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Regional Differences in International Airline Operating Economics: 2006 and 2007

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Chapter 1

INTRODUCTION

1.1 This circular has been prepared pursuant to ICAO Assembly Resolution A36-15, Appendix G, which requests the Council to instruct the Secretary General to issue periodically “a study on regional differences in the level of international air transport operating costs, analysing how differences in operations and input prices may affect their levels and the impact that changes in costs may have on air transport tariffs”. This study on *Regional Differences in International Airline Operating Economics: 2006 and 2007* succeeds one which covered the years 2004 and 2005 and was published in 2008 (Circular 316-AT/135) and four previous studies: one covering the years 2002 and 2003 (published in Circular 310-AT/132), one covering the years 2000 and 2001 (published in Circular 306-AT/128), one covering the years 1998 and 1999 (published in Circular 293-AT/125) and one covering the years 1992 to 1997 (published in Circular 280-AT/117). Prior to that, similar studies were published annually under the title *Regional Differences in Fares, Rates and Costs for International Air Transport*, which covered the years 1976 to 1992. The studies are now published biennially or every other year, although data have continued to be collected and analysed on an annual basis. The present circular focuses on the years 2006 and 2007 and makes some comparisons with 2005, the last year for which data are available in the previous Circular (Circular 316-AT/135).

1.2 For 17 international route groups, comprising all international routes, passenger, freight and mail revenue yield data are presented in Chapter 2 for scheduled services. With reference to the same route groups, regional differences in the costs related to the scheduled service passenger yields are presented in Chapter 3. The major causes of regional differences in costs are identified in Chapter 4. In Chapters 2 and 3, the 2007 results are compared with those for 2005.

1.3 The sources of data used in the study are given in Appendix 1, together with information on the sample sizes on which revenue and cost data are based. The method of analysis used in the study is presented in Appendix 2, together with information on the margins of uncertainty, a factor which should be borne in mind when considering the results of studies of this nature. Facsimiles of the questionnaire and information on responses appear in Appendix 3.

1.4 Unless indicated otherwise, all references to “cents” in this circular mean “U.S. cents” and all references to “dollars” mean “U.S. dollars”.

Chapter 2

LEVELS OF UNIT REVENUES

Passenger traffic

2.1 Estimates of average unit passenger revenues for scheduled services in 2006 and 2007 by route group are presented in Table 2-1.

2.2 Column 1 of Table 2-1 shows the average (weighted) revenue per passenger-kilometre (yield) for scheduled passenger traffic on each route group for 2006 and 2007. These data are considered representative of all airlines operating on the particular route group and also include estimates for non-reporting airlines. The data are presented without distinction to class of travel or fare type. Thus, they represent the overall weighted average for all individual routes on all route groups and for all fare types. The overall average yield (excluding incidental revenues) was estimated at 8.84 cents for 2006 and 9.51 cents for 2007. However, the route group averages vary from a high of 15.7 cents in local Middle East to a low of 6.3 cents on routes across the North/Mid-Pacific in 2006 and from a high of 14.9 cents in local Europe to a low of 6.9 cents on the routes across the North/Mid-Pacific in 2007. Due to inadequate representation in reporting, two route groups for 2006: between and within Central America and the Caribbean, and local Africa, and three for 2007: between and within Central America and the Caribbean, local South America, and local Middle East are not included in this analysis, although their estimates are included in the worldwide totals for both years.

2.3 On a worldwide basis, the estimated average yield for scheduled services at 9.51 cents in 2007 showed an increase of some 13 per cent from the level in 2005. Comparable data by route group between 2005 and 2007 are available for 13 individual route groups. All of them showed increases, ranging from a growth of almost 4 per cent for routes within Europe to some 23 per cent for routes across Mid-Atlantic and across the South Pacific (Figure 2-1).

2.4 The changes in yields experienced between 2005 and 2007 reflect the weakening of the U.S. dollar (mainly in 2007) against most other world currencies, especially the currencies of countries in Europe and Asia/Pacific. The relative change between 2005 and 2007 would, in many cases, be significantly lower if expressed in the national currencies of the airlines concerned. A brief evaluation of this effect is given in Chapter 3 (paragraphs 3.11 and 3.12).

