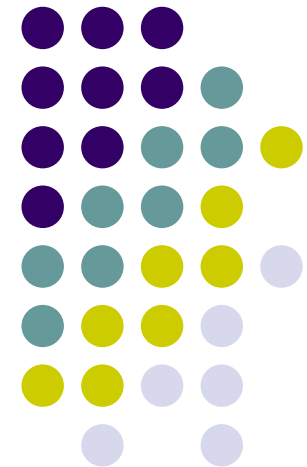


Benchmarking of Airports and EU Liberalization

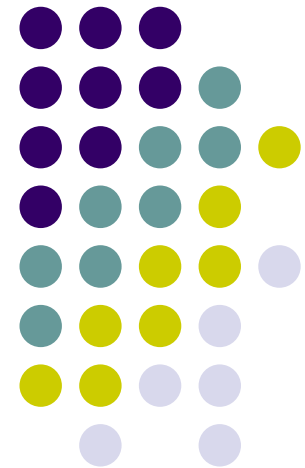
Two Challenges – One Workshop
22 February 2006
German Aviation Research Society



European liberalization: the view from afar

An Australian perspective on
access and opportunity

John M.C. King





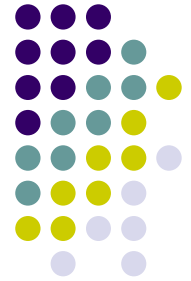
This Presentation

1. Australian stance on liberalization
2. Australian reaction to European liberalization
3. What Australia wants from European liberalization

BUT

4. Has Australia transferred its access and European carriers across to Australia to Asian carriers?

Australian stance on liberalization



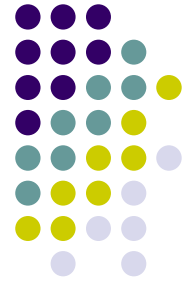
- Domestic:
 - No controls
 - 100% foreign ownership.
- International:
 - Variable; capacity ranges from open capacity (Singapore) to quite rigid levels
 - Code-share: liberal applications of 3rd country access, liberal charter arrangements
 - Moving where possible to principal place of business test for designation
 - Evaluating at political level more than 49% foreign ownership of Australian international carriers.

2. Australian reaction to liberalization



- Impressed by moves for consolidation – e.g. AF – KL, LH – SR (LX)
- Ownership and control issues are approaching real need
- Australia, for locational reasons, needs a range of hubs: a range also provides variable commerciality – shock insulation.

2. Australian reaction to liberalization



The US – EU relationship is important to Australia, BUT:

- Australia is “not enamoured” of US approach to open skies.
- Australia sees itself as “between a rock and a hard place”, especially in relation to community clauses.

3. What Australia wants from European liberalization



- Australia has initialed horizontal agreement
- Did this so as to sign up bilaterals
- As a strategy, Australia wants to keep bilaterals open
- Recent new or amended or intended agreements to include Ireland, Hungary, Germany (inter modalism), Belgium, Italy and Spain.
- Awaiting a mandate for negotiation from Council of Ministers.



What does it all mean?

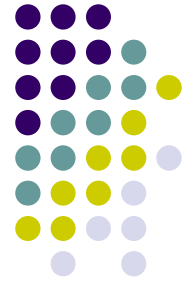
- If to be a full vertical agreement, everything is on the table
- Australia and Europe are somewhat aligned on liberalization
- No increase in rights, but no disadvantage.

What Australian Doesn't Have Now and Wants



- More capacity to UK – now 28 – and used
- More intermediate points, especially China
- More capacity to France.

4. Australia, Asia and Europe



- The proposition that Australia has, if not formally, then *defacto*, traded its European rights to Asian airlines is supported by service levels operated.
- Analysis of operated capacity levels both show strong support for the proposition that Australia's European service levels are provided by Asian airlines.



On-line Australian frequencies to Europe (Qantas – only carrier)

Destination:	ASA capacity	Utilised capacity
Germany	28	7
United Kingdom	28	28

On-line European frequencies to Australia

Destination:	ASA capacity		Utilised capacity	
	Flights	Seats	Flights	Seats
Austria	7	Not specified	9	3,096
UK	28	Not specified	28	VS: 2,129 BA: 6,531

