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WHEN WILL IT END?

Airlines are the financial victims of the broken aviation OEM supply chain. Why is it taking so long to fix the global industry association is starting to ask

Air cargo sector vulnerable to geopolitical shell shocks

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Orient Aviation Asia-Pacific Year in Review

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Taking too long

International Air Transport Association (IATA), director general, Willie Walsh, is angry. His member airlines are furious. And they have every right to be.

More than two years have passed since pandemic restrictions worldwide were lifted yet the aviation supply chain remains broken with expectations the situation could continue until the end of the decade.

Delayed aircraft deliveries, problems with new engines and shortages of components across the supply chain are no longer an inconvenience for airlines. They add up to disaster for airline planners.

Air travel is booming, but carriers do not have enough capacity to fly all the passengers that want to travel.

Airlines are so desperate to accommodate demand they are even leasing A380s, A340s and older fuel guzzling Boeing types that should long be retired. In such a heated demand environment, lease rates are now 30% above 2019 levels.

As Walsh puts it "supply chain issues are frustrating every airline with a triple whammy on revenues, costs and environmental performance".

Another question.Does the reintroduction of older aircraft raise questions about safety?

IATA data shows the average aircraft age in 1990 was just over 12 years. In 2024, it has moved up to 14.8 years. The 1,254 aircraft delivered in 2024 are far fewer than the 1,813 airliners accepted by customers in 2018. The forecast 1,802 aircraft deliveries next year appears unrealistic.

The backlog for new aircraft has reached 17,000 planes, a record high. At present delivery rates, it will take 14 years to meet that target, double the six-year average backlog spanning 2013 to 2019.

In today's world of digitalization and Artificial Intelligence (AI) you would think suppliers could quickly sort out their problems. Apparently not.

IATA is justified in investigating whether there is evidence aircraft and engine manufacturers and other players along the aviation supply chain are indulging in anti-competitive behaviour.

Given that many of these suppliers have a monopoly or are quasi-monopolistic players, why should they worry?

Are some of them sitting back comfortable in the knowledge their airline customers have no choice but to wait and suffer while they have the option of raising prices because of unprecedented demand? ■

TOM BALLANTYNE
Associate editor and chief correspondent
Orient Aviation Media Group

Hong Kong-Taipei world's busiest international route

Hong Kong-Taipei has moved up from the third busiest international route worldwide last year to top of the table in 2024.

This year to date, at least 6.8 million seats have been available aboard commercial airlines operating the one hour 50 minute flight across the Taiwan Strait, the latest OAG Global Airlines Schedule data reports.

Capacity on the route increased 48% compared with last year although it is still 15% less than in pre-pandemic 2019.

Seoul-Jeju has retained its title as the busiest domestic route in the world with 14.2 million seats or 39,000 daily seats in the current year. Hokkaido-Tokyo Haneda is the second largest domestic route globally, with a performance near to its 2023 results. Fukuoka-Tokyo Haneda follows in third place.

The remaining domestic routes in the top five also are in the Asia-Pacific: Hanoi-Ho Chi Minh City (4) and Melbourne-Sydney (5).

In domestic China, Beijing-Shanghai Hongqiao took pole position with 7.7 million seats, Guangzhou-Shanghai Hongqiao was runner up followed by Shanghai-Shenzhen (3).

Guangzhou Baiyun-Beijing and Chengdu-Beijing have had the biggest Mainland capacity increases this year, at 13% and 11%, respectively, although both routes are still lagging behind 2019 capacity by 36% and 26%, respectively.

Overall, eight of the top 10 domestic routes were in Asia including key networks in China, India, Japan, South Korea and Vietnam.

Apart from Hong Kong-Taipei's position as the world's busiest international route, six other Asia-Pacific routes made the international top ten OAG list.

They are: Seoul Incheon-Tokyo Narita (3), Kuala Lumpur-Singapore (4), Seoul Incheon-Osaka (5), Bangkok-Hong Kong (7), Jakarta-Singapore (8) and Bangkok-Singapore (9).

Making up the remaining airline routes in the leader table are Cairo-Jeddah (2), Dubai-Riyadh (6) and New York-London Heathrow (10).