2.5 The analyses in paragraphs 2.2 to 2.4 relate only to the average unit revenues for all airlines combined on each route group. There can be wide variations around these averages shown among individual airlines. In the case of passenger services, the variation in yields for each route group for 2006 and 2007 is shown in Tables 2-2 and 2-3, respectively. For a few route groups, the unit revenues for individual airlines do not vary much from the route group average (for example, for routes between North America and Central America/Caribbean, within North America and across the South Pacific). However, on most route groups, the unit revenues differ significantly among airlines, reflecting differing route structures and traffic mix, among other factors.

Freight and mail traffic

2.6 Average reported unit freight and mail revenues for the years 2006 and 2007 by international route group are presented in Table 2-4. It has to be borne in mind that the average unit revenues may not be for the same set of airlines for both years for each of the route groups. The reason is that the availability of data is limited and dependent upon the reporting of air carriers whose composition may differ from year to year.

Table 2-1. Estimated average unit passenger revenues for scheduled services by international route group¹: 2006 and 2007

Route group ²	Revenue (cents) per passenger-kilometre ³		Load factors (percentage points)	
	(1)		(2)	
	2006	2007	2006	2007
1. Between North America and Central America/Caribbean	8.2	8.5	73	76
2. Between and within Central America and the Caribbean	—	—	—	—
3. Between Canada, Mexico and the United States	8.4	8.6	74	74
4. Between North America/Central America/Caribbean and South America	8.6	9.0	75	76
5. Local South America	10.3	—	64	—
6. Local Europe	14.6	14.9	73	74
7. Local Middle East	15.7	—	64	—
8. Local Africa	—	14.2	—	61
9. Between Europe and Middle East	10.1	11.3	70	73
10. Between Europe/Middle East and Africa	9.4	10.2	72	73
11. North Atlantic	7.9	8.5	80	80
12. Mid-Atlantic	6.6	7.4	80	82
13. South Atlantic	7.6	8.0	83	80
14. Local Asia/Pacific	8.2	9.0	71	72
15. Between Europe/Middle East/Africa and Asia/Pacific	7.2	7.7	77	79
16. North and Mid-Pacific	6.3	6.9	81	82
17. South Pacific	7.0	7.9	79	78

1. Data, where presented, are considered representative for all airlines operating in the route group concerned. The representative nature of the data is described in Appendix 1, and the margins of uncertainty to be taken into account are discussed in Appendix 2. For routes between and within Central America and the Caribbean, in local South America (year 2007 only), in local Middle East (year 2007 only) and in local Africa (year 2006 only) the representation was inadequate to justify separate presentation, but the data have been included in the world averages.
2. More detailed definition of the route groups may be found in Appendix 3 on the reverse of the questionnaire.
3. These figures do not generally include such incidental operating revenues as may be attributed to international passenger traffic. On individual route groups incidental operating revenues not included may represent up to an additional 7 per cent for both 2006 and 2007 over the average revenue quoted.

