning on its experience in serving emerging markets as it plots a growth path ahead.

"We really see ourselves, both from a strategic and a capabilities perspective, as being an emerging markets-focused player," explained Çelebi Aviation Group Chief Executive Dave Dorner in an interview with *ARGS*.

"We think that our capability set is matched to emerging markets and we try to maintain that competitive edge in those target markets. We think that we are able to show our flexibility and our efficiency in emerging markets in a more pronounced way because of our history."

Much of its expertise is drawn from the company's roots in Turkey. Çelebi was established as an independent handler over 65 years ago and maintains a strong presence in its original market.

"Both from a tourist inbound, but also from a domestic growth perspective, it is an attractive market. And we look to continue to grow with the market," said Dorner. "There are some pretty strong competitors here so we are always fighting for share, but the market is growing nicely."

Riding out pandemic

Turkey also proved a good market to be in when the pandemic struck, given the rapid return of air services to the country after Covid hit and subsequent stellar growth. This helped Çelebi to ride out the crisis without shedding a large amount of its staff – not only in Turkey, but in other markets too. That meant it retained crucial experience and knowledge.

"In every place we operated, we tried to maintain to the maximum amount possible our staff. Sometimes that meant reducing working hours, but keeping the staff," Dorner explained.

"It was a risky strategy because when we started we didn't know how long it was going to last, but we wanted to do that and what we found was on the other side of it, we were able to ramp up very quickly when flights came back.

"We didn't really shrink that much and we were able to bounce back very quickly because all the staff were there, they were all ready, trained and eager to go as flights came back," he said. "We didn't have skills shortage or training lapses or quality problems, so a lot of things I would argue that even now a lot of our competitors are facing because of the ramifications of that period, we don't really have that."

International ambitions

While Turkey remains its biggest market, accounting for around half its revenues in 2024, Çelebi has been expanding overseas looking to capitalise on its experience of operating in emerging markets. This has seen it expand into Hungary, Tanzania, Indonesia, India and Germany.

However, the company was dealt a major blow when in May its authorisations to operate in India were unilaterally revoked by the Indian authorities citing national security concerns. Çelebi rejected the claims, which came amid heightened tensions between India and Pakistan, and stressed it operates in compliance with legal requirements and had not previously received warnings or penalties in relation to national security matters. Çelebi has launched legal action against the decision.

"We were growing aggressively in India and trying to grow actively in other markets. We are going to double down in those other markets," said Dorner. "We see Indonesia and other markets as having great growth potential to get revenue and earnings."

Çelebi entered the ground handling market in Indonesia last year when it acquired local handler Prathita Titian Nusantara and began cargo services in the

There has been a surge in cargo volumes at Budapest Airport (photo: Çelebi Aviation).

***Dorner** sees potential for further growth in Indonesia (photo: ASA World).*

country earlier this year when it won a tender to operate at the new cargo terminal at Kualanamu International Airport.

"We are really just at the tip of the iceberg there," said Dorner, citing the size of the country and population. "We are in 26 stations, so we have a big footprint. But we want to increase our share and we are really excited about the growth potential of that market.

"Beyond that we are looking at all emerging markets – whether that be Africa, the Middle East, South and East Asia," he added. "We are going to have some interesting things to announce shortly I think. So, we are doubling down on our strategy of emerging markets growth."

Çelebi is already present in Africa through its stations in Tanzania and Dorner sees further potential in this market. "I do believe and hope that Africa will be a growth market for the good of everybody and of course we want to be there when it happens," he said. "It is going to come down to particular business lines and stations. We do have some aspirations in that area and we'll see how things play out."

Notably, that could see Çelebi develop a presence in Kenya, after Çelebi Cargo in October signed an agreement to acquire Nairobi-based Transglobal Cargo Centre in a potential US$40 million deal. That deal is still to be completed.

Cost factors

Securing fresh business comes amid stiff competition, together with continued pricing pressure from airlines.

"In any industry people are going to look for 'can I get the same product cheaper if it does the same thing', and you have to look for ways to set yourself apart," Dorner pointed out.