China and the U.S. remained the largest aviation markets in the world in 2024, OAG said. ■

Enough is enough

By associate editor and chief correspondent, Tom Ballantyne, in Geneva

The International Air Transport Association (IATA) is taking a serious look at whether there is evidence that aircraft and engine manufacturers, as well as other sectors in the supply chain, are indulging in anti-competitive behaviour, the association's director general, Willie Walsh, told attendees at the recent Global Media Day in Geneva.

Airlines are dealing with quasi-monopoly suppliers, Walsh said. "There could well be evidence this is a case of these suppliers being able to abuse their dominant position. They are benefitting from the supply chain issues. There is no evidence they are resolving this," he said, and added what aircraft and engine manufacturers are doing so far to address the situation is "just not good enough".

It would be only the second time IATA has been engaged in an investigation about potential anti-competitive behaviour by a supplier. It joined a case against CFM International about information sharing with third-party MRO providers in 2016. It had been pursued by some of IATA's members with the European Commission. The matter was settled in 2018.

The breakdown in the aerospace global supply chain has persisted after the pandemic and there is little sign of any easing. Walsh doubted the industry would be back on track before the end of the decade, creating "a major challenge".

"Supply chain issues are frustrating every airline with a triple whammy on revenues, costs, and environmental performance," Walsh said. "Load factors are at record highs. There is no doubt that if we had more aircraft they could be profitably deployed, so our revenues are being compromised.

"Meanwhile, the aging fleets airlines are operating have higher maintenance costs, burn more fuel and take more capital to keep flying. On top of this, leasing rates have risen more than interest rates as competition among airlines has intensified the scramble to find every way possible to expand capacity."

"This is a time when airlines need to be fixing their battered post-pandemic balance sheets, but progress is effectively capped by supply chain issues that manufacturers need to resolve."

"With airlines continuing to contend with major delivery delays and a shortage of spare parts. I would prefer it if we did not have to go down that road, but we have been patient for too long. Key suppliers appear to be immune from normal competitive dynamics"

Willie Walsh
IATA director general

IATA estimates around 700 aircraft are grounded at present because of engine durability issues and a lack of spare parts. Boeing and Airbus are struggling to meet delivery targets with engines, cabin interiors and structural components the main sectors impacting aircraft production.

"Our biggest frustration is the supply chain, aircraft and engines. It is a bigger impediment right now than infrastructure," Walsh said. "There is no evidence of it getting better."

"We are seeing aircraft being operated that really should be retired." Walsh was referring to A340s and A380s, among other types that are being returned to service. Planned industry growth next year will be "coming at significant additional cost" as airlines are forced to continue operating uneconomical aircraft, he said.

IATA data shows the average age of an aircraft in 1990 was just over 12 years. It has been an average of 13.6 years since then. In 2024, it moved up to 14.8 years. "We have been patient, but our patience has run out. The situation is unacceptable and insufficient effort has been put into resolving this issue," Walsh said.

The 1,254 aircraft delivered this year compares with 1,813 deliveries in 2018. IATA estimates the forecast of 1,802 deliveries in 2025 is "unrealistic".

The cumulative number of unfulfilled orders for new aircraft has reached a record high of 17,000 airplanes. At current delivery rates, it will take 14 years to address this backlog, double the six-year average spanning 2013 to 2019.

Addtionally, exceptional demand for leased aircraft to fill the capacity shortfall has pushed leasing rates for narrow-bodies to 20%-30% higher than in 2019.

"Manufacturers are letting down their airline customers and that is having a direct impact of slowing the efforts of airlines to limit their carbon emissions. If the aircraft and engine manufacturers could sort out their issues and keep their promises, we would have a more fuel-efficient fleet in the air," Walsh said.

JANUARY

A runway collision between a Japan Airlines A350-900 and a Japan Coast Guard De Havilland Canada Dash 8 Q300 at Tokyo Haneda Airport on the second day of 2024 jolted everyone out of their New Year revelry.

Both aircraft were destroyed when the A350-900, operating flight JL516 from Sapporo New Chitose collided with the Q300 after it landed at Haneda's Runway 34R and burst into flames.