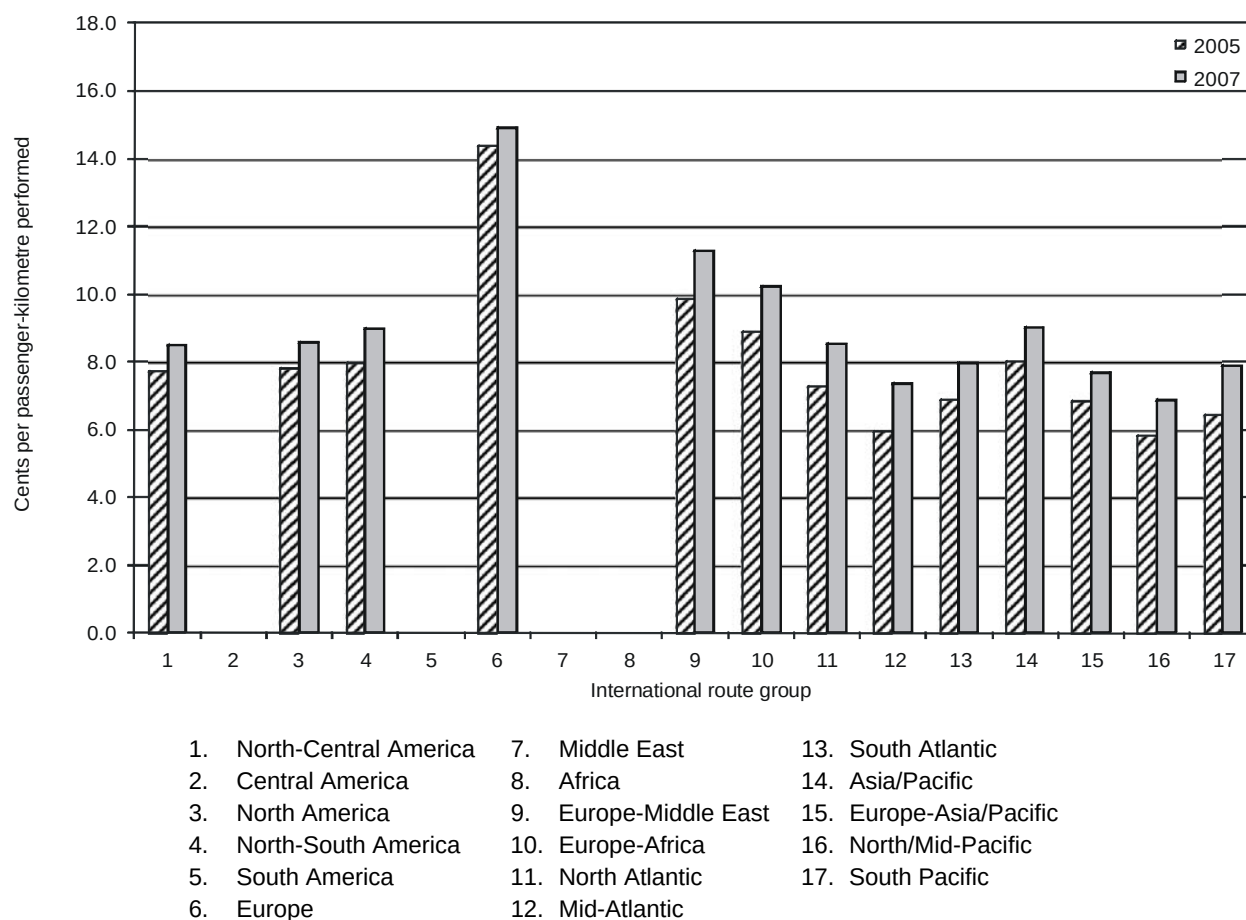


Figure 2-1. Comparison of unit passenger revenues: 2005 and 2007

Table 2-2. Variation in scheduled passenger yield among airlines: 2006

Route group (short title)	Average revenue (cents) per passenger- kilometre (all airlines from Table 2-1)	Number of airlines in this analysis	Revenue (cents) per passenger-kilometre for individual airlines																								
			2 to 3	3 to 4	4 to 5	5 to 6	6 to 7	7 to 8	8 to 9	9 to 10	10 to 11	11 to 12	12 to 13	13 to 14	14 to 15	15 to 16	16 to 17	17 to 18	18 to 19	19 to 20	20 to 21	21 to 22	22 to 23	23 to 24	24 to 25	25 and over	
			Number of airlines																								
1. North-Central America	8.2	8			1	0	2	2	3																		
2. Central America	—																										
3. North America	8.4	10				1	0	6	3																		
4. North-South America	8.6	7				3	1	1	1	1																	
5. South America	10.3	5						2	0	1	1	0	0	0	0	0	1										
6. Europe	14.6	39			1	1	3	1	4	2	2	3	3	2	1	4	3	3	1	1	3	0	0	0	0	0	1 ¹
7. Middle East	15.7	4							1	0	0	1	1	0	0	0	0	0	0	0	1						
8. Africa	—																										
9. Europe-Middle East	10.1	22			2	1	5	3	4	1	5	0	1														
10. Europe-Africa	9.4	26			1	3	1	3	2	3	5	0	0	1	0	0	1	1									
11. North Atlantic	7.9	27		1	0	6	8	5	6	0	0	1															
12. Mid-Atlantic	6.6	10				2	5	2	0	1																	
13. South Atlantic	7.6	9			1	1	2	0	3	1	0	0	1														
14. Asia/Pacific	8.2	22		1	1	2	5	6	1	3	0	1	0	1	0	1											
15. Europe-Asia/Pacific	7.2	32			4	8	7	3	5	3	1	0	0	0	0	0	0	1									
16. North/Mid-Pacific	6.3	15			1	3	9	1	0	0	0	1															
17. South Pacific	7.0	5		1	1	0	3																				

