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BACK IN THE GAME

THAI has clawed back from crisis and on an independent path to full recovery under the leadership of CEO Chai Eamsiri

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“Earnings stress” forecast for China’s “Big 3 carriers”

Bumps along the way for airlines in 2025

Plodding SAF production to pick up pace

Orient aviation 31 YEARS

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COVER STORY


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Boeing begins long haul journey to former iconic status

Kelly Ortberg, the president and CEO appointed last August, has said Boeing is in a difficult position. That may be the understatement of the decade. He made the comment as the company, beset with labour and manufacturing woes, reported a staggering third quarter net loss of US$6.17 billion, increasing its losses for the year to date to almost $8 billion. A near eight week strike by 33,000 machinists did not help, halting aircraft production of the company's best-selling single and twin aisle aircraft. After repeated times of asking, the striking employees ended their strike when Boeing agreed to a 43% pay increase over four years, a ratification bonus of $12,000 but no restoration of a pension plan.

The standoff with the machinists was an age old story of workers versus management. The workers have won, but they have increased Boeing's financial woes.

As global ratings agency, S & P, wrote on November 5, the strike contributed to Boeing's already significant financial problems. It forecast the company will gobble up $14 billion in cash this year and predicts the outflow will continue in 2025.

Ending the strike was a necessary first step to Boeing's recovery. However, the bad news keeps on coming. Revenue from the OEM's commercial airplane unit is lower by 5% year-on-year, at $7.443 billion, impacted by $3 billion in charges and higher expenses.

Deliveries have declined by 10%, with only 116 aircraft arriving – and late – with frustrated customers. Cost-cutting will soon include a 17,000 reduction in the company's global workforce including executives, managers and employees. The 777X, Boeing's new flagship aircraft, initially scheduled to enter commercial service in 2020, has been pushed back to a 2026 unveiling.

These woes, not to mention years of questionable quality standards, have prompted some speculation Boeing could collapse. Such an outcome is unlikely. For a start, the U.S. government will never allow the country's largest aerospace company to go under.

And while Boeing's current financial performance is, to say the least, woeful, it does have a backlog of more than 5,400 commercial aircraft orders valued at $511 billion.

Ortberg acknowledges the company is facing significant challenges, citing eroded trust, excessive debt and performance lapses that have disappointed many of its customers. He rightly adds it will take time to return Boeing to its former corporate glory, "but with the right focus and culture, we can be an iconic company and aerospace leader once again", he said in an email to staff earlier this month. Let's hope he is right. ■

TOM BALLANTYNE
Associate editor and chief correspondent
Orient Aviation Media Group

Hong Kong's third runway system on track for commissioning

Unless there are last minute hitches, Hong Kong International Airport's (HKIA) new third runway systems (3RS) will be accepting landing and departing aircraft from the final week of November.

A commissioning ceremony, to be attended by the who's who of the Greater China aviation industry, is scheduled for November 28 and is on track to meet the official opening deadline.

The new HKIA northern runway has been operating for two years and has freed up the airport's centre runway leveling works and the construction of a variety of taxi ways. Now completed, the 3RS is ready to play its role in bringing to fruition the HKIA's planned Airport City. Airport Authority Hong Kong forecasts the 3RS will allow the airport to process up to 120 million and 10 million tonnes of cargo a year.

Another vital part of HKIA's expansion is the redevelopment of Terminal 2 (T2), until now the poor cousin of HKIA's T1. T2 is being transformed to accommodate 50 million passengers a year linked to 60 gates on an airside satellite concourse. The upgrade will integrate the present HKIA ground transportation system – taxis, buses and the Airport Express train network to passengers processed through T2. HKIA was opened in 1998 on a man-made island north of the much larger Lantau Island and built at an astonishing pace. Its introduction of a dedicated high speed train from Hong Kong and Kowloon to the airport was ground breaking among the major airports worldwide. Now the airport is very much focused on a much larger target than the Hong Kong Special Administrative Region - the 87.5 million increasingly affluent potential travellers resident in China's Greater Bay Area. The region's nine Mainland cities are only 90 minutes - at the most - by coach and/or ferry from HKIA's future Airport City. Thirty down town check-in centres are being built to attract GBA air passengers to transit through HKIA or spend a day or more at HKIA. Airport City and return to the Mainland without venturing from airside in Hong Kong. ■

A significant regional partnership

One flag carrier has a 170 million plus emerging market population. The other has a stellar operational and fiscal reputation. And they are just across the water from each other. Together, the deepening commercial partnership approved and ready to go between Singapore Airlines and Garuda Indonesia is certain to intensify competition, especially in the full-service sector, for Asean passenger market share.