"We have always been incredibly

focused on efficiency and that does not mean cutting corners. In fact, it's the opposite," he added. "If you are a safe environment and you have fewer disruptions, you are able to attract and retain staff better. So your total cost is better if your safety and quality are better, not the other way round."

While Dorner sees a role for technology in helping deliver increasing cost-efficiencies, he said this is just one part of a wider picture.

"There are so many things that go in to being efficient, it is not just, 'I use technology therefore I am efficient'," he said. "We have to have the workforce wanting to work, well-equipped to work and motivated to work, with the right tools. We have to retain well, train well and we have to have a management team that is able to react to all the things that can happen in an operation like ours in our industry.

"If you are always getting that little bit extra you are going to stay that little bit ahead of your competitors," he said.

This has been a challenging year for global trade and cargo, amid geopolitical developments and wider trade tensions. Dorner noted that while cargo is growing overall, this has resulted in differing fortunes across trade lanes.

Macro trends

Dorner also highlighted that the trend picture can vary from the macro level on an individual station basis, citing Hungary as an example. Budapest Airport, where Çelebi operates, has reported a surge in air cargo after positioning itself as freight gateway within Europe to Asia. Cargo volumes over the first six months of the year at Budapest were up almost 50% over the same period last year.

"We are seeing huge cargo growth in Hungary, but the seeds were sown earlier," Dorner said. "We went on a roadshow with the airport to help grow the cargo business there...and it has really paid off for the airport, for us and all the stakeholders in that market."

Globally, Çelebi Aviation's revenues increased by 28% to €540 million in 2024 and, despite the setback in India, it has lost none of its interest in emerging markets – though Dorner flagged the importance of stability if multi-nationals are going to invest.

"The most important thing for us, and I think it's true for all businesses, is you want predictability and you want fairness. You want to know what the rule book is and then you can play by the rules and invest accordingly," he said. "If you don't have those certainties, it is very much more difficult. If we find a stable, attractive market that is predicable, then I think we can invest.

"Our strategy is to be an emerging market leader. We think we are the best at it, we want to continue to grow there and we think there are great growth opportunities there," he said, noting that Çelebi will maintain this focus and push the strategy as fast and profitably as it can.

"We have employees to take care of. We have our investors to take care of. We want to be part of those ecosystems and we want those markets to flourish," Dorner concluded. ■

The closing ceremony of Routes World was set against the dramatic Hong Kong skyline (photo: Routes).

The show must go on

While the start of this year's Routes World event in Hong Kong was disrupted as Super Typhoon Regesa swept through town, flexibility and the use of AI helped mitigate the impact inside and outside the show. *Mike Miller* reports from Hong Kong

Hong Kong's red carpet rollout for thousands of Routes World attendees turned out to be a massive water salute, as Super Typhoon Regasa completely disrupted the first half of this year's event.

The opening reception was moved to become a closing sendoff as attendees sheltered at their respective hotels while the city and airport locked down until the storm had passed.

The Typhoon hammered airlines in the region. Hong Kong-based Cathay Pacific cancelled more than 500 flights and its budget subsidiary HK Express cut more than 100.

Greater Bay Airlines, Hong Kong Airlines, Vietnam Airlines, Japan Airlines, United Airlines and others all pre-cancelled flights. A flurry of cargo Boeing 747s departed before the storm hit as well.

The newly expanded Hong Kong International Airport (HKIA) remained open throughout, providing cots and food for stranded travellers, as the airport and surrounding areas benefited from a new US$3.8 billion drainage system that handled the deluge of water.

Overnight, as the storm raged, the Routes team, supported by HKIA staff, miraculously managed to reconfigure a large hotel ballroom to handle 54 airline-airport meeting tables and then re-planned more than 300 airline route planning meetings that began a few hours later.

"What an amazing job to move ahead and allow all these meetings to happen when the city is shut down," said a Canadian airport delegate.

Even more amazing may have been the Hong Kong airport's recovery, which occurred in just 24 hours despite all passenger and cargo aircraft being relocated to other airports in Asia out of the storm's path.