1. In the range of 40 to 50.



Table 2-3. Variation in scheduled passenger yield among airlines: 2007

Route group (short title)	Average revenue (cents) per passenger-kilometre (all airlines from Table 2-1)	Number of airlines in this analysis	Revenue (cents) per passenger-kilometre for individual airlines																								
			2 to 3	3 to 4	4 to 5	5 to 6	6 to 7	7 to 8	8 to 9	9 to 10	10 to 11	11 to 12	12 to 13	13 to 14	14 to 15	15 to 16	16 to 17	17 to 18	18 to 19	19 to 20	20 to 21	21 to 22	22 to 23	23 to 24	24 to 25	25 and over	
			Number of airlines																								
1. North-Central America	8.5	7					4	2	1																		
2. Central America	—																										
3. North America	8.6	10					2	4	4																		
4. North-South America	9.0	7						1	1	2	1	0	0	0	1	0	0	0	1								
5. South America	—																										
6. Europe	14.9	36					2	0	2	2	1	2	3	1	2	2	4	2	2	4	0	2	2	1	1	1 ¹	
7. Middle East	—																										
8. Africa	14.2	4									2	1	0	1													
9. Europe-Middle East	11.3	22					1	4	3	3	2	4	3	0	0	2											
10. Europe-Africa	10.2	24					1	1	1	2	3	4	2	3	4	1	1	1									
11. North Atlantic	8.5	29					2	4	5	8	6	3	0	0	1												
12. Mid-Atlantic	7.4	10					1	3	3	2	0	0	1														
13. South Atlantic	8.0	11					2	2	1	3	2	0	0	0	0	1											
14. Asia/Pacific	9.0	21						1	3	4	3	2	3	3	1	0	0	0	1								
15. Europe-Asia/Pacific	7.7	35					1	6	11	4	4	6	2	0	1												
16. North/Mid-Pacific	6.9	17					3	3	3	6	1	0	1														
17. South Pacific	7.9	4					2	0	1	1																	

1. In the range of 26 to 27.



2.7 Column 1 of Table 2-4 shows the overall average revenue per tonne-kilometre performed for all (whether carried on passenger, combination or all-freight aircraft) scheduled freight traffic on each route group. The variation among route group averages ranges from a high of 67.7 cents on routes within Europe to a low of 19.0 cents on routes across the South Pacific in 2006 and from a high of 87.4 cents on routes within Europe to a low of 15.7 cents on routes within South America in 2007. Comparing the figures of 2005 and 2007, 9 of the route groups experienced increases and 7 showed decreases (no data available for one route group).

2.8 Columns 2 and 3 of Table 2-4 show the average revenue per tonne-kilometre performed for scheduled freight traffic carried on passenger and combination aircraft and on all-freight aircraft, respectively. For the majority of route groups for which data are available, due to the large cargo capacity offered at competitive rates on wide-body passenger and combination aircraft (for example, on routes across the North/Mid-Pacific), the freight yields of passenger and combination aircraft are lower than those of all-freight aircraft. This reflects the fact that, depending on the mix of traffic, the freight cost basis on combination aircraft may allow much lower rates to be offered than those on pure freight services.

2.9 Column 4 of Table 2-4 shows the average revenue per tonne-kilometre performed for airmail traffic on each route group. The route group averages range from a high of 67.9 cents on routes within Africa to a low of 23.3 cents on those between Europe and the Middle East in 2006 and from a high of 72.0 cents for routes within Europe to a low of 28.7 cents for routes across the South Pacific in 2007. Between 2005 and 2007, unit mail revenues increased on 5 out of 13 route groups for which there are data available and decreased on the remaining 8 route groups. Unit mail revenues in general still remain somewhat higher than unit freight revenues except for routes within Europe and between Europe and the Middle East (the latter in 2006 only).

2.10 The variation among individual airlines in freight revenue per tonne-kilometre for scheduled services for each route group for 2006 and 2007 is shown in Tables 2-5 and 2-6, respectively. For a few route groups, the unit revenues for individual airlines do not vary much from the route group average (for example, on routes within the Middle East, within Africa and across the South Pacific). However, as with passenger traffic, the unit revenues on most route groups differ significantly among airlines.

