* FLIGHT International. 7 January 1971

' "l hope thai 1971 will see international air transport
, return to a state of normality as far as acts of armed
aggression are concerned. In 1970 governments finally did
" what 1ATA has been urging them to do for years, namely,
r lo take energetic measures to put an end to armed inter-
ference with civil aviation. I refer in particular to the ICAO
' Special Assembly dealing with security matters, the Reso-
lution passed by the United Nations General Assembly
last November and the completion of an anti-hijacking
* Convention in The Hague in December. Furthermore, indi-
vidual governments have acted to strengthen their national
& legislation so as to ensure that no ofiender goes unpunished.
, A further strengthening of the worldwide legislative pat-
tern to put an end to acts of armed aggression against civil
* aviation should take place towards the end of 1971, when
a new diplomatic conference is scheduled to develop a convention complementing that completed in The Hague.
* However, laws art; meaningless unless strictly enforced."
In his review of the state of the industry, issued towards
* the end of last year, Mr Hainmarskjbld expressed concern
at the current depression in the US aerospace industry. It
* could, he said, have an adverse effect on air transport
t technology in the long term. "In the past, a great deal of
the technology, hardware, materials, manufacturing and
* production techniques developed in this field were applied
to the production of civil aircraft, their engines, electronics
and other components. This past historic evolution has
< been very beneficial to the airlines in the technological
sense and in savings on development costs. This slow-
* down in the US aerospace industry will require further
s time to reveal its long-term implications for the air
transport industry."
* Reviewing prospects in the longer term for the growth of air traffic—up to 1980—Mr Hammarskjbld said that the
rate of increase was likely to be significant. "World
t

scheduled domestic and international passenger traffic is expected to expand at an annual average of 12 per cent to
* 1980 or to about 3>2 times the total of 349,000 million
, passenger-km flown in 1909. Traffic on certain major inter-
national routes is expected to grow relatively more quickly.
* For instance, on the North Atlantic, passenger traffic is
forecast to expand more than four times by 1980 over the
I9G9 total of six million scheduled passengers. "World
» scheduled air freight traffic (international and domestic) is
forecast to increase at an even faster rate than passenger
* traffic, as an increasing number of users recognise the
advantages of air freight . . . |I(J is expected to increase

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at an annual average of nearly 20 per cent to 66,000 million
« lonne-km by 1980 from the 10,070 million level reached
* in 1969.

Future growth

"These forecasts are unconstrained and the expected
„ growth in traffic will not be obtained easily, even with the
anticipated generally favourable * international economic: conditions. The industry's future growth depends on a sound economic basis. Rapid growth in air traffic in the past
, was achieved with consistent reductions in airline unit
revenue yields. However, the intensification of inflationary
i pressures on costs, coupled with the heavy capital requiie-
nieuts and the continued prospects of high interest rates
in the years ahead, present a serious economic problem.
t The industry, although basically sound, needs to be much
healthier financially on a short-term as well as a long-term
basis than it lias been if it is to attract the capital needed
, 10 meet future growth. A great deal remains to be done
in a number of areas to achieve this Neither the industry,
* the financial community nor the public should be allowed
, to be misled in the direction of extreme pessimism by the
t

very special cyclical characteristics of the airline industry."
A problem facing lata members and singled out by Mi
« liummarskjbld was the increased competition from non-
scheduled airlines, "particularly on the North Atlantic,
' where non-lata charter passenger traffic increased by 87
per cent in 1969." He referred to lala's investigations into
illegal charter activities, and admitted that members ol
„ the association as well as nun-members have been "system
atically breaking" both the industry's rule- and govern

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mental commercial regulations. "Some of them, if and when caught, are even covered up by their own authorities. This state of affairs seems to be because there are airlines which have over-stretched themselves and Can only remain in the market through the use of clearly uneconomical'and unethical business practices.
"It is regrettable that governments often show great weakness and reluctance in implementing and enforcing their own national rules and regulations, which are supposed to form an important part part of the framework within which all airlines have to operate if remaining legal. . . . The consumer is probably suffering more from this state of affairs than anyone else."
In the context of rising costs, Mr Hammarskjold singled out the subject of airport and air-navigation charges— which are indeed a constant subject of attacks by lata at present.

Eurocontrol criticised

In particular F.urocontrol came in for criticism. "When
the concept was first proposed about 10 years ago," said Mr llainmarskjold, "the airlines supported Furoconlrol with enthusiasm as a centralised European system. They ex-pected that il would also cover upper airspace, The airlines with some justification are now rather disillusioned about the present slate of affairs, the degree of duplication, the deficiencies in civil-military co-ordination, reluctance of some important states to give up their sovereignty as tar as control ot airspace is concerned and the tendencies of Furocontrol lo develop into another bureaucratic inter-national machinery. Furthermore, Furocoiitrol countries are out ol step with the general lcao efforts to develop common standards in respect of en route facility charges. In my view, there would be great value for the consumer, taxpayer, tor governments and tor the airlines if the opportunity could be given for impartial experts to submit the existing and future Furocontrol operation to an objec-tive c ost-cllec Uveness study."
Another familiar lata theme which Mr llaminarskjdld reviewed v\as the manner in which airline fares have been free of the inflationary trends which have hit consumer prices generally in recent years, lie stressed that abolition of lata pricing procedures would not, as some believed, be automatically followed by lower fares.
"There is no question thai in the context of worldwide inflationary trends the airline industry's price performance is excellent. A composite consumer price index of eight leading industrial countries shows that over the last 10 years consumer prices increased sharply by 34.8 per cent in contrast with an 8.7 per cent decrease in the composite index of average world scheduled passenger air fares. "Comparison of air-fares price trends with price trends in other modes of transport is also revealing. For example, tin-price indices for public transportation for individual countries in tin- F.uropeau Economic Community indicate price- increases of 5.6 per cent to 22.7 per cent since- 1966 while over the same period the composite index of intra-Furopean air fare revenue yields increased by only 3.9 per cent. In the United States Consumer Price Index the ilein 'public transportation' increased by 48.9 per cent over the past 10 years while US domestic air-tare revenue yields decreased by approximately 10 per cent.
"There are those who oppose the lata pricing procedures and believe thai the establishment of a 'free market' would lead to a considerable- decrease in air fares and rates. 1 would point out that this would not necessarily lead to lower tariffs for air transport services. There are interest-ing examples of free markets where rates have gone up. A ease in point is tanker charter rales.
"I believe that in view of the- complexities involved in economic airline operations and (he persistent general iull,ition.ii y trends, the airlines' achievements in intro-ducing lower I,ires and rates are remarkable. The lata traffic < iiiilci I-IIC es have repeatedly demonstrated then' unique ability to establish lares and rales tie" international scheduled i miles, subject to the approval ol interested suvii'iiim-iili, in step with rapidlj changing technological and iti.il Li i (omhl lolls."