"We are used to digital innovation, and we used AI to plan for various scenarios, including this storm and how best to recover," said Ronald Lam, Chief Executive at the airport's home carrier Cathay Group. "We are getting better at handling inclement weather."

During the storm's arrival, Cathay published a live blog "to show how we're handling difficult weather situations, allowing passengers to get live updates of what's happening." ■

TAP readies for partner

The Lisbon carrier eyes an airline investor after Portugal launches fresh privatisation

TAP Air Portugal CEO Luis Rodrigues told a Routes World audience in Hong Kong that his airline likely will have another European airline as a large investor shortly and that this is indicative of a larger consolidation of airlines he expects will occur in the region.

Portugal has been preparing the ground for the reprivatisation of TAP over the last couple of years and in July launched a process under which 44.9% of shares will be sold to an investor, with a further 5% reserved for employees. The Portuguese government hope to complete the privatisation within the year.

Lufthansa in November joined Air France-KLM in expressing an interest in the sale, while Turkish Airlines and IAG have also been linked with the carrier. Recent European consolidation moves have seen Lufthansa add Italy's ITA Airways to the group, Air France-KLM take a stake in SAS, and Turkish Airlines bid for Air Europa. Rodrigues said further consolidation is coming. "I think it's inevitable," he said. "I think we are in the early stages of consolidation."

TAP's strong position on routes between Europe and Brazil makes it an attractive option. The accounts serves 13 cities in Brazil and carries 25.6% of all traffic between the two markets, ahead of the next biggest operators LATAM and Air France-KLM. "If there's one reason EU airlines are interested, it's because of this," Rodrigues said.

Lisbon airport is very congested – Portugal last year picked a site for a new airport in the capital - and TAP will not change much of its capacity there. However, the airline is currently adding flights from Portugal's second largest city Porto.

"Porto has the potential to be a mini hub for TAP," Rodrigues said. "Porto-Boston is doing well and we're exploring more long-haul routes from there."

Portugal previously sold a majority stake in TAP to a consortium including Azul founder David Neeleman, before taking back majority control in 2020. ■

The Routes World award winning line-up (photo: Routes).

Athens leads award winners

Athens International Airport was selected as the Overall Winner at Routes World Awards 2025, while also winning in the Over 20 Million passenger category. The airport's passenger count jumped 25% over pre-pandemic levels to 31.9 million in 2024, including the addition of new flights to Charlotte, Los Angeles and several routes to India.

Halifax Stanfield International Airport was recognised in the Under 5 Million sector, while Stuttgart Airport was chosen for the 5-10 Million category. Prague Airport took top honours in the 10-20 Million passenger category.

Las Vegas Convention & Visitors Authority won the Destination category and EasyJet picked up the Airline Award. The Individual Leadership Award was given to Roberto de Oliveira, Head of Business Aviation for Corporacion America Airports, which operates 52 airports in Argentina, Brazil, Uruguay, Ecuador, Armenia and Italy. ■

Cathay on expansion trail

A new runway at its home Hong Kong airport and a major fleet expansion over the next decade will help to fuel consistent growth ahead for Cathay Pacific Group, writes *Mike Miller*

Group chief executive **Ronald Lam** (right) outlines Cathay growth plans (photo: Routes).

Hong Kong-based Cathay Pacific Airways expects to add major new international routes in 2026 after completing three years of solid profitability.

"We had the worst three years of our history during the pandemic, and now we have had the best three years," Cathay Pacific Group CEO Ronald Lam said at Routes World 2025 in Hong Kong.

Cathay Pacific has undertaken a large transformation into four businesses, focusing its passenger airline operations on a dual brand strategy with network carrier Cathay Pacific and low-cost airline operation HK Express, alongside freight unit Cathay Cargo and its Cathay Lifestyle brand.

"HK Express will have more expansion coming to markets like Japan and Vietnam," Lam said. Cathay will add more long-haul flights after an order for 14 Boeing 777-9 aircraft.

Cathay launched Hong-Kong to Dallas/FortWorth in April and the market was the sixth new passenger destination started in 2025. It has since announced a resumption of fights to Seattle next year, which will take to nine the North American cities it serves.