At press time, SIA and Garuda Indonesia announced they will boost flight frequencies between Jakarta and Singapore in the final quarter of the year and introduce joint fare products in first quarter 2025. On November 12, SIA said it will operate eight times daily Singapore-Jakarta from November 22, from six at present. Garuda will build its daily service from Jakarta to Singapore from four flights a day currently to six from December 1. The two flag carriers also will code-share between Singapore and Indonesia's Bali Denpasar, Medan and Surabaya – as well as the country's capital – and on routes between Singapore and London Heathrow and Mumbai. Additionally, from early 2025, GarudaMiles and KrisFlyer frequent flyers will be able to redeem and earn miles on code-share routes. Other initiatives being considered by the two partners are joint revenue sharing on flights between the two countries, co-ordination of flight schedules to improve connectivity and joint sales and marketing activities, a joint statement said. ■

Brunei hosts annual regional airline assembly

As air traffic in Indo-Asia-Pacific returns to pre-pandemic – or larger – volumes, airline presidents, CEOs and senior executives from the region's airlines are gathering in Brunei Darussalam for the 68th Assembly Association of Asia Pacific Airlines Assembly of Presidents.

Priorities for discussion are the accelerating drive for sustainability and a contemporary assessment of industry's progress to global net zero carbon emissions by 2050.

Hosted this year by Royal Brunei Airlines, AAPA director general, Subhas Menon, delivered the Assembly's keynote address. Brunei's minister of transport and info-communications, Yang Berhormat Pengiran Setia Shamhary, has welcomed delegates to the invitation-only gathering. The International Civil Aviation Organisation's (ICAO) regional director, Tao Ma, will present ICAO's view of issues of importance in the region – which is once again claiming the space of the largest airline market in the world.

A panel, "Is the sky the limit for their airlines?" will focus on the emerging markets of Vietnam, Thailand and their ASEAN neighbours. Members of a second panel, A Leaders Dialogue, "Air Travel of Tomorrow: Feet in the Present, Eye to the Future", will be Malaysia Aviation Group managing director, Capt. Izham Ismail, Singapore Airlines CEO, Goh Choon Phong, Air Astana president and CEO, Peter Foster, and Thai Airways International president and CEO, Chai Eamsiri.

More than 150 delegates from the global industry, aircraft and engine manufacturers, suppliers and media, are attending the November 13-November 14 assembly. ■

Bumps along the way

Forecasting the future of the region's airlines is a game of chance given the potential for industry crises. The path of post-pandemic recovery has been smooth, but there are no guarantees potholes won't open up in 2025, reports associate editor and chief correspondent, Tom Ballantyne.

At press time, most of the region's airlines were operating at pre-pandemic levels or better and are forecast to continue to prosper in 2025. Passengers are forecast to hit the 3.5 billion mark this year, 103% of 2019 numbers. By year-end 2025, passenger traffic across the Indo-Asia-Pacific is forecast to approach four billion travellers.

Mordor Intelligence values this market at $87.66 billion this year and $109.88 billion by 2029. Yet, if there is an axiom for the airline industry it is that uncertainty is always on the horizon.

Major possible issues to navigate are restructuring networks as a result of air frame and engines delays, fluctuating fuel prices and the impact of geopolitical events.

Aircraft delivery schedules, in particular, are critical to forward planning. As 2024 draws to a

close, International Air Transport Association (IATA) director general, Willie Walsh, speaking at an Irish think tank in Dublin in October, said Airbus and Boeing delivery delays are not improving.

"It's massively frustrating for airline CEOs and it's having a big impact," he said. "It's going to be a problem, I think, for a number of years to come. The message I hear from airline CEOs is the situation does not look like it is getting worse, so it seems to have bottomed out or plateaued, but it's not yet getting better."

An example: Boeing has told customers not to expect any B777-9 deliveries before 2026, more than five years later than deliveries were to commence. Customers have ordered 481 of the type, with the biggest orders coming from Emirates (205), Qatar Airways (74) and Singapore Airlines (31).

All these carriers had been planning for deliveries from 2025. Cathay Pacific, Air India and All Nippon Airways also are among the marquee customers of the type.

It has a serious impact on airline operations. As Emirates Airline president, Sir Tim Clark, put it: "Emirates has made significant and highly expensive amendments to our fleet programmes as a result of Boeing's multiple contractual shortfalls. We will be having a serious conversation with them over the next couple of months." Asia-Pacific operators on the order list will face similar – and costly – changes to fleet plans, meaning they will have to use older aircraft for longer.

Another major risk for airlines is a spike in fuel prices resulting from the Israel-Hamas war. If the war escalates to an Israeli attack on Iran's oil refineries, the impact on global prices could be costly.

Another geopolitical event showing no signs of abating is the Russia-Ukraine conflict. Recent reports North Korea is sending troops to assist Russia could ignite a confrontation between Russia and the West.

The most visible impact on airlines from this conflict is the closure of Russian airspace, which has caused an imbalance in the Asia-Europe and Asia-U.S. market. It has gifted Chinese airlines, which are able to operate through Russia, a clear advantage over Western competitors forced to add up to two hours to their flights to skirt Russian airspace, increasing their fuel bills. This anomaly will continue.