Five of the crew aboard the Japan Coast Guard aircraft died in the incident, with only the captain surviving.

There were no fatalities on the JAL aircraft and its crew was widely praised for ensuring all 379 people on board the A350-900 were safely evacuated.

An investigation revealed the JAL A350-900 had been cleared to land at Haneda, but the Japan Coast Guard aircraft did not have permission to be on the runway.

Three days later aviation safety was again dominating the world's headlines when a door plug on an Alaska Airlines 737 MAX 9 blew out shortly after the narrow-body had taken off from Oregon's Portland to Ontario in California.

The pilots returned the aircraft safely to Portland with all 177 passengers and crew onboard surviving the incident.

The shocking incident resulted in the grounding of scores of 737 MAX 9s and piled heightened regulatory scrutiny on Boeing's management and its manufacturing and safety practices.

The U.S.'s regulator refused Boeing permission to increase 737 MAX production rates and held a one-day "quality stand down" in response to the incident.

A final report of the incident is yet to be published, but preliminary findings show four

bolts necessary to secure the door plug were missing at the time of the incident.

In other news, AirAsia X and Capital A, the parent company of the AirAsia group of airlines, announced a restructuring of their operations. Approved by shareholders later in the year, the restructuring involved Capital A selling its AirAsia-branded airlines to AirAsia X to create a larger, more integrated airline group with short-haul and medium-haul operations brought under the one corporate roof.

Notable aircraft orders this month included India-headquartered, Akasa Air's firm order for 150 737 MAXs from Boeing in an undisclosed mix of 737 MAX 8s and 737 MAX 10s.

In Taiwan, EVA Airways announced an order for 18 A350-1000s and 15 A321neos.

There were a couple of significant executive appointments in the region this month.

In Singapore, Jetstar Asia named John Simeone, previously Qantas senior vice president for Asia as CEO. He succeeded Barathan Pasupathi who stepped down after 12 years in charge of the Qantas Group LCC.

Further north, Japan Airlines (JAL) appointed Mitsuko Tottori as representative director and CEO, the first female CEO in the history of the flag carrier. Tottori joined JAL as a cabin crew member in 1985 and was senior vice president customer experience and chief customer officer before taking on the top job. Tottori succeeded Yuji Akasaka, now the airline company's chair. ■

FEBRUARY

Financial results published this month by a host of airlines confirmed the industry had maintained profitability despite operating constraints of returning to full capacity, unceasing supply chain disruptions and maintenance and recertification issues.

Delta Air Lines highlighted the "challenges inherent" in the restoration of services between the U.S. and China, including aero-political challenges, when it requested a temporary dormancy waiver from the U.S. Department of Transportation to retain 32 of the 42 frequencies it did not intend to use from March 31 to October 26 this year.

Japan Airlines said it was on track to meet its full-year guidance despite expecting a 17 billion yen (US$110 million) impact from the A350-900 Tokyo-Haneda accident in January.

Commentary from Air New Zealand and IndiGo, alongside their financial reports, highlighted the impact on their operations of aircraft being unavailable due to maintenance requirements post-pandemic.

Both carriers said significant numbers of their A320neo family fleet were grounded because of required checks on the Pratt & Whitney geared turbofan engines that power the narrow-body family.

In something of a double whammy, the New Zealand carrier also was flying a reduced number of 787s due to a lack of available Rolls-Royce Trent 1000 engines.

At SIA, the company reported net profit for the quarter to December 30, 2023 increased by 4.9% compared with the previous corresponding period.

The airline group, Singapore Airlines and LCC Scoot, said air travel demand was healthy and forward bookings were robust, but yields were under pressure as airlines continued to return capacity to the market.

At Thai Airways International (THAI), there was progress with its debt restructuring and continuing growth in passenger revenue, with the flag carrier reporting a return to profit in 2023.

THAI was one of several airlines in the Asia-Pacific to announce aircraft orders this month, when it committed to 45 787s with options for another 35 of the type.

Vietjet ordered 20 A330neos, STARLUX Airlines signed for five A350F freighters and three A330neos and Royal Brunei Airlines booked with Boeing for four 787-9s.

