Jeffrey N. Shane

PARTNER, HOGAN LOVELLS

"The newly renegotiated OECD Aircraft Sector Understanding - aligning the cost of government credit guarantees more closely with commercial financing - means that the capital requirements associated with new aircraft acquisition can be expected to increase significantly for a great many airlines. This comes just as the need to expand and modernise fleets - to accommodate recovery-driven demand, reduce emissions, and exploit emerging ATM technologies - is becoming more urgent. Will this be the year that governments finally begin to rethink anachronistic restrictions on the flow of capital in aviation? Be still my heart..."

Ulrich Schulte-Strathaus

SECRETARY GENERAL, ASSOCIATION OF EUROPEAN AIRLINES

"Economic parameters will generally favour continued, albeit "normal", traffic growth levels on the assumption that speculation will not increase oil price volatility. But traffic is growing much faster in the emerging markets of the Asia Pacific, Middle East, Africa, Latin America and Eastern Europe regions, compared to the more mature aviation markets of Western Europe and North America. This traffic will also bring improved premium levels and fares, and good profitability for long-haul carriers.

Political vision in Europe and in the USA will be required to use the Open Aviation Area agreement between the two continents as a template for a regulatory convergence of policies affecting air traffic. As importantly, the process of establishing ICAO as a negotiator for aviation on environmental issues will need political clout to bear fruit and prevent the proliferation of distortive regional and national measures."

Brian Pearce

CHIEF ECONOMIST, IATA

"After a strong cyclical rebound in 2010, the next phase of what should be a multi-year upturn for the airline industry faces a number of conflicting forces. There are opportunities, particularly for long-haul network airlines, from robust emerging market expansion, strong world trade and further gains in business travel. But the debt crisis in Europe will inevitably depress growth in this region and threatens to add new taxes this year. Central bank money printing and capital flows are also threatening to inflate a commodity price bubble. Price-sensitive leisure travel looks most at risk outside strong emerging market economies. Diversification through M&As, joint ventures and closer alliance partnerships are likely to be a key feature of this multi-speed market environment in 2011."

Barry Humphreys

CHAIRMAN, BRITISH AIR TRANSPORT ASSOCIATION

"In the UK, we know that the Government is planning new aviation legislation which, in particular, will reform airport regulation (and probably, incidentally, serve only to make matters worse for airline customers). We also know that NATS, the UK air traffic control provider, will see more of its shares sold off by the Government and other shareholders, also with significant implications for airlines.

If I had to pick one issue which, in my view, will determine whether a year from now we are drinking in celebration or to drown our sorrows, it would be the price of oil. It is frightening to think that in January 2012, we may look back with fond memories at a USD90/barrel oil price (unless the GB Pound is back where it belongs!)."