There are other risks, particularly global warming, that is increasing the frequency of severe weather events, flight delays and cancellations.

As they deal with those complexities, the region's airlines will be striving towards their sustainability goals. They will continue to spend as much on sustainable aviation fuel (SAF) as is available despite the fact it is four to five times more expensive than conventional jet fuel.

And, as IATA has repeatedly and forcefully declared, the profit margins of the airline industry are extremely small compared with other industries. Airlines will have to intensify efforts to improve profit margins, identifying more efficient operating procedures, including the integration of Artificial Intelligence (AI) into their information technology systems to reduce cyber-attacks. ■

"Earnings stress" to continue into 2025 at China's Big 3 airlines

Leading Asian bank, HSBC, has predicted the bottom lines of China's three largest state-owned airlines will most likely remain in the red to year-end due to "a decline in air fares and rigid fixed costs and domestic and international over-capacity".

"Air ticket prices will trend down sequentially in the fourth quarter for domestic and international routes from overcapacity, but more importantly falling consumption and economic uncertainties in China," HSBC said in a note on October 31.

It continued: "Data shows air fares fell rapidly post Golden Week (GW) from October 1-October 28, with average prices down 11% against GW for domestic routes and 23% lower for international flights."

Despite foreign carrier complaints that the Mainland's international airlines benefitting from shorter flying times through Russia than they do, HSBC said that if the return of foreign airlines speeds up it is likely to cap fares for the Big 3, especially as they are carrying excess capacity.

CSA will have a results cushion from the booming e-commerce business out of China, HSBC forecast, with the Mainland's largest airline forecast to return to profit in 2025. Air China has a similar cushion as a result of its 30% equity in now profitable Cathay Group, helped by the Hong Kong airline's robust cargo business, the research note said.

It added: "Air China and China Eastern could remain loss-making as we think their weaker cost management could dent profitability." ■

TIME TO A OBSELETE REV

Sweeping digital change is necessary if airlines are to meet next generation passenger demands, reports Tomasz Sniedwiewski from Bangkok.

Mostly, when people hear the word innovation in the airline industry, they imagine new aircraft types or updated cabin products and services. But for delegates attending the International Air Transport Association (IATA) World Financial Symposium (WFS) & World Passenger Symposium (WPS) in Bangkok last month, "innovation" was about the new world of Offers and Orders where the customer is the centre of the transaction.

This radical shift, where the passenger will manage all stages in an airline journey might not be as visible to the general public as other technological changes sweeping the world, but it is just as profound.

"We are at the center of time. The whole industry is looking into the most important and the most massive transformation in its history," International Air Transport Association (IATA) senior vice president, financial settlement & distributions. Muhammad Albakri, told Orient Aviation in Bangkok.

"Since their beginnings, airlines have been operating on specific policies, procedures and standards. The standards glue the stakeholders together. They bring clarity. They bring transparency. They allow different stakeholders to know their roles, that is capture data and format how it is

BANDON ENUE MODELS

processed and hand it on to the next player," he said.

"These standards were developed 40-50 years ago. They kept the industry going for so long, but the world is different. The thinking is different and customer expectations are totally different.

"Maybe before people were looking for a means of transportation from point A to point B. Now customers have many more desires, needs and expectations than just movement."

And this transition, the world of Offers & Orders, should take place by 2030, Albakri said.

"We estimate 70% of existing aviation standards have to be rewritten, hopefully in a much more simplified manner than in the past," he said.

"The endpoint is to move from PNR (Passenger Name Record) to Offers and Orders, where the customer is not a record," Albakri said, adding the current technology is "extremely expensive, extremely costly in operational costs and does not allow airlines to swiftly and flexibly offer new services and products to their customers".

IATA's NDC Standard, introduced 11 years ago, has partly improved the situation, he agreed. "Still we process e-tickets and PNRs. We process numbers. We do not manage people or customers," he said.

"Our biggest challenge is to move from managing numbers and records to managing customers and delivering their expectations. This is the promise of Offers and Orders," he said.

In the new reality Albakri envisages, passengers will decide who will receive and share their data from their digital wallets. It will include airlines, immigration and customs departments, security authorities, even hotels.

All the identity data necessary for their journeys will be in one place, removing the need for separate records for each step of an airline journey.

"If governments work together to implement solutions it will be of immense benefit to airlines and customers," IATA senior vice president operations, safety and security, Nick Careen, said, listing right off the bat the potential benefits of reduced paper costs, reduced transit time and seamless travel.

IATA also believes digitalization will reduce crew working time and better utilize aircraft schedules.

"There are efficiency gains for the airlines. There are improvements in customer services. There are opportunities to increase loyalty, so it's a win-win," Careen said.

