

# LATITUDE

The In-Flight Magazine of SimAirline.net

June 2007

## Asia's World Airport

ALSO INSIDE:

Delta's International Expansion

Best Advertisement Banners

Longhaul Narrowbodies

## 7 COVER STORY

Hong Kong Virtual, featuring both Cathay Pacific and Dragonair, is our newest virtual airline.

**Cover Photo: Chi-Ping Chih**

The sun sets on Hong Kong International Airport and a Cathay Pacific A330-300.



## 5 GLOBAL CONNECTIONS

A major part of Delta' restructuring during bankruptcy has been a shift towards more international operations.



## 9 ADVERTISEMENT BANNERS

A look at some of the best banners featured on our virtual airlines' main pages.



## 12 FINDING THE RIGHT FIT

In a return to the past, longhaul flights are being increasingly flown by single-aisle aircraft.



- 3 Viewpoint
- 4 News Briefs
- 8 VA Spotlight
- 11 Hub Focus
- 13 The Tail Section



# VIEWPOINT

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Summer is upon us (at least in the Northern Hemisphere), and airlines have already begun increasing their schedules for the busy season ahead. SimAirline.net's virtual airlines alone will add new or additional service on dozens of new routes between now and the end of July, so be sure to check the News and Routes pages for the latest additions to our network.

Late last month, Hong Kong Virtual opened as our newest virtual airline, incorporating the operations of Cathay Pacific Airways and Dragonair. Hong Kong International Airport is widely regarded as one of the finest airports in the world, and its home carriers have similar stature. Cathay Pacific in particular had been a longtime goal of ours to include, so it's a delight to finally be able to offer it.

Following Delta last month, Northwest Airlines emerged from Chapter 11 bankruptcy on 31 May. Our congratulations to the employees and management at Northwest for making such a turnaround possible.

Continuing our celebration of Delta's emergence from bankruptcy, this month's issue of *Latitude* looks into Delta's international ambitions and their shift away from domestic routes towards more international service. Part of this trend, evident at numerous airlines, has been the growing use of single-aisle aircraft on longhaul routes, the subject of a separate article. Finally, a fourth article will highlight some of the best advertisement banners from our virtual airlines since their inception last year.

As you go on vacation for the summer, please be sure to file for inactivity if you won't be able to



**"Asia's World City," Hong Kong, is home to our newest virtual airline.**

file a PIREP for the month so you maintain your spot on the roster. This process is extremely important to ensure that your pilot ID number doesn't have to change in the future, and also helps us reach our monthly goals for virtual airline expansion. I myself will be unavailable from 9 to 16 June, as I'll be moving residences in preparation for my new job in Flight Operations at Northwest Airlines.

Happy Flying!

Aaron Robinson

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*Latitude* welcomes the opinions of its readers to issues raised in the magazine. Letters should be directed to [latitude@simairline.net](mailto:latitude@simairline.net). SimAirline.net will not print anonymous letters, but names will be withheld upon request. *Latitude* reserves the right to edit letters as it sees fit and does not guarantee publication.

# NEWS BRIEFS

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## **Northwest Exits Bankruptcy**

Northwest Airlines exited bankruptcy protection on 31 May. During the bankruptcy process, the company reduced costs by \$2.5 billion annually, and resumed market trading with an equity value of \$7 billion and with \$3.2 billion in cash, both the highest in the airline's history.

## **Jet Airways to Open Brussels Hub**

Jet Airways will open a European hub in Brussels, which will function similar to Air India and Pakistan International Airlines' operations in the U.K. Daily flights from Ahmedabad, Bangalore, Chennai, Delhi, and Mumbai will stop in Brussels before continuing across the Atlantic to Chicago, Los Angeles, New York, and Toronto. To support the operation, Jet Airways ordered an additional three 777-300ERs.

## **China, U.S. Reach Expanded Air Services Agreement**

While short of the hoped-for open skies agreement by the U.S., a new aviation accord will lead to an additional thirteen daily flights by U.S. airlines to China by 2012, up from the ten flights allowed today. Cargo operations will be unlimited starting in 2011. Continental Airlines announced its intention to reapply for Newark-Shanghai service, while Northwest Airlines expressed its desire for flights from Detroit to both Beijing and Shanghai and from Minneapolis/St. Paul to Shanghai.