But in Australia, Qantas Group's order for ultra-long haul A350-1000s was pushed back to mid-2026, delaying the launch of "Project Sunrise" flights from Australia's east coast to London and New York.

There were a number of noteworthy C-Suite moves this month. Among was the re-appointment of former CEO, Chandra Rama Muthy, to again lead Batik Air Malaysia. At Virgin Australia, CEO Jayne Hrdlicka announced she will depart the carrier after four years in her role when a successor is appointed.

Capping an eventful month, China's ARJ21 and C919 made their international debuts at the 2024 Singapore Airshow. ■

MARCH

South Korea's Asiana Airlines became the latest carrier to farewell the 747-400 from commercial flying when one of the type, 25-year-old jumbo jet registration HL7428, completed the OZ711/712 rotation between Seoul Incheon and Taipei Taoyuan on March 25.

The Queen of the Skies remains a perennial favourite with aviation enthusiasts. Airlines still flying the 747-400 in March were Air China, Lufthansa, Mahan Air, Max Air and Rossiya Airlines.

In new beginnings, Turkish Airlines arrived in Australia for the first time when it commenced one-stop Istanbul-Singapore-Melbourne, becoming one of a rare group of carriers that fly to all six inhabited continents.

The Star Alliance member said it hoped to serve Australia nonstop from Türkiye with new generation aircraft.

Malaysia Aviation Group (MAG) reported its first net profit in 2023, a 1 billion ringgit (US$224 million) turnaround from 2022.

MAG, the parent company of Firefly, Malaysia Airlines and MASWings added it expected to be profitable in 2024 "unless something serious happens".

It was a similar story in the Philippines, where Cebu Pacific posted a full-year 2023 net profit on the back of a 60% improvement in revenue. It also flagged a stronger financial performance this year.

But in Vietnam, were Vietjet is leading the country's air passenger growth, Pacific Airlines suspended operations to restructure and improve its financial position.

A subsidiary of Vietnam Airlines, the LCC returned all aircraft to lessors amid reports it had missed monthly payments. The airline resumed flying as a full-service carrier in June 2024.

The Civil Aviation Administration of China (CAAC) published an interim report on the crash of China Eastern Airlines flight MU5735, operated by 737-800 registration B-1791 on March 21, 2023. The regulator said it found "no anomalies" in its investigations. The final report is yet to be released.

Two of the region's major carriers - Japan Airlines (JAL) and Korean Air (KAL) - disclosed new aircraft orders this month.

JAL put pen to paper for 20 A350-900s and 10 787-9s planned for international operations with deliveries commencing in 2027. KAL ordered 27 A350-1000s and six A350-900s from Airbus.

There was further upheaval at Boeing in the month when the beleaguered aerospace giant announced a leadership clear out that forced the earlier than planned resignation of CEO, Dave Calhoun, and the abrupt exit of Boeing Commercial Airplanes CEO, Stan Deal.

Previously, Boeing said Calhoun would depart as CEO in December 2025 rather than in April 2028. In the end, Calhoun did not last beyond August, when Kelly Ortberg took over as CEO. ■

APRIL

The precarious nature of the aviation industry was on show this month when Australia's newest LCC, Bonza, cancelled operations and entered voluntary administration just 15 months after launch.

The airline, backed by U.S. investor 777 Partners, could not be saved and was wound up in July after failing to find a new owner.

Aviation watchers attributed the collapse of Bonza to operating 737 MAX 8s on thin regional-focused routes, its complete absence from key airports such as Sydney and troubles at parent 777 Partners.

Across "the ditch", Air New Zealand lowered its profit forecast for fiscal 2023-2024 in response to a softening market, challenging economic conditions and pricing pressures on its North American routes created by significant capacity increases.

Embraer expanded its footprint in the Asia-Pacific this month when SIA LCC, Scoot, took delivery of its first E190-E2. The aircraft is the first of nine E190-E2s Scoot ordered from lessor Azorra to serve non-metropolitan destinations across the region. The E190-E2 entered commercial service in May with Singapore-Krabi its inaugural route.