Table 2-4. Reported average unit freight and mail revenues by international route group, scheduled services: 2006 and 2007¹

Route group (short title)	Freight revenue (cents) per tonne-kilometre performed						Mail revenue (cents) per tonne-kilometre performed	
	Overall		Passenger and combination aircraft		All-freight aircraft		Overall	
	(1)		(2)		(3)		(4)	
	2006	2007	2006	2007	2006	2007	2006	2007
1. North-Central America	30.1	29.7	30.1	29.7	—	—	35.5	33.8
2. Central America	—	—	—	—	—	—	—	—
3. North America	37.0	39.0	37.0	39.0	—	—	48.2	55.4
4. North-South America	32.9	25.8	24.3	25.8	51.9	—	40.1	37.6
5. South America	24.8	15.7	23.8	15.7	34.5	—	—	—
6. Europe	67.7	87.4	66.3	83.6	78.7	130.8	58.6	72.0
7. Middle East	42.5	35.7	42.5	35.7	—	—	—	—
8. Africa	56.3	49.0	56.3	49.0	—	—	67.9	51.4
9. Europe-Middle East	26.5	27.7	24.5	27.7	39.8	—	23.3	37.2
10. Europe-Africa	26.3	27.6	26.3	27.6	—	—	39.8	50.0
11. North Atlantic	22.2	20.6	20.1	20.6	39.9	—	28.4	29.1
12. Mid-Atlantic	23.7	27.3	23.7	27.3	—	—	31.4	38.1
13. South Atlantic	21.1	22.7	21.1	22.7	—	—	27.2	28.9
14. Asia/Pacific	37.1	38.5	34.7	37.1	42.6	41.3	43.0	45.7
15. Europe-Asia/Pacific	24.6	24.2	25.1	24.4	23.5	23.8	28.0	31.7
16. North/Mid-Pacific	27.0	22.9	22.9	22.5	28.5	23.1	36.5	37.1
17. South Pacific	19.0	21.8	19.0	21.8	—	—	27.4	28.7

1. Data represent only carriers for which substantive information was available and are only presented where they include two or more carriers. The representative nature of the data is described in Appendix 1.

Table 2-5. Variation in scheduled freight yield among airlines: 2006

Route group (short title)	Average revenue (cents) per tonne- kilometre (all airlines from Table 2-4)	Number of airlines in this analysis	Revenue (cents) per tonne-kilometre for individual airlines																
			0	10	20	30	40	50	60	70	80	90	100	110	120	130	140	150	160
			to 10	to 20	to 30	to 40	to 50	to 60	to 70	to 80	to 90	to 100	to 110	to 120	to 130	to 140	to 150	to 160	and over
Route group (short title)			Number of airlines																
1. North-Central America	30.1	5	1	3															1 ¹
2. Central America	—	0																	
3. North America	37.0	8		4	2	0	0	0	1	0	0	1							
4. North-South America	32.9	8	2	4	1	0	1												
5. South America	24.8	3	1	0	0	0	0	0	0	1	1								
6. Europe	67.7	26		2	2	1	1	1	3	2	1	2	1	3	2	0	1	0	5 ²
7. Middle East	42.5	2			1	0	1												
8. Africa	56.3	5			1	1	0	2	1										
9. Europe-Middle East	26.5	21	1	1	8	3	3	1	0	2	1	0	0	0	0	0	0	0	1 ³
10. Europe-Africa	26.3	25		3	8	5	2	1	3	0	0	2	0	0	0	0	0	0	1 ⁴
11. North Atlantic	22.2	28	1	9	13	1	3	1											
12. Mid-Atlantic	23.7	9		1	7	1													
13. South Atlantic	21.1	10		7	3														
14. Asia/Pacific	37.1	21		1	3	9	0	6	1	1									
15. Europe-Asia/Pacific	24.6	31	1	7	15	7	0	0	1										
16. North/Mid-Pacific	27.0	16		4	10	1	1												
17. South Pacific	19.0	5		2	3														
1. In the range of 170 – 180																			
2. In the ranges of 190 – 200 (2), 200 – 210, 210 – 220 and 260 – 270.																			
3. In the range of 260 – 270.																			
4. In the range of 300 – 310.																			