## **Pinnacle Joins Growing List of Delta Connection Carriers**

Delta Air Lines selected Pinnacle Airlines to operate 16 CRJ-900s under the Delta Connection banner starting in December. The agreement makes Pinnacle Delta's ninth Connection carrier, tied for the most among major airlines along with US Airways.

## **Alitalia Ups 2006 Loss to €625.6 Million**

Alitalia's board of directors proceeded with a writedown in the airline's fleet value, increasing the company's loss for 2006 to €625.6 million. By comparison, Alitalia lost €167.8 million in 2005. Privatization offers from the two remaining bidders (the Texas Pacific Group has withdrawn, citing the rules as being too "complex and cryptic") are due on 2 July.

## **Oman Withdraws from Gulf Air Ownership**

The Sultanate of Oman has announced its ownership withdrawal from Gulf Air to support Oman Air instead. The Omani decision follows the 2000 exit of Qatar and 2005 exit of Abu Dhabi from a multinational airline partnership in existence since 1974. The Kingdom of Bahrain, the airline's original base, is now the sole owner of the struggling airline.

## **Qantas Takeover Fails**

Airline Partners Australia's bid for Qantas Airways ended after receiving less than the 50% shareholder approval required. APA was only able to secure 46% of the stock by the deadline. A month earlier, the consortium had set a 90% approval threshold. Separately, Qantas reached an agreement with the Vietnamese government to take a 30% stake in Pacific Airlines to support Qantas' Jetstar operation.

## **Bidding for Iberia Begins**

British Airways has joined a consortium led by the Texas Pacific Group (TPG) that may try to take over Iberia. TPG had approached Iberia in March with a bid valuing the airline at €3.4 billion. British Airways holds a 10% stake in Iberia, and has the right of first refusal for an additional 30% ownership stake, while TPG was part of the failed Airline Partners Australia consortium. Lufthansa is also viewed as a possible suitor.

## **Neeleman Steps Aside as JetBlue CEO**

JetBlue Airways founder David Neeleman turned the CEO position over to President Dave Barger, while retaining the chairman position. The airline said that discussions about a change had occurred prior to the airline's service meltdown in February. Markets applauded the news, sending the airline's share price up by 4.7%.

## **767 Wingletting Announced**

American Airlines and LAN Airlines announced plans to refit their 767-300ER and 767-300F fleets with winglets supplied by Aviation Partners Boeing, with the first to enter service in late 2008.

## **Air Asia to Go Longhaul**

Southeast Asia budget airline Air Asia ordered ten A330-300s with plans to acquire an additional five to launch longhaul services starting in 2008. Services will initially be to Australia and China and eventually extend as far as Europe.

## **United Takes Ownership Stake in Aloha**

United Airlines and Aloha Airlines will expand their existing alliance to include United's transpacific flights from Hawaii in exchange for United receiving an unspecified minority stake in Aloha and a seat on the airline's board. United has in the past considered starting interisland flights.

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# Spreading Wings



As a key part of its now complete bankruptcy restructuring, Delta Air Lines has been shifting capacity from its domestic network to higher yielding international routes over the last two years. Domestic capacity fell 16% from 2004 to 2006, but the airline actually had higher traffic last year despite reduced system capacity, thanks to record load factors.

Since its acquisition of Pan Am's transatlantic network (save Heathrow) in 1991 made it the overnight leader to Europe among U.S. airlines, Delta's international growth was largely stagnant. The gateways to Asia in Los Angeles and Portland established during the mid-1990s are long gone, but a resurgence is well underway today.

On the European scene, Delta has furthered its leading position by adding additional routes, and has now passed British Airways as the largest airline across the Atlantic. "Ultimately, Delta must be a bigger player in the New York City area," Delta CEO Gerald Grinstein said, meaning additional expansion from New York.

Delta is still adding domestic feed to its hub at New York Kennedy, and finally began New York-London service in October after purchasing rights to the route from United, which had originally acquired them from Pan Am. While the route is to Gatwick rather than Heathrow, Delta has been far more successful than United—twice as many flights so far, and with open skies coming soon, the route will transfer to Heathrow next spring.

