
Gulf airlines in 2017: Etihad cuts capacity as Emirates and Qatar begin slow growth

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For the first time in over a decade, a Gulf superconnector airline will reduce its annual capacity. **Etihad is forecast to cut ASKs by 4% in 2017.**

Emirates and Qatar Airways will have their slowest growth expansion in a decade, but in terms of net capacity addition 2017's production increase is the slowest in about five years.

Etihad is contracting in all regions except Western Europe and Australia in 2017. The largest cuts will be in South America, North America and Southeast Asia, although this does not necessarily correlate to regional profitability. Despite the reduction Etihad's frequencies will be up 1% in 2017, mostly in Western Europe and South Asia.

Etihad has announced plans to reduce staff members, which it says will be largely through attrition. As it contracts instead of growing, its aircraft commitments – and in particular 787s – may be cancelled or deferred. Etihad's partnership with Lufthansa will result in its airberlin burden being reduced. Etihad may look to sell down European investment airlines, according to unconfirmed press reports.

Yet as Etihad recalibrates under a changed Abu Dhabi government, Qatar Airways continues to grow.

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