Question 1

(a) What is meant by bilateral agreements? What are their limitations? Describe the evolution of the Bermuda agreements, and explain what the current situation is within Europe with regard to negotiation of new bilaterals and renegotiation of existing ones. [10 marks]

(b) Explain the five bilateral freedoms. What has been the significance of the supplementary rights (the sixth, seventh and eighth freedoms) in accelerating development of international air services? [10 marks]

Question 2

(a) What were the main lessons learned as a result of airline deregulation in the United States? Which industry sectors benefited most, and which benefited least from deregulation? Explain your reasoning. [8 marks]

(b) How has deregulation evolved outside the US? How far has European deregulation developed, and how has the airline industry reacted to it? [6 marks]

(c) What is meant by Open Skies? List the principal aims of this system. [6 marks]

Question 3

(a) Explain the arguments for leasing a new aircraft fleet rather than buying one. How has aircraft leasing evolved? Why has it not yet been fully established in former Soviet Union countries? [5 marks]

(b) Discuss the evolution of the regional jet. Which factors prompted their development? What issues have evolved with regard to competition between rival regional jet manufacturers, and conditions of employment for airline flight crews? [10 marks]

(c) Explain the difference between an operator’s direct and indirect operating costs and give examples of each. [5 marks]
Question 4

(a) What are the trends in aircraft accidents worldwide? What is the forecast accident rate over the next decade, and why is it the focus of so much attention?

[4 marks]

(b) What is the ICAO definition of an air accident? How do airline passenger casualty rates compare with other forms of transport?

[2 marks]

(c) Which internationally accepted document defined corporate liability in the case of air accidents? What are the basic principles of responsibility in corporate law?

[6 marks]

(d) Describe the principles of a Safety Management System. Within an airline, who is responsible for safety, who can recommend change or action, and who is accountable to the authorities for the company’s safety performance?

[8 marks]

Question 5

Recent years have seen a huge expansion in European airline operations by so-called low-cost carriers; explain the reasons for this growth and why it started and remains strongest in the United Kingdom. What are the fundamental business principles for successful operation of a low-cost carrier? What has been the reaction of the established European full-service and national carriers to the low-cost challenge?

[20 marks]

Question 6

(a) Describe the principles of operation of parcel delivery carriers. In which region of the World has this business been most fully developed; explain your reasoning.

[10 marks]

(b) What are the main challenges to continued successful operations by air cargo industry over the next few years? What significant developments might there be in air cargo aircraft fleets? What is the likely effect with regard to airport availability, and what solution is starting to emerge?

[10 marks]
Question 7

(a) What are the primary atmospheric pollutants produced by commercial airliners? Describe one of the recent research efforts to identify the levels of pollution in the upper atmosphere; what were its principle findings? What work is being done to reduce pollutant levels by aircraft? What are governments and legislators doing to encourage a reduction in such pollution? [12 marks]

(b) What are the two principle alternatives to fossil fuels that have been investigated for air transport? Discuss the benefits and drawbacks of each of them. [8 marks]

Question 8

(a) Describe the key elements of successful aircraft scheduling. What are the critical factors to ensure a profitable schedule? What factors can result in failing to keep to a schedule, and what can be done about them? How might target passenger markets effect an airline’s daily schedule? [14 marks]

(b) What are the fare pricing advantages and disadvantages to an airline of business passengers? What are they for leisure passengers? What are they for charter passengers? [6 marks]

Examiner: S J Bond
External examiner: Professor D I A Poll