Many observers have called the New York expansion the consummation of the Pan Am purchase. While critics have cited the example of Braniff's aggressive overexpansion and failure following deregulation, Grinstein points out that shifting its 767s to international operations was the best decision. "It made no sense flying wide-bodied domestically, into Florida. Those planes are natural for international service."

In addition to moving 767s (including -400ERs) to international flights, thirteen 757-200s (ex-TWA aircraft now operated by American) will be based in New York for flights to Europe and will receive winglets. Delta can continue

international expansion without additional aircraft through 2011, but has five 777-200LRs on order for delivery starting in 2008, with a 787 order likely coming soon.

Just how much international flying Delta will commit to is unclear Grinstein says "there is no magic mark," but that a "50/50 share would be no surprise." So far this year, Delta has been at a 37/63 split, much improved from the 24/76 of 2004, but still lagging behind all its peers save US Airways.

Elsewhere, Delta is now the only major U.S. airline to serve Africa, beginning service on 4 December last year—coincidentally or perhaps not—fifteen years to the day after then-CEO Ron Allen pulled the plug on a dying Pan Am. Delta may pass Continental for the number two spot in Latin America, where expansion has focused heavily on Mexico.

Across the Pacific, Delta is a shadow of itself a decade ago, with just a lone Atlanta-Tokyo Narita flight. However, service to Seoul begins this summer, and Delta has made no secret of its desire to serve China as well. COO Jim Whitehurst explains that Delta is eyeing Asia closely: "That's a major hole in our network, so we see a lot of opportunities there."

One possibility for future expansion to Asia would be from Los Angeles, where Delta is resurrecting the West Coast hub it sought when it bought the Grinstein-led Western Airlines in 1987, which was subsequently dismantled by Mullin. Expansion from Los Angeles is primarily to Latin America, but like New York, domestic feed has also been growing to support the new routes.

A final and underappreciated part of Delta's international strategy has been to leverage its membership in SkyTeam to its advantage. "We'll play off [our partners] a lot" to build our own recognition, says Grinstein. With the start of service to Seoul, Delta will serve every SkyTeam hub from Atlanta, a feat that no other alliance hub in the world can claim.

The widget has come a long way from its days as just the Airline of the South. Even after fifteen years, perhaps Delta can still become a successor to the Pan Am legacy.

-continued on page 6-



## Delta's current and future international routes, October 2006

Since June 2005, Delta has begun or announced service to the following new international destinations:

- |                              |                            |                                    |                            |
|------------------------------|----------------------------|------------------------------------|----------------------------|
| Acapulco, Mexico             | Edmonton, Canada           | Los Mochis, Mexico                 | Quebec, Canada             |
| Accra, Ghana                 | Fort-de-France, Martinique | Managua, Nicaragua                 | Quito, Ecuador             |
| Antigua, Antigua and Barbuda | George Town, Bahamas       | Manzanillo, Mexico                 | Rio de Janeiro, Brazil     |
| Bridgetown, Barbados         | Guayaquil, Ecuador         | Mazatlan, Mexico                   | Roatan, Honduras           |
| Bucharest, Romania           | Hermosillo, Mexico         | Merida, Mexico                     | San Pedro Sula, Honduras   |
| Budapest, Hungary            | Ixtapa, Mexico             | North Eleuthera, Bahamas           | Seoul Incheon, South Korea |
| Charlottetown, Canada        | Johannesburg, South Africa | Pisa, Italy                        | Tel Aviv, Israel           |
| Copenhagen, Denmark          | Kiev, Ukraine              | Pointe-a-Pitre, Guadeloupe         | Tijuana, Mexico            |
| Culiacan, Mexico             | Kingston, Jamaica          | Port of Spain, Trinidad and Tobago | Torreón, Mexico            |
| Dakar, Senegal               | La Paz, Mexico             | Prague, Czech Republic             | Victoria, Canada           |
| Dubai, U.A.E.                | Lagos, Nigeria             | Punta Cana, Dominican Republic     | Vienna, Austria            |
| Dusseldorf, Germany          | Leon, Mexico               | Puerto Plata, Dominican Republic   | Winnipeg, Canada           |
| Edinburgh, U.K.              | Loreto, Mexico             | Puerto Vallarta, Mexico            | Zacatecas, Mexico          |

# One VA, two airlines



Hong Kong, the most open economy in the world, is home to SimAirline.net's newest virtual airline, Hong Kong Virtual. Featuring the operations of Hong Kong's primary airlines, Cathay Pacific Airways and Dragonair, the organization's twenty-eighth virtual airline is a return to the multi-airline concept that SimAirline.net pioneered in 2000 with Virgin International Airways.