The airline is now benefiting from a new third runway at Hong Kong International Airport (HKIA). The three-runway system opened in November 2024, raising operational capacity by 50% and giving HKIA additional cargo efficiency. The airport will be able to handle up to 120 million passengers by 2035 and expects to remain the largest cargo airport in the world, a title which it has held for more than a decade.

"We are at a remarkable time in aviation development," said Paul Chan, Financial Secretary of the Government of Hong Kong Special Administrative Region. "HKIA had 53 million passengers in 2024, up 24%, and the first half of 2025 already has seen 40 million passengers come through HKIA by 140 airlines."

Cathay has benefited from the Hong Kong government's expanded air service agreements with 12 countries, with Chile and Poland recently added.

Cathay is investing more than HK$100 billion (US$13 billion) in fleet renewal now that the third HKIA runway has opened.

"We have a 10-year plan," said Lam. "More A320s and A321s will join the fleet in 2026-2027, followed by 777-9s in 2027 and Airbus A350s in 2028, plus new A350 freighters. Our only impediment is the infrastructure at other airports." He cited capacity restrictions at London Heathrow, New York JFK and major Chinese airports as the only market impediments stopping Cathay's growth.

Cathay Chief Customer & Commercial Officer Lavinia Lau added: "There's never a time in the airline industry where supply and demand really match. We added 30% more capacity last year and filled it. We can stimulate demand." ■

Airlines capitalise on surging Philippines

Cebu Pacific and Philippine Airlines are ramping up route activity amid a strong rise in the country's GDP and plans for a major new Manila airport, writes *Mike Miller*

Major investment in Philippine aviation infrastructure during an economic boom is leading to a high-growth period for the country's airlines.

Flag carrier Philippine Airlines (PAL) and high-growth Cebu Pacific Airlines are benefiting from more slots at the capital city airport in Manila and renewed interest from Asian travellers to visit the South Pacific archipelago. Both are adding flights seemingly every month as the country experiences a significant travel boom ahead of a massive new airport opening in 2028.

The Philippines "is getting recognised more and more as a place to visit," said Cebu Pacific CEO Mike Szucs during Routes World in Hong Kong.

New PAL president Richard Nuttall said the travel boom is due to extensive investment in Manila's aviation and local infrastructure, as well as investments in other airports within the Philippines. "There's been a change in Manila from a handful of five-star hotels to a whole new city of five-star hotels," he said. "It's just a completely different place."

Szucs added: "There are 150 million people in the Philippines. It's a fast-growing country with high GDP growth - in the 5-6% range - and a country with an average age of 26-27. As GDP increases the propensity to travel increases. Overall, whether it's visiting friends and relatives or travel abroad, there's plenty of room to grow."

As Cebu Pacific takes delivery of new aircraft, it expects to open three new domestic bases in the Philippines after Manila and Cebu, Szucs said.

Mike Szucs *(left) and* ***Richard Nuttall*** *(bottom right) are put through their paces by* ***Michael Bell*** *during Routes World (photo: Routes).*

Cebu Pacific passenger numbers were up 14% to almost 20 million at the nine-month stage (photo: Cebu Pacific).

Manila's existing downtown Ninoy Aquino International Airport has been hamstrung by having only two runways with no chance for a third due to commercial build up around the airport. The government recently shifted turboprop flights out to other regional airports to free up capacity for larger aircraft. That action took effect in October, allowing the airport to increase slots for larger aircraft from 42 per hour to 48. That move is benefitting PAL and Cebu Pacific, both of which are now profitable.

New airport

After the government flirted with, cancelled, and revived airport privatisation efforts, a final deal was reached in February 2024 to continue to build New Manila International Airport in the Bulacan province 35km north of Manila. Work is set to begin next year on the airport which will have four 3,500 metre runways - expandable to six. New Manila eventually will handle 200 million passengers, or six times as many as the current airport – which will remain open.

"The new airport near Manila will give us a unique opportunity for growth," Cebu's Szucs said. "We will go there with a sizable number of aircraft in addition to [existing] Manila Airport."