The International Civil Aviation Organization (ICAO)

> **Consumers are telling us they want to be able to spend. They want the payment process to be quick and simple. Sort of like clicking for an Uber. They want to check for the services they want, to tailor their journeys**

has written a standard for digital travel, but until now governments decide if they will implement it, Careen said, adding the pandemic has accelerated adoption.

"It got us a few years ahead of where we would have been. Governments were keen to develop a digital identity for travellers beyond the airport," he said.

"It is probably not completely harmonized yet, not as interoperable as you would like, but largely it is implemented and available globally. My guess is that by 2030 we will see widespread usage worldwide."

A roadmap of the changes younger generations of air passengers want will be shaped by the latest IATA Global Passenger Survey which was released at the Bangkok World Passenger Symposium.

Survey respondents said they expect convenience and speed when traveling and a smoother travel experience.

They are eager to adopt biometric identification and complete travel processes before arriving at the airport.

Asia-Pacific passengers lead the world in use of mobile apps and digital wallets for their travel. They also are more likely to accept biometric technology at airports, although their satisfaction with the experience is the lowest of all regions surveyed.

The region's air travelers also are the most price-conscious when choosing their departure airport.

The 2024 GPS identified a new and distinctive group of passengers: they are aged 25 or younger and are considerably more proactive in using technology to improve their travel experience.

"That is the coolest part of this survey. Things pop out. There are enough people from this demographic to appear in the survey," Careen said.

The positives of a digital transition at airlines reverberated with audiences at the conference. Delegates, of which a majority was finance executives at airlines, focused on the practical aspects of implementing such radical change.

For example, how do they communicate the need to change to top airline management? Or to other departments at their airlines?

Savvy Asia-Pacific travellers leading airline digital shift

The International Air Transport Association (IATA) , Senior Vice President, Financial Settlement & Distribution Services. Muhammad Albakri, told Orient Aviation: "I think the Asia-Pacific will lead the world [in this transition] because the people and the public are so used to digital services, so used to having apps in their phones. They are so used to using technology to manage their lives, needs and experiences. So whenever airlines move into digitalization and start offering services through digital means, from payments, from booking, from buying, from traveling, this region will leverage a known familiarity and the convenience the people in the region are already used to.

"I have been watching the Asia-Pacific and North Asia, especially when it comes to digital payments. These regions are way more advanced than any other region in the world. It gives us a lot of hope that when airlines move into this area, it will be a seamless transition."

Last month, IATA announced it will offer digital currencies in the financial settlement systems it operates for the industry. The first digital currency to be offered will be the digital Renminbi. It will be available in the China Billing and Settlement Plan (BSP) by the end of 2024.

"That speaks for itself. Why we went there? Because the country is ready. The infrastructure is ready. People want it. The regulator wants it. The airlines wanted it. So we did offer it to them," Albakri said.

Generation gap. A different kind of passenger

Under 25s are driving demand for digital control of their journeys. Around 51% of air passengers aged 25 would choose digital wallets for travel payments, far more than the global average of 20%. Approximately 90% of this age demographic expressed interest in a smartphone with a digital wallet and passport and loyalty cards to pay for bookings and airport navigation. The global average is 77% IATA's latest global passenger survey shows. Approximately 48% of this group prefers biometrics to traditional passports and boarding passes compared with 43% of survey respondents aged 56-75. Additionally, 50% of under-25s surveyed would be open to biometric solutions for air travel, if they could be assured of data security, against a global average of 39%.

"The former are going to drive change. They are the generation wanting to experience things," IATA senior vice president, operations, safety and security, Nick Careen, said of the recent survey results.

"I did not step on an airplane until I was 23 years old. Most 25s and under have been on airplanes multiple times. They want more of it, but they want it to be as convenient as anything else. They are Uber Eats. And they are willing to pay for it, which airlines are very keen to understand.

"They want to have an easier way to pay, so they can actually spend more money."

Careen believes this demographic group will become a group to be reckoned with. "What I like about it is every year this voice will get louder and louder," he said.

A big part of the symposium's seminars was sharing the feedback and experienced of 12 airlines in various stages of implementing Offers & Orders.

There was a wide consensus among participants that airlines need to move to the new standards. "If we started out in business today, we would organize it exactly in this new way", was the often shared opinion.

The discussions examined the best methods of implementing the new processes.

"If we need to eat an elephant, we need to do it piece by piece", a panel member, Turkish Airlines chief information officer, Kerem Kiziltunec, said.

The knowledge-sharing process is crucial because IATA has not set a deadline for making the shift to a passenger centric process.

"Some airlines have started. Some will start in 2025. There will be others following later," Albakri said."

Referring back to the new passenger survey, Careen was asked if there is one message he would like airlines to take from the responses.

"My immediate go-to would be operations as my background is operations, but the most obvious area of focus will be the payment process," he said.