Hong Kong International Airport, while only the fourteenth busiest airport in the world, is arguably Asia's premier airport. Last year, over 44 million passengers flew through Hong Kong, the most international passengers of any Asian airport. The facility is routinely awarded the title of "best airport" by Skytrax, and won the award every year from 2001 to 2005 before narrowly losing to Singapore Changi Airport in 2006.

In addition, Hong Kong narrowly fell short of its bid of claiming the title of busiest cargo airport in the world—its 3.6 million metric tonnes was just 2.3% short of Memphis, the longtime leader.

Continuing the strong tradition of its home base, Cathay Pacific is equally well regarded as one of the best service airlines in the world, regularly earning "five star" ratings from Skytrax along with only a select few other airlines. The airline was also *Air Transport World's* Airline of the Year in 2006, and recently began a major refurbishment of its fleet interiors, including a revolutionary new design for economy class.

"Ever since our very first virtual airline, SimAirline.net has always been about expanding pilots' choices," says Managing Director Aaron Robinson. Offering both Cathay Pacific and Dragonair was the most logical way to offer our pilots a wide range of operations from Hong Kong."

Combining Cathay Pacific and Dragonair into a single virtual airline made a great deal of sense, given the

longtime partnership between the two and their complementary route networks. Cathay Pacific serves primarily longhaul routes from Hong Kong, while most Dragonair flights are to the Chinese mainland or Taiwan.

Last June, Cathay Pacific announced that it would wholly acquire Dragonair to properly align the two's operations and increase Cathay Pacific's access to mainland China. As part of the merger, Dragonair's independent brand has been guaranteed for at least five more years.

"It's exciting to have two world-class airlines, with modern yet diverse fleets, and a route network spanning five continents with many new destinations all wrapped into one VA," says Hong Kong Manager Casey Dalal. "The addition of Dragonair also opens up many additional routes and destinations in China for our pilots."

On the selection of Hong Kong's airlines for a new virtual airline, "Hong Kong, Cathay Pacific, and Dragonair are in many ways a perfect fit for us. The city is well-located between our existing hubs in Asia and the improved options into China are very important to us," explains Robinson.

"In addition, our research found that Hong Kong is a tremendously attractive destination for our pilots—comparing Hong Kong to Frankfurt, a similarly sized and important gateway, we found that pilots flew to Hong Kong more often, despite fewer and longer flights available."

With the addition of Cathay Pacific and Dragonair, SimAirline.net now offers service to twenty-eight cities in mainland China. SimAirline.net will be expanding further in the fastest growing aviation country in the world with the future addition of China Southern Virtual, based on the country's largest airline.

# VA SPOTLIGHT



## AIR CANADA VIRTUAL



An A340-300 over Brazil

Air Canada is the thirteenth largest airline in the world and one of the founding members of Star Alliance. Air Canada is by far the largest airline in Canada thanks to its 2000 merger with Canadian Airlines, which itself was a combination of numerous airlines, most notably Canadian Pacific.

Air Canada operated under bankruptcy protection from April 2003 to September 2004, and during this time became the first network carrier in the world to change its fare structure to an à la carte system under which passengers could select which options—such as frequent flier miles, seat selection, refundability, etc.—they wanted applied to their ticket.

Also new is a flight subscription service, similar to rail passes in many countries. The result has been consistently higher load factors—27 consecutive months at one point. During this time, Air Canada also sold stakes in its frequent-flier program Aeroplan and regional partner Air Canada Jazz, netting C\$535 million. Air Canada Technical Services is next on the spinoff list.

Air Canada's domestic network serves virtually every major city-pair in the country, with Air Canada flying the trunk routes, while Air Canada Jazz serves thinner routes and regional destinations.

