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October 2, 2019

Allegheny Institute Op-Ed

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660 words

### International passengers tank at PIT

By Colin McNickle

Despite the Allegheny County Airport Authority's much ballyhooed and publicly subsidized international flights at Pittsburgh International Airport, passenger numbers for those flights have fallen dramatically.

"In August 2019 the international passenger count fell an astonishing 37.3 percent compared to the same month in 2018 despite the heavily touted arrival of British Airways (BA) in April," says Jake Haulk, president-emeritus and now a senior advisor at the Allegheny Institute for Public Policy.

"Although international passengers make up only 3 percent of total passengers, the 37 percent drop, combined with the tiny domestic increase, resulted in a decline in total passengers in August, albeit small, at 0.7 percent," says Haulk (in *Policy Brief Vol. 19, No. 36*).

Year-to-date, the August domestic count is up 2.2 percent compared to the 5.9 percent posted a year earlier. The year-to-date international count in August was down 21.9 percent – a major reversal from the 15.8 percent increase for the first eight months last year.

"International passenger counts have fallen every month this year except April when they rose with the advent of the British Airways flights," says Haulk. "However, during each of the last three months of available data, June through August, international passenger boardings and deplanements have plunged by more than 30 percent from their 12-month-earlier readings."

But this abrupt slowing is *not* due to an overall weakening nationally; nationwide, domestic enplanements through August are up year-to-date by 4.1 percent. That's down slightly from 2018 but much stronger than 2017.

Meanwhile international enplanements nationwide through August are up 4.4 percent, which is actually much better than 2018's 2.6 percent.

"Thus, the PIT passenger count weakening must be attributable to other factors, especially the huge drop in international passengers," Haulk says. "Virtually all the international gains at PIT made in 2017 and 2018 are gone. The August 2019 count of 25,951 is down almost 16,000 from a year ago and stands just above the 2016 reading."

So, to what is such a pronounced drop-off attributable?

Indeed, the financial crash of WOW Air's unsustainable business model (propped up with \$800,000 in pledged public subsidies) played a role in the international passenger count decline. But what about the effects of those public subsidies themselves?

To wit, the British Airways PIT flights are being subsidized with \$3 million over two years. The awarding of those subsidies tracked closely with Delta Air Lines pulling its flights to Paris. Previously subsidized, Delta's regular flights became seasonal when those subsidies stopped; when the BA subsidies came, Delta went, internationally speaking.

"But what has been revealed is that the British Airways flights are not carrying nearly as many people over the June-through-August period as Delta apparently was," Haulk says.

There's also the question of how many Pittsburgh-to-London or other European destination passengers a subsidized British Airways has siphoned from other carriers, such as American Airlines' one-stop service to London.

And because data are not available it is unknown what the percentages of passengers on the BA flights are local citizens and how many are foreign visitors.

"These percentages are important to know since the regional economic impact projections presented by British Airways depend heavily on the number of foreign visitors brought by the carrier – projections the Allegheny Institute has shown to be overly optimistic," adds Haulk, a Ph.D. economist.

He also notes that the airline's calculation does not look at net benefits in that it ignores the dollars leaving the region through BA ticket purchases and expenditures by regional residents abroad.

All this said, the seven-county Greater Pittsburgh area continues to lose population, the labor force has shown no net increase since the early 2000s and jobs gains are slowing.

"All of which make it hard for local demand for air travel to keep growing at very strong rates," Haulk reminds.

*Colin McNickle is communications and marketing director at the Allegheny Institute for Public Policy ([cmcnickle@alleghenyinstitute.org](mailto:cmcnickle@alleghenyinstitute.org)).*

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<p>Allegheny Institute for Public Policy 305 Mt. Lebanon Blvd.* Suite 208* Pittsburgh PA 15234 Phone (412) 440-0079 * Fax (412) 440-0085 E-mail: <a href="mailto:aipp@alleghenyinstitute.org">aipp@alleghenyinstitute.org</a></p>
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