

Highlights of Industry Operational Measures*

Form of measures	Effect/Implication	Constraint/Caution
a) Route rationalization and fleet rightsizing	Streamline network operations and select right mix of aircraft to maximize both profitability and reliability.	Constant evaluation of the market trend is crucial for realigning route networks and fleet to match changing demand with efficient connectivity and capacity.
b) Diverting excess passenger capacity to cargo-only or charter operations	Utilize passenger aircraft which would be parked to generate a fraction of the revenue as well as to accommodate cargo demand and diversified travel needs.	Air cargo operations face competition from other transport modes; conversion of passenger aircraft for cargo-only operations also carries upfront costs; international charter operations are subject to the air services agreements governed.
c) Flexible fare adjustments	Adjust air fares to stimulate demand while responding to both down and upward pressures on airlines.	Increase in air fares may dampen leisure demand in certain markets; the slow return of business travel complicates the pricing strategy.
d) Cooperative arrangements	Enable partners to optimize schedules and capacity to achieve higher load factors, as well as improve efficiency and reduce costs.	The deeper form of cooperation often requires regulatory approval, considering its potential adverse effects on users under certain circumstances.
e) Mergers and acquisitions	Enable partners to capture economies of scale and scope through shared infrastructure, assets, information, network, etc.	M&As are subject to competition laws, as well as regulatory restrictions on foreign ownership and control; full-scale international mergers are relatively rare.

* Refer to the *Guidance on Economic and Financial Measures* for more details.