Internationally, Air Canada's biggest market is the U.S., where it flies to over fifty destinations. Most transatlantic flights are from Toronto Pearson, and London Heathrow and Frankfurt, a Star Alliance hub, receive most European flights. Vancouver's strong ethnic ties to Asia have made it the third largest Asian gateway in North America.

Air Canada is in the midst of renewing its longhaul fleet—new 777s and 787s are on order to replace the current 767, A330, and A340 fleet—and to eventually expand international service into new and formerly served markets. The shorthaul fleet is also being expanded with the introduction of the Embraer 175LR and 190LR, and at Air Canada Jazz, the CRJ-705LR.

### Interesting Facts:

- All Air Canada aircraft will be outfitted with XM Radio by 2008.
- Air Canada was the first airline in the world to be fully nonsmoking, the first to offer fleet-wide onboard phones, and the first to feature onboard internet service.



An A319 over Alberta

# Banners in Review

SimAirline.net began adding advertisement banners to its virtual airlines' websites in May 2006 as a means to inform pilots of important information or exciting news that warranted more attention than just a mention in the Recent News. Each virtual airline receives a new banner on average every three months.

But what makes for a great banner? A beautiful photo, a clever title, and content that can fit the two together. Here's a look at some of the best banners of the last year.



**Varig Virtual reborn.**

<u>Before</u>	<u>After</u>
-61 destinations	-124 total destinations
-4 hubs	-8 hubs
-72 aircraft	-116 aircraft
-5 aircraft families	-8 aircraft families

**Varig, 14 October 2006 – 10 December 2006**



**Guggenheim? We serve four.**

Berlin, Bilbao, New York, Venice. Whichever of these Guggenheim Museums you prefer, you can go there with Sabena Virtual and choose from at least three daily flights to each city from Brussels.

**Sabena, 18 February 2007 – 25 May 2007**



**Beautiful Seas and Skies.**

Perhaps no other département d'outre-mer is more renowned than Réunion. With nine A340-200 flights a week to St. Denis from Lyon, Marseille, and Paris Orly, there's nowhere better in the Indian Ocean to visit.

**AOM, 23 May 2006 – 23 August 2006**



**More flights to Paris.**

Air Tahiti Nui now offers more flights between French Polynesia and France. Papeete-Los Angeles-Paris service is now flown daily, and Air Tahiti Nui recently began weekly Papeete-New York-Paris service. Let your journey to the South Pacific begin, any day of the week.

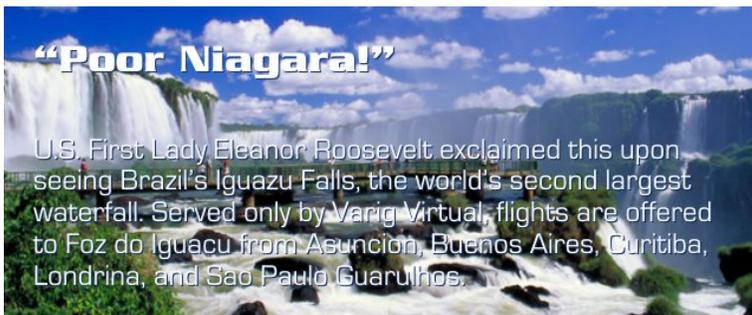
**Air Tahiti Nui, 11 May 2006 – 7 November 2006**



**Bridging the Atlantic.**

Delta begins service between New York Kennedy and London Gatwick on 15 November. The new route, to eventually increase to three daily flights, connects the largest cities in Europe and the United States, and is the busiest route across the Atlantic. Flights will initially be daily with the 767-300ER.

**Delta, 17 September 2006 – 16 December 2006**



**"Poor Niagara!"**

U.S. First Lady Eleanor Roosevelt exclaimed this upon seeing Brazil's Iguazu Falls, the world's second largest waterfall. Served only by Varig Virtual, flights are offered to Foz do Iguacu from Asunción, Buenos Aires, Curitiba, Londrina, and São Paulo Guarulhos.

**Varig, 11 December 2006 – 14 February 2007**



**Connecting America with Europe.**

Continental begins service to three new European destinations this month, offering you 30 transatlantic airports to visit.

