

Departures

Opinions On Current Issues In Aviation

Time For A National Commercial Aviation Policy

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Author Michelle Dean said, "Crisis forces commonality of purpose on one another."

It's been nearly 42 years since Congress liberated the U.S. airline industry from many regulations. Despite being forced to evolve and adapt, vestiges of discord still exist among commercial aviation ecosystem stakeholders. This seems particularly true between the airline and airport communities, at least in Washington.

In 2012, Airlines For America (A4A) campaigned for a National Airline Policy. It was too narrow then and would be too narrow now. It is time for a National Commercial Aviation Policy.

We have a crisis. We have a commonality of purpose to win back air travelers. Airlines and airports tout their economic generation and contribution to the nation's economy. One enables (airlines), and one facilitates (airports). Together, they form an interdependent network, not a group of disparate pieces. One without the other would blunt the maximization of economic generation.

A 2012 statement by A4A CEO Nick Calio rings loudly today: "If Washington is serious about boosting the economy and creating jobs, it needs to look no further than the U.S. airline industry."

In 2019, commercial aviation directly supported 750,000 jobs and enabled \$1.7 trillion in economic activity. Airports were necessary to facilitate it all.

Timing is everything. Demand for air travel in the U.S., as measured by passengers screened by TSA, peaked at 4.9 million passengers for the week of July 6, 2020, and is now declining. Weekly demand still is less than 30% of 2019 levels. This zero-demand environment has paused a growing industry.

A4A's proposed National Airline Policy would have necessitated a mix of legislative and regulatory action addressing five core areas: rationalizing the U.S. airline industry's federal tax burden; rationalizing its regulatory burden; enhancing global competitiveness; modernizing and reforming infrastructure; and mitigating fuel cost and price volatility.

Airports still need to add infrastructure in any number of markets. Pre-COVID, numerous projects of varying scope and scale were underway in critical commercial centers around the U.S. Financing was readily available from both internal and external sources to carry out this critical work, as there were signs on several airports saying to a new carrier, "The inn is full." With airline balance sheets largely maxed out, airport infrastructure is likely not at the top of today's survival hierarchy.

It is contrarian to think that infrastructure expansion is still necessary considering the new demand outlook. However, thanks to the pandemic's new protocols, time spent at the gate will increase due to factors such as expanded aircraft cleaning, a longer boarding process to accommodate physical distancing, and the potential of in-airport medical screening. Less efficient infrastructure means the gates that accommodated 2019 traffic levels will not be able to handle the same level of demand when post-pandemic protocols are applied.

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—William Swelbar

Metro areas with airport constraints in 2019 will see traffic return, and when it does, those constraints will be even more severe. When it comes to funding airport infrastructure improvements, one size does not fit all. A policy that provides a forum for airlines and airports to collaborate and build the right system utilizing scarce resources would address the variations.

A4A's 2012 campaign referenced the freight rail industry's transformation. Railroads were granted multiple antitrust immunities to discuss sensitive commercial issues. Airlines have made it crystal clear that they will be smaller on the other side of the pandemic, and that means certain hubs will shrink, too. Smaller hubs mean less connectivity and reduced service levels.

Thus, a need to prioritize airport projects presents itself.

Airlines and airports should be granted immunity to determine where investment is needed and where finite resources should be spared. The industry's zero-demand pause is a generational opportunity to hit reset and build the right airport infrastructure for a post-COVID U.S. airline network.

Timing that coincides with a U.S. presidential election year only enhances the opportunity. The industry enables and facilitates commerce that levers economic activity. With the government invested in each the airline and airport industries, it desperately needs any stimulus to be injected into the economy.

There will never be a more acute need or better timing for a National Commercial Aviation Policy than now. COVID-19 has presented the airline and airport industries a commonality of purpose to make the system right for the next four decades, and beyond.

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