

Air transport

945m passengers forecast for 1988 . . .

WORLD airlines will carry 945 million passengers in 1988, some 72 per cent more than last year, according to the latest forecast by the International Civil Aviation Organisation.*

Passenger-kilometre volume will increase by 126 per cent over the same period, and freight tonne-kilometres will double. Total tonne-kilometres will increase by more than 52 per cent.

Icao says that airline operating revenues will experience a levelling of the average annual growth rate, which has traditionally been quite high. Slight reductions are expected due to the effect of promotional fare exploitation, and more stabilised inflation. But cost of large, new capital investment programmes, and inflation, will necessitate increased tariffs measured in current money value.

Growth of revenue will therefore be faster than growth of traffic.

Revenue volume derivation may also change to 80 per cent passenger and 20 per cent freight, in the ten-year period under review. Airline operating revenues should at least double by 1988 over the estimated 1978 volume. Other forecasts for the coming decade:

- Airline transport aircraft: it is conservatively estimated that 2,750 new aircraft costing from \$70,000 million to \$85,000 million will be bought.
- Airline maintenance/parts: airline expenditure should amount to \$91,507 million.
- Airline fuel requirements: airline expenditure should total \$183,015 million.

• Airport construction and maintenance: some \$12,531 million is estimated for expenditure.

• Air traffic control systems: a total of \$11,513 million is projected for investment worldwide.

* The forecasts have been produced for Icao by T. M. Abrams & Associates. Further details from Icao, 1000 Sherbrook Street West, Montreal, Quebec, Canada.

. . . as US traffic rises 20 per cent

AIR travel in the US increased by about 20 per cent during the first quarter of the year compared with the same period in 1978, Paul R. Ignatius, president of the US Air Transport Association, has said in Houston, Texas.

Total passengers carried this year could exceed 300 million. Airlines now account for about 85 per cent of public travel between US cities and for nearly 95 per cent of travel between the US and points overseas.

Ignatius also reported that the airlines could face an increase of \$1,000 million or more in their energy costs this year. Each one cent rise in the price of a gallon of jet fuel increases the airlines' annual fuel bill by about \$110 million.

"Conservation measures have been successful," Ignatius noted. "The airlines are getting about 40 per cent more work out of a gallon of fuel now than in 1973 in terms of both passengers transported and passenger-miles produced per unit of fuel consumed. The airlines used about 50 million fewer gallons of fuel in 1978 than in 1973 while carrying 78 million more passengers, and more cargo."

• American Airlines and TWA both report increased losses for the first quarter—a season when traffic is traditionally down. American's operating loss was \$23.9 million compared with \$8.8 million for the same period in 1978, while TWA's pre-tax loss was \$54.9 million, compared with \$45.4 million.

El Al to be first 777 customer for Boeing?

EL AL Israeli Airlines may become the first purchaser of the Boeing 777, according to Mordechai Ben-Ari, the airline's chairman. Ben-Ari has said in Washington that he is negotiating an option for four Boeing 767s or 777s, with delivery scheduled for 1983. The airline may also consider buying a small number of 757s for short-haul operations.

Talks with Airbus Industrie had been "terminated". "We want to stick to one aircraft manufacturer," he says, indicating that it is only a matter of time before a Boeing purchase is finalised.

Ben-Ari forecasts that a bilateral air agreement between Israel and Egypt will be signed not later than nine months from now. It will contain third, fourth and fifth freedom rights and will lead to a massive upswing of tourism in both countries. El Al is prepared to start a shuttle between Tel Aviv and Cairo.

• Iran Air has denied cancelling the six Airbus A300s which it had on order before the revolution, even though it has returned prematurely two aircraft of this type which it had on lease.

• Allegheny has said that it will order two A300-B4s if it is awarded the Pittsburgh-Los Angeles route for which it has applied to the Civil Aeronautics Board. If the CAB awards multiple designation, the airline will switch to

the A310 or the Boeing 757. Allegheny president Edwin Colodny has said the airline could buy additional A300s or Boeing 767s to service its routes to the Caribbean.

CAB judge clears Wes-Con merger

THE proposed merger between US trunk carriers Western Airlines and Continental Airlines has been approved by a US Civil Aeronautics Board law judge. Judge Stephen Gross approved the merger plan last week, subject to the condition that a merged Western/Continental must keep its promise to cut fares. In their original application to the CAB, the two airlines proposed a 15 per cent cut in normal economy fares on long-haul routes by the third year after merger. Fare reductions on short-haul routes are to be somewhat smaller. The CAB is not obliged to follow the judge's ruling when it decides on the merger, but the latest decision has confused the whole US-merger issue. An earlier ruling by another CAB law judge went against bids for National Airlines from Pan Am and Texas International.

TXIA has not been discouraged by this ruling and has pushed up its bid to \$15 cash and \$35 loan stock for each National share.

China ATC bid

INTERNATIONAL Aviation Systems, a group of United States companies, is submitting a proposal for the upgrading of air traffic control facilities at Peking, Shanghai and Canton airports.