- Cologne/Bonn - 10 May
- Barcelona - 17 May
- Copenhagen - 23 May

**Continental, 7 May 2006 – 5 July 2006**

-continued on page 10-



## The Eternal City

Like the city it inhabits, the Colosseum has passed the test of time. Air Canada's new daily Montreal-Rome service, however, will not. 767-200ER service will be offered for the summer only starting on 1 June.

**Air Canada, 19 May 2007 – present**



## Lean towards Europe

Delta's transatlantic expansion continues this summer, with the following routes to Europe:  
2 May: new Atlanta-Prague service  
21 May: resumed Atlanta-Vienna service  
31 May: new New York Kennedy-Pisa service  
2 June: individual New York Kennedy-Dublin/Shannon flights  
5 June: new New York Kennedy-Bucharest service

**Delta, 14 May 2007 – present**



## Adrenaline Capital of Africa

Zambia and Zimbabwe's Victoria Falls is the largest in the world, over a mile long and 420 ft. high. South African offers daily A319 service from Johannesburg to Victoria Falls International Airport in Zimbabwe.

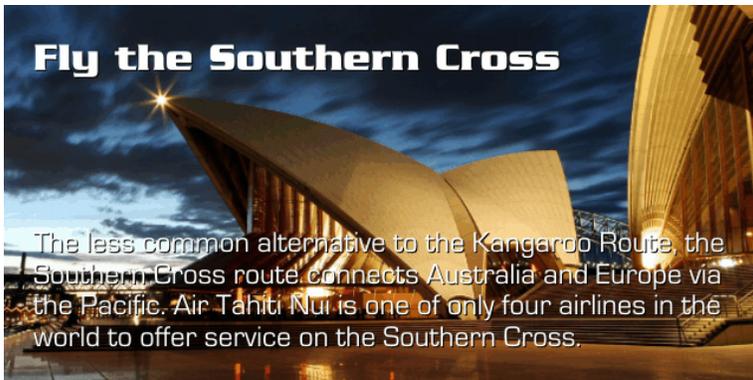
**South African, 6 March 2007 – 19 May 2007**



## Summer is almost here.

Icelandair resumes summer service to San Francisco on 17 May with the 767-300ER. Icelandair's 757-200s also return to Barcelona, Berlin, Helsinki, Madrid, Milan, Munich, and Zurich for the summer months. Enjoy it while it lasts.

**Icelandair, 15 May 2006 – 7 August 2006**



## Fly the Southern Cross

The less common alternative to the Kangaroo Route, the Southern Cross route connects Australia and Europe via the Pacific. Air Tahiti Nui is one of only four airlines in the world to offer service on the Southern Cross.

**Air Tahiti Nui, 27 May 2007 – present**



## Hellenic Beauty

Continental's newest transatlantic service begins on 7 June to Athens with a daily 767-200ER flight from Newark. The new route will be Continental's only expansion to Europe for 2007.

**Continental, 16 May 2007 – present**



## The Middle East has widgets too.

Delta Virtual will expand its service in the Middle East with the introduction of new routes through our Discontinued Flights.

New York Kennedy-Tel Aviv (daily)  
New York Kennedy-Cairo-Dubai (3 weekly)

**Delta, 17 July 2006 – 16 September 2006**



## Land of Fjords.

KLM Virtual flies to the most destinations in Norway of any SimAirline.net virtual airlines, including four unique destinations: Bergen, Kristiansand, Oslo Sandefjord, and Trondheim.

**KLM, 20 August 2006 – 7 February 2007**

# HUB FOCUS

## Dubai International Airport (DXB/OMDB)

Dubai International Airport is the busiest airport in the Middle East, and the hub for Emirates. In 2006, the airport handled 28.8 million passengers. By comparison, less than a decade earlier, fewer than 9 million passengers passed through Dubai.

DXB currently uses two terminals, with a third terminal, exclusively for Emirates, to open later this year. During construction in 2004, part of Terminal 3's roof collapsed, just four months after a similar collapse at Paris CDG. Coincidentally, the same architect had designed both terminals.