"Airline margins are so low, 6% on average, that any chance to increase revenue, to help the bottom line, will expedite all the other good benefits we have on our list."

"It is why airlines should do anything to accommodate this, even if it means splitting the payment half-half between different forms, such as credit cards and a digital wallet."We should not make it a blocker and today it is a blocker." ■

BACK IN THE GAME

After seeking bankruptcy protection as the pandemic struck down global airline flying in 2020, Thai Airways International has clawed back from crisis. Its rehabilitation plan is nearing completion and a renewed optimism pervades at the airline, CEO Chai Eamsiri told associate editor and chief correspondent, Tom Ballantyne.

It took strong leadership and tough strategic decisions, not to mention some serious cost-cutting, but Thai Airways International (THAI) is definitely back in the game. Almost all criteria necessary for the carrier to exit its four-year rehabilitation plan have been met, THAI CEO, Chai Eamsiri, told Orient Aviation last month.

"We will submit the filing to exit the plan, maybe in April or early May," Eamsiri said. "After that, we will call the AGM of shareholders, maybe in early April, to appoint a new board of directors. That means we can fulfil all the criteria (for exiting rehabilitation)."

THAI's arrival at this juncture in its history has been a classic lesson in recovery from financial bad times. Eamsiri said his priorities, in no specific order, are to be totally customer centric, have commercial excellence, maintain cost competitiveness and have a commitment to a culture of continuous improvement.

Already his focus on these four strategic goals is paying dividends. Last year, THAI booked revenue of US$4.9 billion, up 57% from $3.1 billion in 2022. Net profit was $782 million compared with a net loss of $7.5 million the previous year. For first-half this year, THAI announced a net profit of $80.7 million. The airline carried some 13.8 million passengers last year, up from nine million 12 months earlier.

As part of the airline's restructuring, THAI's operations were streamlined, employee numbers were slashed and older aircraft retired, including its six A380s and 18 B747-400s. It also integrated its regional subsidiary, Thai Smile, into mainline operations.

"We turned this crisis into an opportunity. We had to face the pandemic. It was the same for the other airlines. We cut the workforce by half, from 30,000 employees to 15,000. We trimmed capacity, especially aircraft that were not performing well," Eamsiri said.

"Older generation aircraft have high costs of operation. We got rid of them. The remaining aircraft in our fleet are new generation, namely the A350, 787 Dreamliner and the narrow-body A320.

"During the pandemic, we renegotiated all our leases with lessors. We think we are very competitive in terms of aircraft lease costs."

Asked if he had any issues with delivery delays from aircraft manufacturers, THAI CEO Eamsiri pointed out it has been an issue for some time, but it is not only affecting THAI. "It's not only affecting us. All other airlines are facing the same issue. This is an equal playing field. We have a problem. The others also have a problem. So, I don't have to worry very much about this issue because everybody is the same

Chai Eamsiri
THAI CEO

The rationalization has increased the productivity of employees, he added. As well, as more digital solutions are introduced to the company's operations, less people are employed in production, he said.

Absorbing Thai Smile and its 20 A320s - it had been reporting losses for ten years - into the mainline airline was an advantage in cost and network terms, Eamsiri said. Competition in the Thai low-cost market was intensifying and THAI wanted to move away from that space.

"We should be in a place where we are using our strength. Our strength is we are a network airline. Our strength is being a full-service carrier. To have two organisations, it's double cost. You have two CEOs. You need to have two of everything. Every position is double cost. Now you only have one. You have only one CEO," he said.

Eamsiri said Bangkok is at the heart of Asean. "We have a geographical advantage among Asian cities and we make use of that. We will make Bangkok a hub, especially for the Asia-Pacific and Asean countries. Since last year, we have restructured our network," he explained.

THAI, a Star Alliance member, flies to 64 destinations worldwide and is increasing frequencies on key routes. "We are top among the Asian carriers that fly to Europe, to the most cities in Europe. By the end of this year, we will be operating to 11 cities in Europe, each of them at least daily, some of them double daily, such as London and Frankfurt," he said.

"We are carrying long-haul passengers from Europe and also from Australia, where we serve three cities, Sydney double daily, Melbourne double daily and Perth daily.

"We think we are strong enough for the time being for Europe. The area we think we still lag behind is the Asia-Pacific. We need to put more capacity in the Asia-Pacific to complete our network."

The latest routes THAI has launched to date this year are Bangkok to Milan, Oslo and Brussels. This is where the merging of Thai Smile into THAI comes into play.

"When we are selling a ticket from Europe or anywhere else outside Bangkok, we are selling the destination. Not point to point. For example, if the passenger wants to fly to Phuket, Krabi, Chiang Mai or another secondary city in Thailand they can buy the ticket directly from their origin, from their home town in Europe or Australia," Eamsiri said.

