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**Global aviation leaders jet into Doha for key summit**

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***IdeaWorksCompany contributed information to this article - - see italics.***

For the first time, the Qatari capital will be host city for a meeting of these high-powered individuals.

The three-day talks promise to be invigorating, thought-provoking and, for sure, stimulating if not controversial.

Keynote addresses and debates will keep the hungry media pack flying in from all corners of the world busy and eager to secure those hard-hitting sound bites to make compelling reading in their respective publications back home.

But it will be in the hotel corridors in between summit sessions that will get the hacks working their contacts for exclusive news stories to justify their visit to Qatar.

But this is a conference with a difference.

We are not talking about international affairs involving the world's political leaders.

Instead, more than 200 of the aviation industry's top brass are jetting into Qatar for their annual conference – the 70th edition of the International Air Transport Association (Iata) and World Air Transport Summit.

They will be joined by other key stakeholders from across the air transport industry, including airline associations, government aviation regulators, airports and aircraft manufacturers.

The programme, which begins tomorrow evening, is extensive covering many areas including those which continue to dominate the conference floor each year: Financial performance, safety, security and the environment.

Iata, by its sheer size, represents the interests of almost 250 airlines around the world which account for 84% of global air traffic.

Seen by some simply as an old boy's network that brings together high-profile aviation executives for three days of networking, the Iata annual general meeting (AGM) has grown in stature and maturity over the years and comes to the Gulf for the first time.

More than 200 international seasoned aviation journalists will be prying for scoops, beavering away on their recording devices, smart phones, iPads and laptops and scurrying to be the first to get those all-important stories out.

Safety and security will be a hot topic in light of the disappearance of Malaysia Airlines' flight MH370 from Kuala Lumpur to Beijing on March 8.

Industry calls to implement real-time tracking of commercial aircraft following the loss of Malaysia's Boeing 777 jet, have been well heeded. Major airlines are united on the need for a better system of monitoring flight data.

Iata will have a big say in reform and is working closely with the relevant authorities on new safety and security measures.

The summit, however, will continue to have the industry's financial performance at the core of all debates and discussions.

Three months ago, Geneva-headquartered Iata released figures that showed the airline industry in 2014 was on track to deliver a second consecutive year of improved profitability of $18.7bn, down $1bn from previous forecasts due to the impact of higher oil prices.

But dig deeper, when net profits per passenger are taken into account based on global airline revenue, the figures are startling to say the least – a net profit margin of just 2.5% or $5.65 per passenger that equates to the cost of a cheese sandwich!

Thin and fragile profile margins are what the industry continues to try to overturn.

Monday's opening "State of the Nation" address by IATA director general and CEO Tony Tyler will address the performance of the industry as seen today, as well as the continued challenges with a fresh prognosis.

The profitability figures show a level of strong optimisim in one of the world's most dynamic industries. Air travel is soaring; passenger numbers are rising sharply; aircraft orders are shooting up; and plane manufacturing is reaching new levels.

No reason to be pessimistic one may say.

But with all the optimism of a buoyant sector, airlines continue year on year to weather a difficult course to counter general economic setbacks, many of which are out of their control. For example, airlines are forced to shift their planes and general capacity to high-performing markets in the event of poor business in certain parts of the world.

Will the political events unfolding in Thailand have an impact on end of year financial results for many airlines which traditionally experience strong business to this tourism hotspot in Southeast Asia?

Will the political events unfolding in Russia and Ukraine impact business in these high-interest economic areas?

Will East Africa experience a continued drop in business as a result of terror attacks in the regional hub of Kenya?

The unknown, but airlines have to regularly reconsider their operational strategies to deal with such problems.

Fuel price hikes remain the number one concern for all airlines. Fuel accounts for well over 30% of an airline's overall costs and continues to hit financial performance. But airlines counter the growing problem of fuel charges by passing costs onto the consumer that result in higher fares.

Passengers are forced to absorb some of the rising airport charges which airlines have to pay to use airport services.

High fuel prices have created a financial discipline among airlines that has made them look closely at every expense in the air and on the ground. Fuel costs are not in their control, but other areas that are, can help significantly improve the bottom line.

Reducing staff numbers, improving aircraft utilisation – keeping planes flying rather than sitting on the ground – and reducing seat capacity in real terms, push fares up to buffer increased costs. Higher fares and lower costs equate to more revenue and greater yield per passenger which all airlines strive for.

***Airlines increasingly look to their ancillary charges to bring in more revenue. Whether it is excess baggage charges or checked-in baggage fees; selling frequent flyer points or onboard retail shopping; promoting hotels or holiday packages, airlines are after a greater slice of the action to lure passengers to dig deeper into their pockets.***

***According to US-based aviation research company IdeaWorksCompany, the second major structural change in airline performance over the years has been the emergence of ancillary businesses.***

***Based on data from IdeaWorks, the average ancillary revenue per passenger could exceed $13 this year from zero in 2007.***

Today's industry is a far cry from what it was a decade ago.

We read stories of airlines expanding in different parts of the world. In the past it used to be about an airline being the biggest in a particular city. That philosophy is out of the window.

Increasingly, it's about expanding to cities on their own or with strategic alliance partners where they know money can be made. Flying to destinations others don't serve or have a limited presence, makes it a compelling business case. Less competition, higher fares, more viability and more route profitability.

However, there are obstacles along the way.

Protectionism by governments of their aviation industry – national or private – prevents more entrants, stifles competition, and dampens free movement of people and trade. Result: higher fares.

Over-regulation by governments through high taxation and infrastructure bottlenecks weaken the industry's competitive standing. Result: higher fares.

Iata's perennial issues resurface annually and will never go away. The industry's costs are far too high; margins continue to be thin; inefficient infrastructure threatens the financial viability of airlines; and more co-operation and understanding is needed between governments and airlines for the industry's sustainability.

Qantas CEO Alan Joyce, in his outgoing message as chairman of the Iata Board of Governors at last year's Cape Town AGM, said many airlines had embarked on major transformation programmes, reshaping their business, re-engaging employees, and revitalising customer service.

Many, he said, were forging ahead with new investments and new partnerships having developed new business models.

The aviation industry and governments, he stressed, need to focus on shared, long-term goals and vision – vital if the sector was to continue creating jobs, drive productivity and augment sustainability.

The boss of the Australian airline rounded off his comments by stating that policies and regulation must be in harmony to encourage rather than restrict aviation's economic contribution.

After all more than half the world's tourists travel by air and aviation plays a crucial role in driving economies.

As we've seen at previous Iata AGM's, it's a long runway ahead to keep all parties focused towards a better aviation industry for all stakeholders including, most importantly, end users – consumers who are always looking for a good deal from airline providers.