Australian Access to Europe



	Online Use		Code-Share Use	
	Australia	Europe	Australia	Europe
Austria	No	Yes	Yes	Yes
Czechoslovakia	No	No	Yes	Yes
Denmark	No	No	Yes	Yes
Finland	No	No	Yes	Yes
Germany	Yes	No	Yes	Yes
Greece	No	No	Yes	Yes
Ireland	No	No	Yes	Yes
Italy	No	No	Yes	Yes
Luxembourg	Cargo-only ASA			
Malta	No	No	Yes	Yes
Netherlands	No	No	Yes	Yes
Poland	No	No	Yes	Yes
Norway	No	No	Yes	Yes
Switzerland	No	No	Yes	Yes
United Kingdom	Yes	Yes	Yes	Yes

Selected Asian Carriers – ASA Capacity to Australia



Country	ASA Capacity
Singapore	Unlimited
Malaysia	15,000 seats
Thailand	35 x 747 equivalent
Hong Kong	55 frequencies increasing to 70 in the northern summer 2006

Selected Asian Carrier Frequencies to Australia



	ASA Capacity		Operated Capacity	
	Flights	Seats	Flights	Seats
Singapore (SQ)		Unlimited	87	29,683
Malaysia (MH)		15,000	49	13,811
Thailand (TG)	35 units		26	9,353
Hong Kong CX)	55		46	12,451

Notes:

Plus 1,214 seats to non-regulated points.

Australia only regulates capacity to the 4 primary cities of Brisbane, Melbourne, Perth and Sydney.

1 unit = 747 equivalent

Selected Asian carriers – frequencies and seats to Europe



Malaysia (MH)

Aircraft Type	Seats per Aircraft	Weekly Frequency	Weekly Seats
744	376	31	11,656
772	282	16	4,512
Total		47	16,168

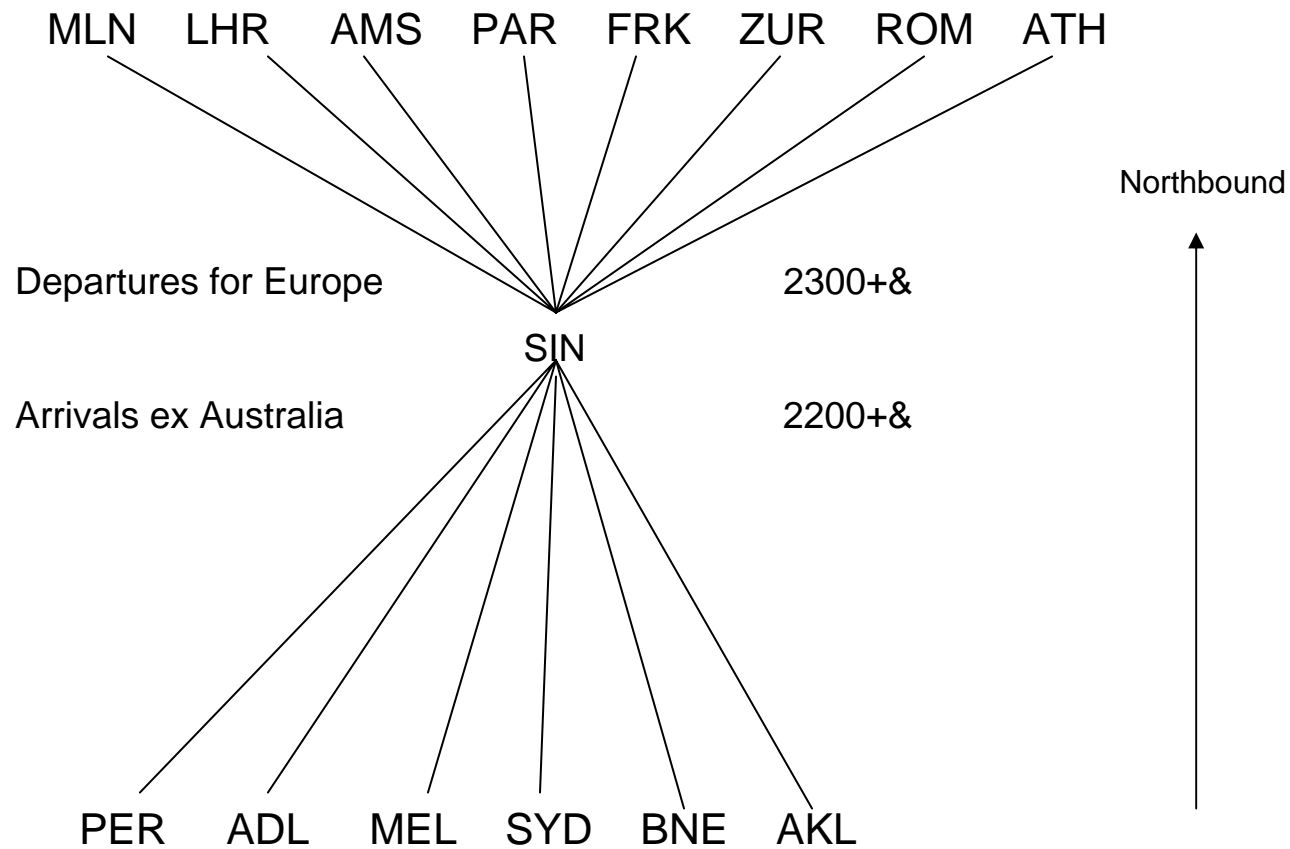
Hong Kong (CX)

