

Aviation Group News



Roger Smith
Aviation SIG
Chairman

I would like to welcome back all our members and wish everybody a safe and prosperous 2004.

On behalf of us all, I would like to express our thanks to Paul Dhami - Manager BA. Paul's immense contribution to our group's activities by providing travel and aviation information will be sadly missed. We send our best wishes to Paul and Tanya and wish them good fortune in Islamabad.

Aviation News (Saudi Arabia)

Indications show good business potential this year, not only in Saudi Arabia but also in the surrounding Gulf regions. A new airline (Al-Kayarah) will emerge in direct competition with Saudi Arabian Airlines this year, its HQ in Riyadh. Sources reveal this will be a no frills service offering cheap fares on some domestic routes to begin with, eventually leading to direct competition with Saudi Arabian Airlines on International routes.

The planned \$1.5 billion expansion of Jeddah King Abdul Aziz International Airport, designed to increase capacity to 21 million passengers, will start shortly. The project includes construction of two new terminals, renovation of the main terminal, and the provision of 25 additional air bridges. The first new terminal will serve international passengers and will cover 484,400ft² (45,000m²). In addition to restaurants and prayer rooms, it will feature 130 service counters. The present 895,000ft² (83,000m²) terminal will be renovated for international use. A 527,450ft² (49,000m²) third terminal is being constructed over two levels and is earmarked for domestic flights. A 4,600ft (1,400m) long walkway will connect the three. A new two-story car park will accommodate 5,700 cars.

Last year 13 million passengers used the airport. Jeddah currently handles 40% of Saudi Arabia's air traffic and the expansion is deemed vital to the Kingdom's drive to promote tourism and welcome Haj pilgrims all year round.

Aviation News (International)

During 2003, IATA held its annual general meeting and once again we hear that the events of 2001, the world economic slowdown 2001/2002 and

according to IATA the loss column for 2003 due to SARS not to mention the war in Iraq generated losses over the period of US\$ 31 billion. This concurs with the information tabled by the SIG members during the year. We wait with interest to see the global effect of security on the airline business.

However looking onward and upward, there is no doubt that the aviation industry has been and is still, under serious scrutiny by OEMs, suppliers, governments, financiers, media, as well as the flying public. Major changes have been taking place with the rise of new low fare carriers entering the market, often where mainline carriers have pulled back. The most recent example in the US by new low cost Southwest Airlines filling many empty slots left by American Airlines.

In particular it is reported that business travelers have not returned in droves to the ticket counters to purchase expensive walk-up fares, but are apparently opting to buy tickets priced to lure leisure travelers. Business travelers are often prepared to drive farther to those airports served by low fare carriers, such as Ryanair, Easy Jet, GO Jet and many other carriers both in Europe and the US.

Apparently business people with an eye on their bottom line responsibility, when faced with choices that can differ by hundreds of euro or dollars have the savvy to choose the best deal, which often means the airline with the lowest fare.

Many main line carriers old fare structures are exactly that – old. Generally this is good news for the public, as carriers will have to match or beat the prices of those low fare airlines that are gaining access to more and more airports. Unfortunately this is going to cause some turbulence at airports worldwide, the long suffering public will just have to be resourceful enough to find ways to survive the demands of international travel, notwithstanding delays and cancellations, etc. Regrettably we again see the Euro Parliament interfering in what we would consider good deals for the air-traveling public by now imposing restrictions on cheap travel by fining Ryanair in Belgium, let us hope that national governments have better sense. We must wait and see how low cost airlines deal with higher landing costs.

Finally on a more upbeat note for our own British Airways, analysts at American Express predict a surge in air travel in 2004 with 55% of customers saying they are planning a domestic or international flight, compared with 44% in 2002. So book early!

In conclusion the Aviation Special Interest Group is open to all members of the RGBB and you don't have to be working in the aviation sector to join. For details of meetings please contact either, Roger Smith Chairman, Chris Maybury Deputy Chairman or our secretary Max Fletcher for details.