Table 2-6. Variation in scheduled freight yield among airlines: 2007

Route group (short title)	Average revenue (cents) per tonne- kilometre (all airlines from Table 2-4)	Number of airlines in this analysis	Revenue (cents) per tonne-kilometre for individual airlines																	
			0	10	20	30	40	50	60	70	80	90	100	110	120	130	140	150	160	
			to	to	to	to	to	to	to	to	to	to	to	to	to	to	to	to	to	over
			10	20	30	40	50	60	70	80	90	100	110	120	130	140	150	160	over	
Table 2-4)			Number of airlines																	
1. North-Central America	29.7	5	1	3	0	0	0	0	1											
2. Central America	—	0																		
3. North America	39.0	8		3	3	0	0	0	1	0	0	0	1							
4. North-South America	25.8	6	3	2	1															
5. South America	15.7	2	1	0	1															
6. Europe	87.4	27		1	3	0	1	2	3	2	1	2	1	2	2	1	1	1	5 ¹	
7. Middle East	35.7	3		2	0	1														
8. Africa	49.0	4			1	2	1													
9. Europe-Middle East	27.7	21		1	6	2	3	5	2	1									1 ²	
10. Europe-Africa	27.6	21		1	8	3	4	1	0	2	1	0	0	0	1					
11. North Atlantic	20.6	28	1	8	13	5	1													
12. Mid-Atlantic	27.3	10		2	6	1	1													
13. South Atlantic	22.7	11	1	4	5	1														
14. Asia/Pacific	38.5	23		3	7	2	5	3	2										1 ³	
15. Europe-Asia/Pacific	24.2	36	5	21	7	0	1	1											1 ³	
16. North/Mid-Pacific	22.9	20	4	13	3															
17. South Pacific	21.8	4	1	3																
1. In the range of 160-170 (1), 180-190 (2), 230-240 (1) and 340-350 (1).																				
2. In the range of 340-350.																				
3. In the range of 230-240. (same airline)																				

1. In the range of 160-170 (1), 180-190 (2), 230-240 (1) and 340-350 (1).

2. In the range of 340-350.

3. In the range of 230-240. (same airline)

Chapter 3

REGIONAL DIFFERENCES IN SCHEDULED PASSENGER UNIT REVENUES AND RELATED COSTS

Overall financial results by international route group

3.1 Selected operational data and estimated financial results for the years 2006 and 2007, overall and by route group, are presented in Table 3-1.

3.2 Column 1 of Table 3-1 shows that the number of scheduled airlines operating jet services in each route group ranged from a low of 14 on the South Pacific route group to a high of 207 serving routes within Europe in 2006 and from a low of 14 to a high of 214 on the same route groups in 2007. It should be noted that the propeller aircraft operations of these airlines are excluded from the study, as are the operations of some 115 small international airlines which operated exclusively propeller-driven aircraft both in 2006 and 2007. Together these operations with propeller aircraft represented about 0.5 and 0.4 per cent of world international seat-kilometres in 2006 and 2007, respectively, with their highest representations in any single route group being some 30 and 23 per cent within Central America/Caribbean in 2006 and 2007, respectively, and around 3 per cent both in 2006 and 2007 within Africa.

3.3 All operational data included in columns 3 to 5 of Table 3-1 have a significant effect on unit operating costs (see Chapter 4), and the world unit cost is also affected by the geographical traffic composition presented in column 2. There are considerable differences among route groups in the volume of traffic, the average length of flight stages, the average number of seats per aircraft and the average passenger load factor.

3.4 Financial results are presented in columns 6 to 8. It should be borne in mind that the revenue figures do not generally take into account incidental operating revenues. Incidental revenues (which may be directly attributed to passenger traffic) include revenues from passengers paying less than 25 per cent of the normal applicable fare, commissions received on sales of transportation on other carriers, "no-show" and cancellation fees (expenses incurred against these revenue items are however included in the cost figures shown in column 7). Incidental revenues also include, on a net basis, capacity equalization payments arising from pooled and/or joint services as well as from the sale of own capacity to other carriers. Revenues accruing from the provision of services other than for air transportation (such as service and maintenance sales or handling services for third parties) and the corresponding costs are excluded from all figures presented in this study. An analysis of reported incidental revenue data on this basis for 2006 and 2007 indicates that for international routes as a whole, relevant incidental revenues not included in Table 3-1 might have been about 0.36 and 0.37 cents per passenger-kilometre in 2006 and 2007, respectively. If these relevant incidental revenues had been added to the estimated worldwide unit revenue, they would have increased the estimated worldwide unit revenue from 8.84 to 9.21 cents per passenger-kilometre in 2006 and from 9.51 to 9.88 cents per passenger-kilometre in 2007, this being about 4 per cent for each year. For individual route groups, the passenger-related incidental operating revenues may represent as much as almost an additional 7 per cent over the average revenue in both years. In further analysis, however, they have not been included since no attempt has been made to estimate them for all airlines (reporting and non-reporting) due to the uncertainty of to what extent they can be attributed to the carriage of passengers on passenger and combination aircraft.