Aircraft Type	Seats per Aircraft	Weekly Frequency	Weekly Seats
744	383	28	10,724
343 (3 class)	243	14	3,402
343 (2 class)	287	17	5,831
Total		49	19,957

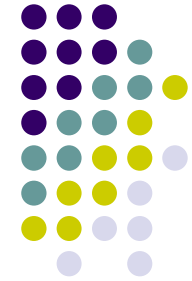
How it works: connectivity examples



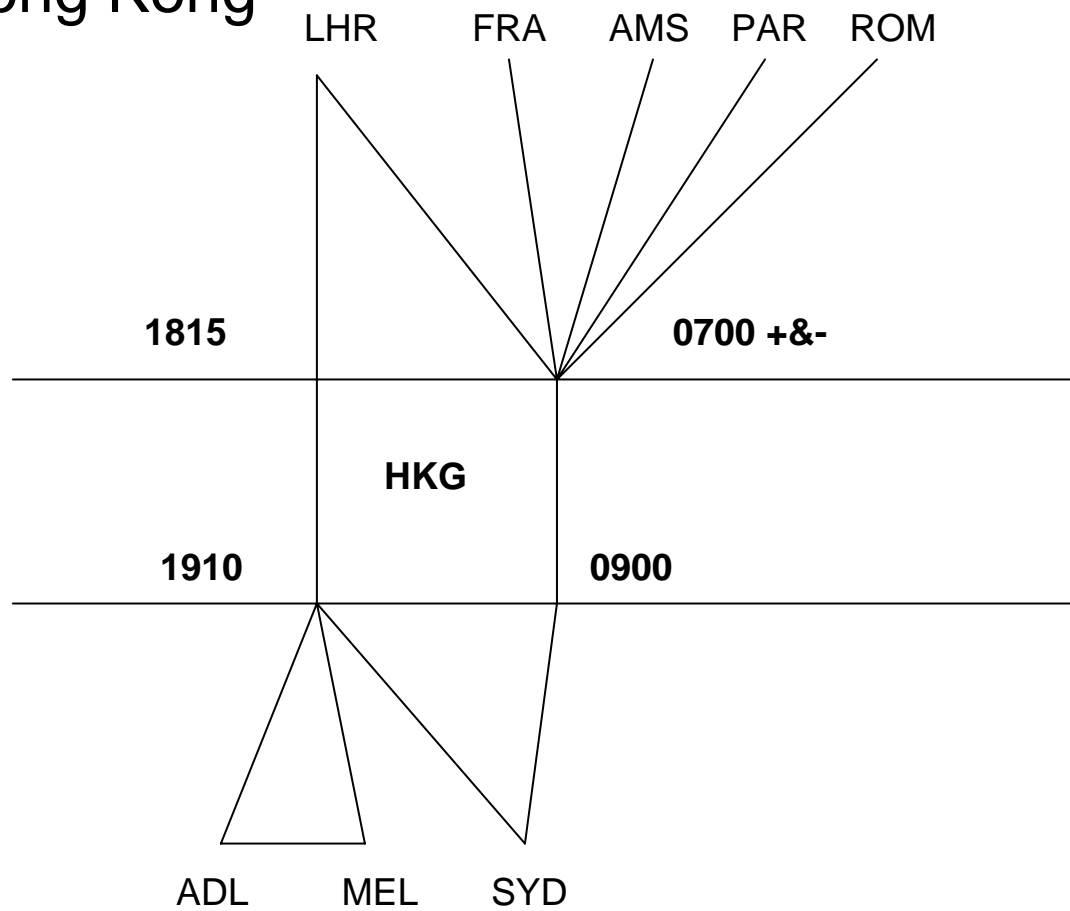
Singapore



How it works: connectivity examples



Hong Kong





Summary

- Liberalization within Europe does not mean liberalized access from outside.
- Geographic location, notwithstanding Michael Porter, may mean a disadvantage in terms of access.
- Trade benefit is to intermediaries.