Commercial Aircraft Corporation of China (COMAC) received a boost to its C919 program this month when Air China and China Southern Airlines confirmed orders for 100 of the Mainland built narrow-body.

The two airlines joined the aircraft's order book after launch customer, China Eastern Airlines. It has 105 of the type on order, with their three-digit commitment to the narrow-body.

The growth potential of India's long-haul market was highlighted this month when IndiGo signed for 30 A350-900s and purchase rights for 50 more of the type.

IndiGo CEO, Pieter Elbers, said the A350-900 represented the next phase in the LCC's ambition to be one of the world's leading airlines.

There were more financial results to absorb from across the region this month. All Nippon Airways posted a 75.6% lift in annual net profit for its fiscal year to March 31 reporting operating revenue was higher by 20.4%.

But the airline cautioned the market to expect net profit to fall by close to 30% in its current fiscal year, illustrating the challenges being faced by all airlines from higher costs, supply chain issues and geopolitical conflicts.

China's Big Three airline groups, Air China, China Eastern Airlines (CEA) and China Southern Airlines (CSA), reported improved bottom lines for first quarter 2024.

Air China and CEA remained loss-making, albeit with reduced net losses, but it was a much better story at CSA, which posted a net profit for the three months. ■

MAY

A Singapore Airlines (SIA) 777-300ER, registration 9V-SWM, suffered a severe turbulence incident this month en route from London Heathrow to Singapore (as SQ321).

One person died and scores of passengers suffered injuries during the terrifying episode, which initial investigations described as an "uncommanded" increase in altitude and airspeed likely caused by an updraft.

The aircraft, carrying 211 passengers and 18 crew members, was diverted to Bangkok Suvarnabhumi and was on the ground for a week before being ferried to Singapore. It has since returned to service.

As a result of the incident, several airlines worldwide reinforced rules for wearing seatbelts inflight even if the seatbelt sign is switched off to better protect passengers against unexpected turbulence.

Despite the encouraging results, rising costs remained a concern. Additionally, several airlines again noted the impact on their bottom lines of inflationary pressures, supply chain constraints and geopolitical tensions.

In India, LCC IndiGo announced, alongside a doubling of quarterly net profit, that it intended to refit its narrow-bodies with a 2x2 seat business class layout to be branded as IndiGo Stretch. The product began flying in November.

Australia's Qantas Group suffered more damage to its battered reputation during the month after it was fined A$100 million (US$66 million) and directed to pay A$20 million in compensation to 86,000 customers in a settlement with Australia's competition regulator for "ghost flights".

As part of the settlement, the airline group admitted it misled consumers by advertising tickets for tens of thousands of flights it

The incident occurred a week after SIA Group reported its biggest ever full-year net profit, boosted by a rebound in air travel demand in North Asia after China, Hong Kong, Japan and Taiwan re-opened their borders post-pandemic.

There also was positive news in the financial reports of other airlines in the region. Japan Airlines more than doubled its annual net profit against a year earlier. Cebu Pacific increased its first quarter net profit by 200% and Korean Air said its capacity was near to pre-pandemic levels except into China.

had decided to cancel and that it cancelled thousands more flights without immediately telling ticket holders about the cancellations.

In Oceania, Air Vanuatu became the second carrier in the region to collapse into voluntary liquidation in 2024 after EY was appointed to take control of the airline. The liquidation was completed in October when the island nation's government took charge of the airline in a court-approved restructuring.

At AirAsia group, AirAsia Cambodia became its seventh affiliate beginning operations with two A320s. ■

JUNE

Aviation leaders gathered in Dubai this month for the International Air Transport Association annual general meeting where director-general, Willie Walsh, reported the industry had recovered from the pandemic and was growing profitably to meet passenger and cargo demand.

The airline lobby group told delegates it had upgraded its forecast for 2024, with net profits for airlines worldwide expected to be US$30.5 billion, up from US$27.4 billion in 2023 and an improvement from IATA's previous forecast, published in December 2023.

At the AGM, IATA said production of Sustainable Aviation fuel (SAF) is forecast to triple in 2024, to 1.9 billion litres, delivering 0.53% of aviation fuel demand this year.