Dubai maintains an open aviation policy, allowing airlines to fly anywhere they wish from the emirate. Several airlines take advantage of this, especially cargo airlines that require a stop between Asia and Europe.

Keeping with Dubai's mega-ambitions, the airport will actually be exceeded in the next decade by the under-construction Dubai World Central International Airport near Jebel Ali, which will be ten times the area of the current airport.



DXB will be capable of handling the most A380 operations in the world.



Dubai's famous shopping scene can be found at DXB for travelers as well.

The new airport will open next year but initially be used for cargo only.

Service to Europe is offered on Alitalia, British Airways, KLM, Swissair, and Virgin Atlantic. To the U.S., Delta serves New York Kennedy via Cairo and Atlanta.

To the east, Cathay Pacific, Korean Air, and Thai all fly to Dubai. Korean Air's flight also continues onward to Cairo. Virgin Nigeria also offers service to Lagos. Finally, only a handful of Emirates' 81 other worldwide destinations are not served nonstop from Dubai.

### Interesting Facts:

- DXB will be able to handle more A380 operations than any other airport in the world. Emirates will operate 49 of the type.
- The famous Iran Air 655 shootdown of 1988 was bound for Dubai.
- Emirates' future involvement in the new airport is uncertain—DXB may become dedicated to Emirates, or it might move with the other airlines.



# Single Aisle

Patric Borg

While widebodied aircraft have been the standard for longhaul travel since the 1970s, narrowbodied aircraft have seen a resurgence in recent years as airlines have opted to increase capacity on existing routes primarily through more frequencies rather than larger aircraft.

New routes that would be unprofitable with a larger aircraft have also been opened, thanks to the long ranges of aircraft such as the 737-700 and 757-200. The development and application of blended winglets (see the April 2007 *Latitude*, p. 11) have extended the range of these models such that they can serve numerous city-pairs across the North Atlantic, though nowhere near the range that the 707 and DC-8, flown by airlines such as Pan American, offered.

The early leader in this trend was Icelandair, which began flying the 757 transatlantic as early as 1990 to replace its DC-8 fleet. If Icelandair pioneered the practice, Continental Airlines perfected it. In 1997 Continental began flying from Newark to Western Europe with its 757-200s, a strategy that has since been copied by American Airlines, Delta Air Lines (see *Spreading Wings*, p. 5), Northwest Airlines, and US Airways.

Flights between the Americas with 737s and 757s are nothing new, but Panama's Copa Airlines is taking the practice to the extreme. Copa operates the longest 737 flights in the world, seven-hour flights to Buenos Aires, Los Angeles, Montevideo, Rio de Janeiro, and Sao Paulo.

However, Boeing-manufactured aircraft shouldn't take all the credit. Air Canada recently began flying between St. John's and London Heathrow with an A319. In fact, the A319's range (3700 statute miles) exceeds that of even a winglet-equipped 737-700 (3365 miles).

Another offshoot, but based in Europe, has been Geneva-based PrivatAir, which since 2002 has been

flying A319s and Boeing Business Jets (specially configured 737-700s and -800s) in all-business class seatings on behalf of KLM, Lufthansa, and Swiss. The Amsterdam-Houston flight operated on behalf of KLM is an eleven-hour flight, possible because of the further range increase of the BBJ, and the lower payload from the smaller passenger load. PrivatAir's success in premium-only service has spawned numerous imitators, including Eos Airlines and MAXjet Airways in the U.S., L'Avion of France, and the U.K.'s Silverjet.

However, the return to smaller equipment has received less than universal support from passengers, many of whom dislike the "more cramped" cabin of a single-aisle aircraft. While there may have been merit to the argument in the 1970s, when the 747 seated only nine-abreast rather than the ten of today, such concerns seem to be rooted in perception rather than in truth—after all, the seat pitch and width tend to be the same regardless.

In addition, single-aisle aircraft on such routes offer distinct advantages over their larger brethren. While flight lengths may be slightly longer because of reduced cruising speeds, this time disadvantage is more than outweighed by the benefits of additional flight choices and, thanks to fewer passengers on board, reduced time boarding, disembarking, waiting for luggage, and in customs.

