

## Geographical Location and the Global Airline Industry: A Delphi Study into the Future of Home Base Requirements

**Authors :** Darren J. Ellis

**Abstract :** This paper investigates the key industry-level consequences and future prospects for the global airline industry of the requirement for airlines to have a home base. This industry context results in geographical location playing a central role in determining how and where international airlines can operate, and the extent to which their international networks can develop. Data from a five stage mixed-methods Delphi study into the global airline industry's likely future trajectory conducted in 2013 and 2014 are utilized to better understand the likelihood and consequences of home base requirements changing in future. Expert views and forecasts were collected to gauge core industry trends over a ten year timeframe. Attempts to change or bypass this industry requirement have not been successful to date outside of the European single air market. Europe remains the only prominent exception to the general rule in this regard. Most of the industry is founded on air space sovereignty, the nationality rule, and the bilateral system of traffic rights. Europe's exceptionalism has seen it evolve into a single air market with characteristics similar to a nation-state, rather than to become a force for wider industry change and regional multilateralism. Europe has indeed become a key actor in global aviation, but Europe seems to now be part of the industry's status quo, not a vehicle for substantially wider multilateralism around the world. The findings from this research indicate that the bilateral system is not viewed by most study experts as disappearing or substantially weakening in the foreseeable future. However, regional multilateralism was also viewed as progressively taking hold in the industry in future, demonstrating that for most industry experts the two are not seen as mutually exclusive but rather as being able to co-exist with each other. This reality ensures that geographical location will continue to play an important role in the global airline industry in future and that, home base requirements will not disappear any time soon either. Even moves in some aviation jurisdictions to dilute nationality requirements for airlines, and instead replace ownership and control restrictions with principal place of business tests, do not ultimately free airlines from their home base. Likewise, an expansion of what constitutes home base to include a regional grouping of countries - again, a currently uncommon reality in global aviation - does not fundamentally weaken the continued relevance of geographical location to the global industry's future growth and development realities and prospects.

**Keywords :** airline industry, air space sovereignty, geographical location, home base

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