"We can sell the ticket as one package to the destination. These intercontinental flights will feed into Bangkok and we will disperse those passengers onto our regional routes. In essence, it means long-haul passengers from Europe or Australia can book one ticket through to their regional destination, rather than having a ticket with THAI to Bangkok and a separate ticket with THAI Smile for their onward regional flights."

One country where there has been realignment is China. "Of course we cannot deny China is an important market for everyone, not only THAI. Domestically, China is 100% or above 100% pre-pandemic already, but in terms of international travellers it is not back to that level. Not yet. We put our capacity [into China] at let's say only 50% of what it used to be. But we have an alternative market replacing China," he said.

"We have expanded a lot to India. Right now, we fly to 10 major and secondary cities in India. This is a market we try to have replace China."

THAI is rebuilding its fleet. So far this year it has accepted multiple additional A350-900s as well as 787-9s and used A330-300s into its fleet. It has more A350-900s and B787s, including 45 Dreamliners, on order. To accommodate growth, the flag carrier will increase its aircraft from 103 today to 143 by 2029.

The airline also is buying 32 more A320s for its short-haul network with deliveries next year and in 2026. When all the ordered aircraft arrive at THAI, its fleet will include 32 A321neo and 20 A320s.

Next year THAI is planning to acquire 13 more wide-body and narrow-body aircraft, Eamsiri said. The carrier's existing 20 A320s are being refurbished. "Currently,

CEO re-engineering the future of THAI

Chai Eamsiri was appointed CEO of THAI on February 1, 2023. Previously the airline's chief financial officer, he is a 39-year veteran of the flag carrier. Born in a small village in Thailand, he was raised in humble circumstances. Since taking on the role of CEO at THAI, he has brought a fresh perspective and an innovative approach to running the airline. His strategic vision and decisive management style have quickly earned him respect within the organization and the aviation community.

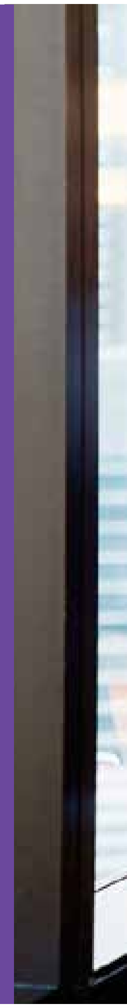
Under his leadership, THAI has recorded growth and expanded by adding routes to its network and streamlining operational efficiency. He has spearheaded initiatives to enhance customer experience and internal processes, positioning the airline as a leading player in the competitive market.

Given the pressures of running an airline, one of the world's most complex businesses, let alone a carrier emerging from four years of rehabilitation, it is not surprising Eamsiri enjoys whatever time he can find to relax. The biggest thing, he said, is playing golf with old friends.

"I get away from the business and talk about the good old days.Talk about the nonsense. Talk about the good things in the past," he said. Or he spends family time at home, watching movies or listening to music.

He has several hobbies, among them hiking and cycling. An art enthusiast, he finds solace in visiting galleries and museums around the world. He also has a passion for the culinary arts and enjoys experimenting with new recipes in his kitchen.

He has an MBA from Kasetsart University, the largest university in Thailand, and an undergraduate degree in marketing from Assumption University.



we have all of them equipped with economy class 168 or 174 seat configurations. We will remove the first four rows of economy and install 12 business class seats. We will have Wi-Fi for passengers to use their devices on board for streaming movies and music free of charge," he said.

"This will allow seamless transfer with business class from intercontinental connecting with business class in regional or domestic flights through to end destinations. The A320 refurbishment will begin in December and be completed by next May."

Its fleet of 17 B777s also are to be upgraded, including new full lie-flat business seats and the latest Wi-Fi IFE. The airline will introduce a new Premium Economy class on its long-haul flights and is considering a refresh of its first class product.

Deliveries of THAI's new Dreamliners are scheduled to begin in 2027 and run through to 2030.Acquiring capacity in the short term is the most challenging part, Eamsiri said.

THAI also is examing the feasibility of spinning off some units, particularly MRO and catering, into separate subsidiaries. Some of the airline's business units have above average profit margins, at almost 20%, compared with the main airline's annual profit margin of 5%-6%.

"Should these business units become our subsidiaries, the rewards for the staff will be better because they might make more money than Thai Airways main airline operations," Eamsiri said and added the change could give the parent airline "more bandwidth" to focus on its own operations.

THAI had planned to build a MRO facility in U-Tapao in partnership with Airbus, but the European manufacturer pulled out in 2020. At press time, THAI was in discussions with Bangkok Airways about the two phase project. Construction of the first phase, three hangars for wide-bodies and two for narrow-bodies, will be followed by another three hangars in the second phase.

Eamsiri said the project will support Thailand's eastern economy corridor plan to revitalize relatively underdeveloped eastern Thailand.

As it presses on with finalizing its rehabilitation, there could be one very significant change at THAI compared with its pre-pandemic life. It is unlikely to return to being a State-owned entity.

