

April 23, 2008

## DOW JONES REPRINTS

---

◀R This copy is for your personal, non-commercial use only. To order presentation-ready copies for your colleagues, clients or customers, use the Order Reprints tool at the bottom of any article on [www.djreprints.com](http://www.djreprints.com).

- [See a sample reprint in PDF format.](#)
- [Order a reprint of this article now.](#)

### **Pilot shortage could curb growth Crunch may increase carriers' labor costs amid high fuel bills**

By DAVID PEARSON  
THE WALL STREET JOURNAL ASIA  
April 23, 2008

PARIS -- A worsening world-wide shortage of airline pilots could slow the aviation industry's growth and increase labor costs just as carriers are grappling with soaring fuel bills.

The Geneva-based International Air Transport Association reckons that the airline industry needs 3,000 pilots a year more than training schools can provide.

IATA's Director General Giovanni Bisignani predicted earlier this month that 19,000 pilots will have to be trained on average every year through 2026 to meet expected demand as airlines expand their fleets. That is 2,000 more than the Montreal-based organization predicted just five months ago.

Training facilities world-wide churn out 16,000 pilots a year now.

The problem isn't only that there aren't enough pilots, but that there are too few experienced ones to captain aircraft. Thousands of baby-boomer pilots are retiring every year.

That means unless there is a big increase in training, or a slowdown in traffic growth -- which seems unlikely -- the industry is heading for trouble.

As airline traffic continues to increase -- IATA estimates airline passenger traffic will grow at an average of 5.1% between 2006 and 2011, with airlines set to transport 2.75 billion passengers by that year -- the imbalance is

become even more severe.

North American airlines aren't hurting as much as others because some airlines there have ceased operations and leveled off. There is well-established training capacity there, too.

"But the situation, especially in the emerging markets, is quite the opposite -- above average traffic growth and very limited local training capacity," says Juergen Haacker, IATA's director of operations. "The problem is more acute if demand in North America starts to rise sharply."

The shortage is most serious for captains. Pilots normally are required to accumulate thousands of flying hours as first officers before they are allowed to move into the captain's seat. Airlines have started offering captain's seats to pilots with fewer hours of experience, a trend Mr. Haacker says IATA is watching carefully for its implications for safety.

But the challenge facing industry regulators is to train pilots faster and better without compromising safety.

The International Civil Aviation Organization decided two years ago to increase the age limit for a commercial pilot license by five years to 65, but industry experts say this is only a stop-gap measure.

The pilot shortage has prompted flying schools to step up their operations, but they still can't cope. There is evidence that some airlines that had booked training slots have been forced to give them up because they couldn't find crews to train.

The result is that larger airlines are being forced to poach experienced pilots from others further down the line. "It's a huge problem for personnel departments," an airline official acknowledges.

Mike Edgeworth, head of the Shemburn Group, a company that has set up a flight school in Ireland, says the airline industry historically has been unable to smooth out the peaks and troughs of pilot supply and demand.

"Airlines either do not pay enough attention to forward planning or find themselves unable to do so with a certain certainty due to the influence of economic swings, oil prices, regulatory changes and many more factors. This leads to gross oversupply or a chronic undersupply of crews," he says.

The International Federation of Air Line Pilots' Associations, which represents pilots' labor unions, has called for a net increase of 55,000 new pilots globally, simply on the basis of the aircraft industry's order backlog, there is a need for a net increase of between 55,000 and 60,000 new pilots globally.

Single-aisle jets used on short-to-medium length routes require six two-man crews to ensure optimum utilization of aircraft during normal operations. But each long-haul wide-bodied jet can require four times that many because of mandatory rest times, says IFALPA spokesman Gideon Ewers.

Mr. Ewers notes that a fast-growing airline like Abu Dhabi-based Etihad Airways is taking delivery of one new commercial jet a month. "That implies they need a huge number of pilots, and that's just for one airline. Multiply that by hundreds of airlines and you get an idea of the extent of the demand," Mr. Ewers says.

He points out that the pilot shortage is less for first officers than for captains trained to fly various models of aircraft. Training to fly an Airbus A330, for example, can take two months. Specialized flight schools are already vying for pilots.

hours a day, seven days a week, and simulators are booked up six months ahead.

Pilots' unions at Air France-KLM have warned that the airline may be constrained in its capacity to operate because of the flight-crew crunch. But the Franco-Dutch airline's management disputes this, saying it will hire 300 pilots annually in 2008 and 2009, up from about 130 between 2003 and 2006.

**Write to David Pearson at [david.pearson@dowjones.com](mailto:david.pearson@dowjones.com)**<sup>1</sup>

**URL for this article:**

<http://online.wsj.com/article/SB120888629684535203.html>

**Hyperlinks in this Article:**

(1) <mailto:david.pearson@dowjones.com>