Cebu last year finalised an order for 102 A320neo-family aircraft, also taking options on 50 more narrowbodies. "Depending on when the new airport is actually completed, we can scale up or scale down our aircraft order," he said. But he added: "We do however expect to be closer to the 152 maximum number."

Szucs said Cebu Pacific added 20% capacity in the first half of 2025 "and we filled it." The country's strong economy in recent years is translating into better fares and more premium passengers, he added. "The number of people in the Philippines who want to travel in premium airline cabins is growing rapidly. The number is really remarkable.

"Manila will be one of the metropolises of the world in the coming years," Szucs predicted. Asian travellers are staying closer to home, he said citing recent data. "We have two billion people within four hours flight time of Manila and there's not very many reasons for us to go further than that."

Meanwhile, PAL's fleet expansion plans include delivery of nine A350-1000 aircraft along with 13 A321neo jets. Nuttall, who joined PAL in May, is the former CEO of SriLankan Airlines and has worked globally in aviation. The airline, which has experienced severe financial stress during the last decade "has been profitable for three years, but it's still a low-margin business," Nuttall said.

"Nearly two-thirds of our passengers come from domestic markets, so we compete with LCCs," Nuttall said. "The market is big and we're stimulating it in different ways."

Domestic picture

PAL operates to 30 domestic cities and Cebu Pacific 37. Many of the destinations have short runways and few if any navigation aids, meaning that airlines sometimes are forced to cancel flights during bad weather. Some of the country's out-airport infrastructure improvements will come while the new Manila Airport is built.

Cebu Pacific will lead the country's growth. During 2024 it began serving both Bangkok airports and added flights to Dan Nang (Vietnam), Chang Mai (Thailand) and Kaohsiung (Taiwan). This year the carrier already has landed in Sapporo (Japan) from Manila, launched Cebu to Osaka and Bangkok, added Davao-Hong Kong and Cebu-Ho Chi Minh City, while expanding domestic service with 18 new inter-island routes.

Domestic traffic has been so strong that Cebu Pacific has been using several of its larger A330neo aircraft on domestic routes. The aircraft have 459 seats in an all-economy configuration. ■

Delivering value

ASA World's annual conference highlighted challenges and opportunities facing ground and cargo handling operators and the association's journey to becoming more effective, credible and powerful. *Will Waters* reports from Copenhagen

*ASA World Chairman **Hassan El Houry** highlighted recruitment and retention challenge (all photos: ASA World).*

ASA World members met at their annual conference in Copenhagen this October with the first results of the association's evolution already in evidence.

Opening the conference, ASA World Chairman Hassan El Houry – also chair of airport services group Menzies Aviation - highlighted recent achievements and developments. These include the appointment of Director General Waleed Youssef, the introduction of a new policy handbook and the launch of a net zero roadmap for the association – which last year rebranded from the Aviation Services Association to ASA World to underline its transformed identity and approach.

El Houry said ASA World has focused on safety and regulatory harmonisation, introducing a new data governance policy, building a strong voice at ICAO and increasing its visibility through new digital campaigns and presence at major events.

With the post-pandemic rebound in air traffic, productivity has increased, but margins have reduced even further than their already thin pre-covid levels, with estimates showing a 3% annual decrease since the pandemic.

And the workforce remains below pre-pandemic levels, El Houry noted. Despite these challenges, the aviation services industry remains crucial, generating US$64 billion in global turnover and employing 1.1 million people directly.

El Houry identified three key challenges: recruiting and retaining talent; ensuring safety through consistent training and standards; and achieving global regulatory consistency.

He also emphasised the need for investment in modern equipment and greener technology to support the industry's energy transition, while also highlighting the resilience demonstrated by the industry over the past few years, expressing hope for a new chapter of growth and innovation.

Training launch

One notable development this year is the launch of the ASA World Training Accreditation Programme (ATAP). This aims to ensure airport operational stability during transitions between ground handling organisations by validating individual training programmes against AHM 1110 standards – the Ground Operations Training Programme within the IATA Airport Handling Manual (AHM).