"We have demonstrated in the past four years, since entering rehabilitation that the company can succeed. So I don't think it is worth it for us to be a state enterprise once more after being a public corporation," Eamsiri said.

"We are more agile and have a better business perspective. When there is a change, employees can adapt faster. They dare to make decisions. We should not go back to being a state enterprise.

"With these strategies, Thai Airways will be able to operate faster, cope with challenges, adapt to change quickly and develop and innovate to support new business opportunities for strong and sustainable growth in the future." ■

Plodding SAF production to pick up pace

Finally, convincing governments, private investors and industry partners to commit to Sustainable Aviation Fuel (SAF) production is making head way. Associate editor and chief correspondent, Tom Ballantyne, reports.

New data from the International Air Transport Association (IATA) has detailed the staggering cost required to output sufficient Sustainable Aviation Fuel to hit the industry's net zero 2050 emissions target.

Averaged annual investment necessary to fund SAF production in the next three decades is estimated at approximately $128 billion per annum - in a best case scenario. Annual transition costs for jet fuel, hydrogen and other key levers on top of that amount are calculated at $1.4 billion and that is only in 2025.

In 2050, transition costs could be as high as $744 billion, based on IATA's analysis. These huge numbers highlight the need for speed and scale in bringing solutions to market to achieve net zero CO_2 emissions within the industry's time frame, IATA said.

Speaking at IATA's World Sustainability Symposium (WSS) in Miami in late September, the global airline association's senior vice president sustainability and chief economist, Marie Owens Thomsen, said: "The costs and challenges associated with the

energy transition are large, but the opportunities are even greater.

"Countries have an opportunity to build new industries in agriculture and energy and to benefit from the catalytic growth of sustainable air transport.

"To realize the opportunities, all minds need to unite in this mission and all policymakers, multilateral organizations, investors, solution providers and the air transport industry must work together.

"Such transformative collaboration can pool resources and target meaningful action for greater impact. It is needed to deliver a sustainable air transport industry by 2050."

IATA's updated Policy and Finance Net Zero Roadmaps, released in Miami and containing expanded and deepened analyses, draws four conclusions:

* *The air transport industry's energy transition is feasible on the 2050 horizon.*
* *Investment to make that possible is comparable to those enterprises engaged in previous creations of new renewable energy markets.*
* *Successful transition depends on unity of purpose of policymakers.*
* *Time left for joining forces in air transportation's energy transition is shrinking by the minute. Every action delayed is an opportunity missed.*

"The updated IATA Policy and Finance Net Zero Roadmaps make it clear de-carbonization by 2050 is possible," IATA director general, Willie Walsh, said.

"They also sound a warning bell. To achieve these targets, all stakeholders, particularly policymakers, must collaborate more broadly and act with greater urgency.

"To be successful, we need clear policy and financial frameworks to support air transportation that is realistic and coherent for the massive changes that must take place simultaneously in all economic sectors."

There are signs of progress. Last month, a landmark ministerial conference in New Delhi resulted in 29 Asia-Pacific nations committing to sustainable aviation.

The high level Delhi Declaration set ambitious targets for SAF in a time of fast growth in Asia-Pacific aviation.

"This declaration is a roadmap for the future of aviation in one of the world's fastest-growing regions," ICAO council president, Salvatore Sciacchitano, said.

"It demonstrates a collective will to embrace innovation while prioritising safety, security, and

environmental responsibility."

Several nations in the region have roadmaps to aviation sustainability, including Japan, where the government has stated 10% of aviation fuel used for international flights out of Japan's airports will be SAF powered by the end of the decade.

In April last year, locally blended SAF was produced for the first time in Japan. It was purchased by All Nippon Airways and Japan Airlines and its production development sponsored by the Japanese government.

India has a SAF roadmap under development and some of the country's airlines have tested SAF blends. Recently, Vistara operated its first long-haul SAF flight out of India.

In September last year, Thai Airways International said it will increase its SAF use from 2% in 2025 to 60% by 2050. Bangchak, a petroleum and energy conglomerate in Thailand, will open a production plant by year-end to convert used cooking oil to SAF.

Further south, Singapore Airlines is partnering with the country's government in a pilot SAF credits scheme. Neste started SAF production in Singapore in May last year. In the same month, Jet Aviation announced a partnership with FlyORO, a fuel blending services provider, to

offer SAF blends in Singapore.

In June 2023, following a one-year programme run by Air New Zealand, the carrier and the government committed NZ$2 million to continue investigating the possibility of SAF production in New Zealand.

Across "the ditch", a SAF roadmap is being developed jointly by the Australian government, Boeing and Australia's National Science Agency. In 2023, LanzaJet announced a feasibility study for an Alcohol-to-Jet facility in Queensland.