It also was announced in Dubai that oneworld connecting partner airline, Fiji Airways, will transit to full membership of the alliance in the next 12 months.

Efforts to find a new owner for collapsed Australian airline, Bonza, ended without success this month, leaving administrators Hall Chadwick no choice but to terminate the employment of all staff. Creditors voted to formally liquidate the airline.

While COVID-19 was now well and truly in the rear view mirror, airlines region-wide were in various stages of recovery to pre-pandemic levels at mid-year.

Cathay Pacific reached a milestone in the month when it flew the last of the 85 aircraft it had in storage in Alice Springs - A330-300 registration B-HLV – to Hong Kong for resumption of commercial operations.

The Hong Kong airline is targeting a return to 100% of its pre-COVID-19 capacity by early 2025.

The merger of two Tata Sons airlines - Air India and Vistara - was given the green light by India's National Company Law Tribunal (NCLT) this month, paving the way for the transaction to be completed in November.

Following the merger, the India conglomerate will hold 74.9% of the combined airline alongside SIA's 25.1% equity.

There were two interesting executive changes this month. Firstly, Australia's Regional Express announced long-time executive chairman, Lim Kim Hai, was stepping down to be replaced by chief operating officer, Neville Howell. Lim remains on the Rex board as a non-executive director but John Sharp succeeded him as chair.

The company gave no reason for the changes, but it later emerged there were strong disagreements within the company about the direction of the airline. The region carrier entered voluntary administration a few weeks later.

Secondly, Boeing named former Australian diplomat, Penny Burtt, president Southeast Asia, based in Singapore. Burtt's diplomatic career has included postings to Indonesia, Malaysia and Singapore and head of public policy and government relations for the Asia-Pacific at financial infrastructure company, Stripe. ■

JULY

Australia's already-concentrated domestic aviation market shrunk again this month when Rex became the country's second airline this year, after Bonza, to enter voluntary administration.

The airline grounded its 737-800 fleet serving major capital city routes but its regional services, flown by Saab 340 turboprops, continue to operate through administration supported by an Australian government multi-million guarantee.

Fresh from recently reporting its highest annual profit in its history, SIA announced profits tumbled 38.4% in the April to June quarter compared with a year ago. And its problems were a mirror of the industry region wide- heightened competition, supply chain constraints, inflationary cost pressures and geopolitical uncertainties.

Japan's two major airline groups - All Nippon Airways and Japan Airlines (JAL) - also posted quarterly profit declines albeit not as severe as SIA's results.

But despite these immediate challenges, there was cause for optimism given aviation's recovery from the deep slump of the pandemic.

This positive trend was reflected during the month when Cathay Pacific bought back all outstanding preference shares issued to the Hong Kong Special Administrative Region government as part of the company's 2020 recapitalisation financing when COVID-19 spread across the globe.

There also were significant aircraft orders in the month. Cebu Pacific confirmed an order for up to 102 A321neos and purchase rights for 50 A320neo family aircraft. Bhutan's Drukair agreed a Memorandum of Understanding for three A320neos and two A321XLRs. Japan Airlines ordered 10 787-9s plus options on another 10 and Korean Air signed an intent to Purchase 20 777-9X and 20 787-10s and options for 10 787s.

In a welcome change, Boeing announced some encouraging news. It's much delayed 777-9X had commenced type certification flight testing. Originally scheduled to enter into service in 2020, the wide-body is now scheduled to enter service in 2026.

The 777-9X is a key part of the fleet plans at many Asia-Pacific airlines, among them Air India, All Nippon Airways, Cathay Pacific and SIA.

Another key aircraft type for Asia-Pacific airline fleets is the A321XLR long-range narrow-body. It received its type certification from the European Union Aviation Safety Authority in the month.

AirAsia X, IndiGo, Qantas Group and VietJet have ordered this aircraft. It entered into service with launch customer Iberia in November.