Youssef – who joined ASA as Director General in January following a distinguished career in airport management roles and partnerships – described the launch of ATAP as "a milestone" strategic programme for a sector characterised by high workforce mobility and attrition. "It plays a critical role in ensuring airport operational stability during transitions between ground handling organisations, which occurs in Europe every three to seven years with the change of licencing," he said.

Once ASA auditors validate individual training programmes against the AHM 1110 standards, accredited organisations can then transfer staff to other accredited organisations with confidence in their training.

Youssef said ATAP "enables competency-based workforce mobility" among accredited ground handling organisations. "The genesis of this programme started a year or two ago, but I'm very glad that we were able to finalise it," he said.

A second phase includes extending the ATAP certification to individual workers, offering certificates based on training completed at accredited GHAs. "This allows individual workers to have a genuine career pathway, and provides, for the first time, formal recognition of professional development and ground handling," he noted.

ASA is also seeking credibility and reach for the programme via organisations like Airports Council International (ACI) and the International Transport Workers Federation (ITF), with mutual recognition from the International Air Transport Association (IATA) also anticipated once the airline body launches its own 'Training Passport' programme. Certificates were presented to Swissport and training provider Airport College for achieving the programme's standards.

Strategic focus

In taking the helm of ASA, Youssef has been challenged with making the association more effective and with stronger impact to give it a more credible, powerful voice.

Youssef embarked on a restructuring plan based on four strategic pillars: thought leadership; effective advocacy; a lean and results-oriented Secretariat; and attracting new members.

Thought leadership is "first and foremost", and means "to really identify the problems that we face as an industry, but also have innovative solutions," he explained, adding that effective advocacy means understanding what regulators and member states are seeking from the industry.

"We need to explain our problems very clearly and succinctly to them, and communicate among ourselves as a sector. We need to communicate with airlines, with IATA; we need to communicate with the public as a whole, to explain the problems that we are facing," he said.

The restructuring of the organisation was completed at the end of May and the last senior team member was hired in early September. Key achievements include publishing a policy handbook, developing a data governance policy, and submitting seven papers to the ICAO assembly. The ASA also signed an MOU with ICAO to collaborate on safety and training programmes.

"We had an amazingly strong presence at the ICAO assembly (in September)," noted Youssef. "One point that's quite important is ICAO, for the first time in 81 years, is introducing amendments to the standards and recommended practices, the main source of national regulations on ground handling, and this will take place in the next three years.

"So, our presence is important – first to explain what our sector is, because we haven't really been present at the ICAO level, and then to explain and share what our solutions are for our sector."

Youssef also emphasised the importance of a 'data backbone' to evidence problems, calling on ASA members to respond to the association's requests for data in order to provide empirical support for its arguments and messaging.

Other action points included asking members to share the ASA policy handbook, including with regulators, and promote the association's mission.

State of the industry

McKinsey & Company Partner Daniel Riefer flagged some of the shifting dynamics of the industry post-pandemic. While total passenger air travel is back at pre-Covid levels, corporate travel remains below 2019 levels. Leisure and VFR travel though are significantly (+16%) above 2019 levels.

With low-cost carriers growing disproportionately, this has led to higher outsourcing and leaner operations. And in Europe, the seasonality has significantly increased – bringing more challenging staffing planning, the need for seasonal workers, as well as upskilling challenges to maintain productivity of employees. By contrast, in North America and Asia Pacific, seasonality levels have remained relatively stable, Riefer noted.

__Waleed Youssef__ outlined progress at his first ASA World conference as director general

Examining profitability of the industry, analysis McKinsey does regularly with IATA indicates that return on invested capital over the cost of capital was broadly positive from 2012 to 2019, on average, for all aviation sub-sectors – except airlines, which collectively generated average annual losses of US$21 billion from 2012 to 2019. Ground services were profitable, at least in the pre-Covid years, with the relatively low-asset freight forwarding sector generating particularly healthy profits.

Examining how this has shifted, airlines' performance was "significantly better" in 2024, although carriers were collectively still generating annual losses of around US$10 billion.