3.5 The average (weighted) operating cost — attributable to the carriage of passengers on passenger and combination aircraft — per passenger-kilometre for all international routes was 8.84 cents and 9.30 cents (column 7) in 2006 and 2007, respectively (for further details on the way passenger costs have been derived, see paragraph 10 of

Appendix 2). The figures for individual route groups range from a high of 14.2 cents on routes within the Middle East to a low of 6.7 cents on routes across the Pacific in 2006 and from a high of 14.2 cents on routes within Europe to a low of 6.9 cents on routes across the North/Mid-Pacific in 2007. These estimated costs include such items as depreciation and sales commission paid (which are sometimes accounted for differently) but exclude costs attributable to the carriage of freight and mail.

3.6 The ratio of passenger revenues to passenger costs (column 8) for international routes as a whole is estimated at 1.00 for 2006 and 1.02 for 2007, with the ratios for individual route groups varying from 0.80 to 1.10 for 2006 and from 0.85 to 1.15 in 2007. Taking into account the relevant incidental revenues associated with international passenger traffic and the margins of uncertainty in estimated revenues and costs (discussed in Appendix 2), the revenue/cost ratio for all international passenger traffic is estimated to be between 1.00 and 1.06 in 2006 and between 1.01 and 1.08 in 2007.

3.7 The components of the total passenger costs are presented in Table 3-2. The primary breakdown is between "aircraft operating costs" (i.e. those directly attributable to the operation of aircraft on each route group) and "other operating costs". All the itemized data carry relatively wide margins of uncertainty and should be regarded as indicative only. Nevertheless, it appears that most of the individual items vary significantly among route groups.

3.8 The variations in revenue/cost ratios among airlines in 2006 and 2007 are shown in Table 3-3. On most route groups, the ratios vary significantly among the airlines, and the average revenue/cost ratios do not therefore adequately portray the economics of the operations. The revenue/cost ratios of individual carriers ranged from less than 0.7 to greater than 1.3 on 5 out of 15 route groups in the analysis in 2006 and 4 out of 14 route groups in the analysis in 2007, while ratios ranging from 0.7 to 1.3 were observed on 4 and 6 route groups in 2006 and 2007, respectively.

Comparison of results for 2007 with those for 2005

3.9 An overall comparison between data for 2007 and corresponding data for 2005 shows an increase of about 11 per cent in the estimated passenger cost per available seat-kilometre, from 6.39 cents to 7.11 cents. Since the worldwide average load factor at 76.4 per cent in 2007 showed an improvement of close to two percentage points, as compared to 2005, the cost per passenger-kilometre shows an increase of about 8.8 per cent, from 8.55 cents to 9.30 cents (see column 7 of Table 3-1). Unit revenues (excluding incidental operating revenues) showed an increase of 13.5 per cent, from 8.38 cents per passenger-kilometre to 9.51 cents in 2007 (see column 6 of Table 3-1). As a result, the overall revenue/cost ratio increased from 0.98 in 2005 to 1.02 in 2007.

3.10 Between 2005 and 2007, all 13 route groups for which comparable data were available showed increases in costs per passenger-kilometre ranging from about 16 per cent on routes across the South Pacific to some 1.5 per cent for those within North America (Figure 3-1).

3.11 As with the revenue figures discussed in Chapter 2, the comparison of unit costs between 2005 and 2007 has been affected in some cases by a change in the value of the U.S. dollar against other world currencies. Within the Americas, where most fares and rates are transacted in U.S. dollars, the changes in yields generally reflect market changes. Similarly, changes in unit costs in the Americas to a large extent reflect the general change in costs, as well as some operational changes, since the greater part of costs are generally borne in U.S. dollars.