It is being supported by Queensland's state government, Qantas Airways and Airbus in a multi-million dollar joint program.

Australia has not announced specific SAF targets, but Qantas Group is planning for SAF to account for 10% of its fuel needs by 2030.

South Korea intends to introduce a SAF mandate by 2026 and Indonesia has said it will legislate a 5% SAF mandate from next year.

Still, when looking into SAF agreements in the region, SAF demand is likely to fall short of government targets.

The only transaction that stands out in the region is the 76 million gallons offtake agreement with Kuala Lumpur International Airport starting in 2027.

ING data shows the Asia-Pacific is capable of producing more than 1.8 million tonnes (Mt) of SAF, equivalent to less than 1.5% of jet fuel use in the region.

SAF production capacity is predicted to increase to 1.8 Mt in 2025, reaching as much as 5.1 Mt by 2030; 4.2% of jet fuel demand.

ING also noted some SAF facility projects have been cancelled. It cited Shell's bail out from a biofuel plant in Singapore and Oceania Biofuels cancellation of a SAF project in Australia.

Nevertheless, "Big Four" consultancy, KPMG, wrote the more favorable local policy environment in the Asia-Pacific is encouraging SAF development in the region.

"As a result, airlines, airports, investors and fuel producers increasingly are making public commitments to growth of local SAF supply and demand, KPMG said.

"However, with inherent feedstock limitations and challenges in scaling up to more advanced SAF production pathways, the development of a SAF industry in the Asia-Pacific has the potential to both accelerate and hinder SAF progress in the West."

KPMG suggests SAF activity could boom in China in particular. Until early 2023, the only notable SAF production facility in China was Sinopec's outer Shanghai plant. It delivers fuel to the Airbus Delivery Centre in Tianjin.

But in April last year, the Cathay Group committed to developing four power-to-liquid production facilities in China alongside the State Power Investment Corporation, one of the five large state-owned energy companies in China.

"China's track record in rolling out wind and solar energy, as well as transport infrastructure more widely, has demonstrated its ability to move quickly when it decides to adopt a technology solution," KPMG said.

"If the four facilities, backed by the government, are brought on line to 2026, commercial SAF production in China could kick start ahead of European countries where approaches to SAF incentives are still being refined."

Peking University's Institute of Energy estimated China could increase SAF production by around two million tons by 2025 if existing production of hydrotreated vegetable oil, used for road transport, is switched to SAF.

To date, China has the largest planned SAF capacity, accounting for around 43% of planned capacity in the region by 2030.

In the midst of this complicated growth trajectory, IATA continues to advocate means to increase SAF usage.

In Miami, it announced it will launch the Sustainable Aviation Fuel (SAF) Matchmaker, linking airlines and SAF suppliers, in the first quarter of next year.

"Our vision is to create a transparent, efficient and accessible matchmaking platform to accelerate the uptake of SAF as the aviation industry progresses towards net zero CO_2 emissions by 2050," IATA said.

"The platform will do that by reducing the costs and complications airlines face when looking for SAF suppliers. ■

Emissions from flying decline but stalled aircraft deliveries hinder progress to 2050 targets

Data released by aviation market intelligence and advisory company, IBA, shows a significant global decrease in CO_2 per Available Seat Kilometre (ASK) compared with pre-pandemic levels.

There has been a major improvement in global aircraft efficiency with CO_2 per ASK declining between 4.1% and 10.1% from 2019 to 2024 as airlines introduce more efficient aircraft into their fleets, IBA wrote.

However, the recovery from the global pandemic has exposed regional variations in flight efficiency. The Asia-Pacific has recorded the smallest improvement, of 4.1%, from an average of 91.8g CO_2 per ASK in 2019 to 88.1g in 2024.

Latin America is at the forefront of the change with a 10.1% improvement of 90.9g of CO_2 emissions per ASK in 2019 to 81.7g in 2024. In Europe, emissions fluctuated in the five years, but ultimately recorded a 6.9% reduction in 2024 compared with 2019, slowing from 90.5g in 2019 to 84.3g in 2024.

IBA ESG manager, Jennifer Staley, said: "IBA's latest data demonstrates aircraft fuel efficiency is improving as a result of better technology and operational practices. However, discrepancies exist between countries due to varying investments in new aircraft, regulatory environments and economic factors."

The data was collected by IBA's NetZero platform, including its IBA NetZero Reporting tool, an extension of IBA NetZero. "The platform allows users to maintain an exposure portfolio over time by easily and reliably accessing emissions reports at the airline, lessor, aircraft or fleet/portfolio level using a wide variety of measurement metrics," IBA said.

Although airlines in the Asia-Pacific have hundreds of new fuel efficient aircraft on order, their acceptance into the region's fleets has been slowed by supply chain unreliability and delayed deliveries. Analysts suggest these factors are the main reasons the Asia-Pacific lags behind the rest of the world in reducing emissions from flying.

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