"We also see some shifts across the other sub-sectors," noted Riefer, highlighting specific challenges for certain manufacturers – such as Boeing and Pratt & Whitney. And airports and ground services also struggled with profitability in 2024,

McKinsey partner **Daniel Riefer** detailed post-pandemic market dynamics.

with ground services providers collectively recording an economic loss of US$300 million dollars.

Future growth

According to McKinsey, future growth for aviation as a whole is expected at a CAGR of 4.5% from 2024 to 2027, with the largest growth in the Asia Pacific region. Ground handling is expected to grow at a slightly higher rate, by 5% annually. That is due to continued outsourcing and better management of seasonality by third-party handlers that is expected to raise outsourced functions above the current 45% level.

For air freight, compared with the "exceptional 11% growth year in 2024", McKinsey expects average growth of 2-3% in 2025, while noting some major shifts in cargo flows. "For example, the number one laptop exporter to the US is now Vietnam", Riefer noted, triggered by the recent tariff changes.

Key priorities for the industry include addressing labour challenges, improving operational resilience, focusing on sustainability, and exploring opportunities in geographic expansion, workforce management, operational excellence, and airport automation, noted Riefer.

"We had the pleasure to recently work with the German Airports Association, together with airports like Munich, Cologne, Berlin and Stuttgart, and explore the opportunities around airport automation, particularly autonomous driving on the apron, drones, robotics in baggage handling, as well as semi-autonomous jet bridges. We believe that particularly autonomous driving on the apron provides a significant opportunity, GSE electrification, and also air cargo as additional opportunities."

Riefer highlighted several key elements that would help accelerate airport automation: professionalisation of business cases; encouraging more OEMs to get involved; flexible regulation; harmonisation of policies; persuading financial institutions to help fund the transitions; and learning from other industries – such as warehousing and ports.

"Airports remain a growth industry of more than 4.5%," Riefer concluded. "There are positive outlooks for ground handlers, which are even higher due to continued outsourcing, and we believe there is significant opportunity for value creation around geographic expansion, workforce optimisation, asset automation, operational excellence, and GSE electrification."

Turnaround Challenge

During a subsequent panel debate, executives from organisations including Havas, dnata, Swissport, AGI and IATA, noted how the significant increase in passenger volumes in the years ahead will necessitate innovative solutions to optimise gate and terminal usage.

The panellists highlighted standardisation efforts through IATA's OPS Portal were aiming to reduce variations and improve safety. The conversation also touched on the potential of data sharing and the need for better collaboration with airports to manage infrastructure and equipment effectively.

Action points included the need for partnership between ASA and IATA to simplify the onboarding process for employees moving between ground handling companies; investigating opportunities for better data sharing between ground handlers, airlines, and airports to enable more efficient operations; collaboration with airports to explore equipment pooling and other ways to optimise the use of existing infrastructure; exploring ways to make the industry more attractive to the new generation of workers; and engagement with the IATA OPS Portal process to help identify and reduce variations in ground handling procedures across the industry.

Ground movements

During a session on the future of ground operations, leaders from Menzies, Swissport, dnata, Celebi and ASE Group highlighted the importance of safety, cybersecurity and the need for standardised regulations.

They debated the impact of airline demands on ground handling, the necessity of balanced partnerships, and the challenges of managing quicker turnarounds. The association's role in advocating for fair terms and conditions in ground handling agreements was also discussed, stressing the need for

*ASE Group Chair **Mohamed Hanno** sees ASA World progress at ICAO.*

collaboration with airports and unions to ensure operational resilience and safety.

Action points included agreements of the need to collect data and quantitative evidence to strengthen ASA's arguments against unfair contract terms, like excessive payment delays and termination clauses; engage with airports to include provisions in their conditions of use that protect the financial viability of ground handlers; advocate for IATA to be more involved in the commercial aspects of the Standard Ground Handling Agreement, not just the operational standards; and organise a workshop on standards and regulations for ground handling with IATA and ACI.

Key challenges

Asked what keeps them up at night, the panellists mostly responded that it was safety issues – of aircraft and employees.

Mohamed Hanno, Executive Chairman of ASE Group, said it was also concerns about potential 'black swan' events.