China's ARJ21 reached a milestone this month when Chengdu Airlines successfully flew the type to a higher plateau airport. The flight from Kashgar Laining International Airport to Tashkurgan Khunjerab Airport was undertaken at a published altitude of 3,260m above sea level. ■

AUGUST

A recurring theme throughout 2024 has been the region's airlines having to adjust their operations in response to factors beyond their control; principally the inability of Airbus and Boeing to meet delivery deadlines. As well, airline customers of Rolls-Royce and Pratt & Whitney engines have to deal with unscheduled maintenance on certain engine types as a result of durability issues and key staff shortages in maintenance and engineering teams.

In the month, Malaysia Aviation Group (MAG), the parent of Firefly and Malaysia Airlines, said the above factors had cascaded into a series of disruptions to its schedules, with scores of flights cancelled and passengers inconvenienced. MAG said it had received just four of the 17 aircraft scheduled to join the group's fleet in 2024.

The situation was so serious that the Civil Aviation Authority of Malaysia reduced the duration of the Air Operator Certificate of Malaysia Airlines from three years to 12 months and instructed the flag carrier to implement a mitigation plan.

In response, MAG cut 20% of capacity across its domestic and international networks to year end 2024 to deliver what it described as credible flight schedules and to ensure safe and reliable operations.

In the meantime, the China market continued to be a struggle.

British Airways (BA) cited the airspace issue that was resulting higher operating costs when it announced it was suspending nonstop London Heathrow-Beijing from October. BA's suspension followed similar withdrawals from LOT Polish Airlines, Lufthansa, SAS Scandinavian Airlines and Virgin Atlantic.

Cathay Group interim profit declined 15.3% as robust air traffic demand and solid cargo business were offset by increased operating costs.

Korean Air cited higher fuel and labor costs for the 6% drop in quarterly profit and Philippine Airlines said quarterly net profit tumbled 62% as the return of more capacity to the market put yields under pressure.

Former Qantas Group CEO, Alan Joyce, was back in the headlines in the month when his former employer announced it was cutting the veteran aviation executive's final year pay packet by about A$9.3 million (US$6 million) after a governance review found his decisions had caused considerable harm to the airline's reputation.

It was a case of one step forward and one back for the problem plagued Boeing 777-9X program when type certification flights, that only started a month earlier after an engine-related structural component failed, paused.

The month also brought forward the replacement of Boeing CEO David Calhoun. His original contract was to run to 2028 but was changed to next year and then immediately when his successor, former Collins Aerospace CEO, Kelly Ortberg, took on Boeing's top job.

There was cause for celebration at Commercial Aircraft Corporation of China (COMAC) this month when Air China and China Southern Airlines received their first C919s at a joint delivery ceremony. ■

SEPTEMBER

Cathay Pacific flight CX383, operated by A350-1000 registration B-LXI, suffered an engine component failure en route from Hong Kong to Zurich this month.

The flight returned safely to Hong Kong but the incident prompted the Hong Kong carrier and other operators of the type to conduct urgent inspections of their A350 fleets. The airline identified 15 aircraft requiring replacement of engine parts.

The cause of the inflight incident was identified as a ruptured fuel manifold hose in the Rolls-Royce Trent XWB-97 engine used on the A350. The European Union Aviation Safety Agency ordered one-off inspections of engines powering some A350s to remove "potentially compromised high-pressure fuel hoses".

It was a busy month for China Development Bank Financial Leasing Co., which announced two very aircraft orders. The company signed a purchase agreement with Airbus for 80 A320neo family aircraft and a purchase agreement with Boeing for 50 737 MAX 8s.

In the month, Virgin Australia CEO, Jayne Hrdlicka, told an industry conference the airline had converted orders for 12 737 MAX 10s to 737 MAX 8s to introduce more next generation narrow-bodies into its fleet at a faster rate.

In Singapore, the Changi Airport Group said it will cement its reputation as one of the world's most highly rated airports with the construction on Terminal 5, set to break ground in mid-2025. The project was paused during the pandemic.

Further north, Korean Air confirmed its international network capacity for the northern hemisphere winter scheduling season is expected to match 100% of pre-pandemic levels.

Across the Pacific, Boeing's difficult year got worse when members of the International Association of Machinists and Aerospace Workers, the union representing more than 30,000 employees rejected a new work contract and commenced industrial action.