While the range of modern narrowbodies is still somewhat limited, the ability of these aircraft to serve these new and unexpected missions has been of enormous value. While new single-aisle offerings from Airbus and Boeing seem to be at least a decade away, the composite fuselages envisioned for them may open the door for narrowbody routes across the Pacific, creating even additional choices for airlines and their passengers.

# THE TAIL SECTION

## Delayed Departure

Cameron Bowman

The most controversial airline in America has yet to receive its air operator certificate. What does SimAirline.net think about the issues surrounding Virgin America? Here's a look at the arguments against Virgin America and our response.

### The U.S. needs fewer airlines, not more.

The U.S. is all about the virtues of the free market. New airlines should be free to start so long as they are fit to do so. In addition, Virgin America has demonstrated its plans for an innovative new product in domestic airline service. To not approve Virgin America, should its restructured ownership be acceptable, would be to stifle service improvement in an industry in need of new ideas to produce greater consumer benefits.

### Virgin America would be a violation of U.S. law because it is foreign-owned and foreign-controlled.

Virgin America has already announced changes to its application, including dropping one of the Virgin Group's three seats on the Board of Directors, the Virgin Group has given up numerous veto rights and relaxed restrictions on the Virgin brand name, and restructured its ownership to meet the requirement of 25% of voting control.

### Virgin America would be bad for employees because Chairman Don Carty and CEO Fred Reid have poor labor records.

The 3,000 planned employees of Virgin America are all opting to work for the airline under their own free will. Despite the improving fortunes of airlines in recent years, there are still thousands of airline workers seeking jobs in the industry. In addition to directly created jobs, Virgin America estimates it will be indirectly responsible for an additional 50,000 jobs throughout the country.

### Virgin America would be more 'American' if they opted to fly Boeing, not Airbus.

American, Frontier, JetBlue, Northwest, United, and US Airways all operate Airbus equipment, and four of the six aforementioned major airlines have more Airbus aircraft than Boeing. No one is accusing these airlines of being un-American by ordering aircraft from foreign manufacturers.



5

*Latitude*, February 2007

## Copycats!

Congratulations to photographer Cameron Bowman for having his photo of Virgin America featured in not one, but two airline publications the past few months. Although we do wish to point out that the article in SimAirline.net's *Latitude* was released well before the photo was selected for *Airline Business*. And we think our use of the photo is much more appealing and creative too, don't you?

## Foreign rights

DAVID KNIBB SEATTLE

The question of overseas ownership and control of carriers is a contentious one and can arouse strong nationalistic concerns.

Virgin America and Qantas have put the issue of foreign ownership and control back on the agenda. Whenever that happens, the question is always whether the same well-worn arguments will produce yet another impasse, or if something new can point to a breakthrough.

Transatlantic Open Skies between Europe and the US are in urgent need of such a breakthrough, but hopes are receding again. The US Democrats made it clear before they recently took control of Congress that they would reject the Department of Transportation's (DOT) proposed distinction between local control of an airline on strategic issues, such as military utility and foreign control of the same airline on commercial issues, such as routes and fares. The idea was designed to break the logjam over ownership and move Open Skies forward.

However, conceiving a need for more consistent transportation, Secretary Mary Peters advised the DOT's proposed interpretation. That effectively leaves talks between the European Union (EU) and the US in limbo, because Europe had limited Open Skies to a relaxation of US airline ownership and control rules to that European could invest more in or launch their own US carriers. The entire issue is ripe for a total lock.

Nearly every country limits foreign ownership or control of its airlines. Bilateral also commonly require airlines to be owned and controlled by citizens of the nation that designates them.

Little is usually said about the policy differences between owning a foreign airline versus ownership of a local one. Yet, rarely all nations draw this distinction in practice, even though they may not concede it. A country simply has no interest in who owns a foreign airline that flies into it than it does in who owns its own carriers.

28 AIRLINE BUSINESS MARCH 2007



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Airline advertising wars in Mumbai are heating up, as this photo attests. A doctored photo appeared online several days later showing a GoAir billboard above the Kingfisher one, reading:

"We've not changed. We're still the smartest way to fly."

Content submissions to *Latitude* are encouraged and should be directed to [latitude@simairline.net](mailto:latitude@simairline.net).