Clive Sauve-Hopkins, CEO for airport operations at dnata, said cybersecurity issues such as ransomware attacks were a subject that "has come up a lot recently and a very serious one", and an IT steering board recently decided to build a platform internally, to ensure its cybersecurity – rather than use a third-party solution.

Dave Dorner, Group CEO of Çelebi Aviation, agreed cybersecurity was "a critical issue", adding: "And as we digitise, we're becoming more and more integrated into airport systems, custom systems, airline systems, and therefore we have to take it increasingly seriously. You can control what you're doing, but everybody in the system can be a weak link."

He added: "In one of our national markets, Hungary, they've just designated us as a sort of critical infrastructure, and we're going through a special IT audit because of that. I think that's coming more and more: audits and tests against our cyber defences. But it's an increasing risk, even though we take all these steps. We're critical infrastructure."

Youssef highlighted predictions about aviation traffic doubling in a short period of time, putting cost pressures on ground handlers to make the necessary investments to meet these needs. He asked: "Is there a better way for airports, airlines and ground handlers to work towards realising these investments? Or is the model that we have today, the only model; and will it allow us to meet the requirements?"

Dorner noted: "I'm not sure everything is doubling everywhere. But when I think about how you invest in growth, we're not a particularly capital-intensive industry. We have a lot of people, and that's a big investment. If you have a clear, predictable environment from a regulatory, legal, and expectations perspective, you can invest."

For example, investing in electric GSE "is now an easy business case to make", as long as airports maintain a stable and predictable cost of electricity, and provide the infrastructure for charging.

"If there are things beyond our control, like the infrastructure for charging, then we have to work with our partners to get there or find ways to supplement what's available. But I think it's within our capability to meet

***Clive Sauve-Hopkins** CEO of Airport Operations at dnata flagged cyber-security concerns.*

demand going forward if we have that clarity."

Menzies' El Houry said there are different models globally right now for ground handling and airports and airlines. "But I think the one common thread is in markets that are regulated, or airports that are regulated, there is a certain minimum standard, and everybody at that airport, including airlines and ground handlers and other stakeholders, are operating above that minimum standard; and the benefit accrues to the passenger, whereby they get a better service. The airline gets a better service, a safer service.

"So, I would advocate for minimum regulation in the industry to ensure that we have a safer industry for airlines, a better passenger experience. The ground handlers are able to invest. Our biggest asset is our people. We want to make sure that they are properly trained, have proper career paths, are well paid, and are provided with a dignified career trajectory."

Sauve-Hopkins agreed but noted that this requires a partnership model. "Where you've got regulations and licences, you tend to get longer output. We all have the capability to invest, or want to invest. But the airlines and airports that need to commit to those partnerships."

He highlighted an airport in North America that's "about to issue its licence, and they're considering a two-year licence. You just can't invest in that," he said.

"Another global airline is about to launch an RFP, putting all its contracts within the RFP – contracts we'd signed only a year ago. That's not a partnership; that's benchmarking, looking to save cost. How can you commit to innovation and investment if you've got supposed partners that aren't contributing to that?"

Key role

Believing ASA can play a key role in this, and conscious of "preaching to the converted", he asked: "What are we as an industry going to do to help change that environment? Because at the moment, whilst it's not commoditized, it's not a true partnership model that it can be. I think we have the opportunity to try and shape it up."

Hanno said that during ASA's meetings in Montreal during the ICAO 42nd Assembly in September, ASA made "very good progress" with ACI, IATA and ICAO on the need for "good standards with a little regulation". He said "ACI, IATA, and ASA are the three legs of ICAO. So, all of us we have to be together."

Youssef expressed pride that ASA had submitted a paper with ACI to the ICAO assembly, "calling on governments to help us increase accessibility to renewable energy at airports and to create the infrastructure, but also to finance that infrastructure".

Hanno praised Youssef for also proposing, during ASA's meetings in ICAO, a workshop for standards regulations, which up to now has been lacking – leaving the current patchwork of different standards.

Youssef said: "My ideal situation is we take the IATA standards and those become harmonised standards. We've all contributed to these; we're all working to these; but we have to elevate that from an industry standard to transnational regulation." ■

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