The crippling withdrawal of IAM labor led to a production halt of Boeing's key commercial aircraft programs - the 737,

777 and 767 - in Washington State and is estimated to have cost Boeing billions of dollars in lost revenue. In November, IAM members approved a new contract and returned to work after a seven week strike.

Sustainability was in the news this month when the International Air Transport Association (IATA) published research that indicated the air transport industry needed to spend about US$128 billion a year in annual capital expenditure for the next 30 years to build the facilities needed to achieve net zero emissions by 2050.

In other industry news, Boeing and Embraer closed the book on their unsuccessful attempted merger after Boeing agreed to pay the Brazilian OEM US$150 million after it walked away from an agreement acquire majority ownership of Embraer's commercial aircraft business in 2020. ■

OCTOBER

Not for the first time, production delays and engine availability were in the news in October.

Firstly, British Airways (BA) reversed its decision to start nonstop London-Heathrow-Kuala Lumpur less than a month before the service was to commence. Rolls-Royce delays in delivering Trent 1000 engines to BA to power the 787-9s scheduled to operate the route were blamed for the cancellation of the route.

Secondly, Malaysia Airlines said this month it was deeply disappointed "with findings identified by Airbus during the flight line stage" that had pushed back the first delivery of its A330-900 by two months.

Thirdly, IndiGo attributed its net loss in the July-September quarter to rising costs and the grounding of some aircraft. It said aircraft groundings reached a peak of mid-seventies in the three months. Thankfully, the figure is moving downwards.

International Air Transport Association director-general, Willie Walsh, said this month he expected supply chain issues in aviation to persist for the next five years and to delay the full recovery from the pandemic.

Tata Sons reached another key milestone in its efforts to consolidate the number of airline brands in its portfolio when Air India Express and AIX Connect (formerly AirAsia India) completed amalgamation in the month. The new entity is Air India Express carrying the ailrine code of IX.

There was consolidation in the Philippines, when Cebu Pacific agreed to terms with Ayala Land Capital Corp to acquire turboprop carrier, AirSWIFT, for 1.75 billion peso (US$30 million) via a share purchase agreement.

The strike by members of the International Association of Machinists and Aerospace Workers, representing more than 30,000 Boeing workers, continued throughout October leaving the company with no alternative but to push back first delivery of the 777-9X to 2026, the 777-8X freighter to 2028 and to end production of the 767 freighter in December next year.

As Boeing went to the market and raised billions of dollars in fresh capital to bolster its balance sheet and absorb the financial impact of the IAM's work stoppage, it announced it would cut the OEM's workforce by 10% or 17,000 jobs in coming weeks.

Emirates Airline president, Sir Tim Clark, told media he was skeptical Boeing was capable of meeting its new delivery target for the 777-9X.

Virgin Australia reported a second consecutive year of after-tax profit in the 12 months to June 30. The privately-held airline did not disclose the dollar figure of its net profit result, only providing figures for revenue and underlying earnings before interest and tax.

It was supposed to be the end of an era for Qantas Group's 717s this month when the last of the type, registration VH-YQS, was withdrawn from flying after operating the QF1511 from Sydney to Canberra. However, a shortage of aircraft at the airline meant the aircraft has been returned to service. ■

NOVEMBER

Efforts to revive the grounded India airline, Jet Airways, ended this month when the country's Supreme Court ordered the company be liquidated.

The airline collapsed into bankruptcy in 2019 and was taken over by an investment consortium in 2020. The court ruled the consortium failed to meet financial commitments as proposed in its turnaround plan.

Singapore Airlines (SIA) announced it will include a first class cabin in its fleet of seven A350-900ULRs (ultra long haul) as part of a S$1.1 billion (US$836 million) retrofit program of 41 A350-900s.The introduction of a third cabin to the A350-900ULRs will eliminate 29 seats in the current two-class business and premium economy cabin layout. The retrofit program will include a new business class seat and

refreshed premium economy and economy cabins in all of its A350s, the airline said.

SIA group reported net profit declined 48.5% in the six months to September 30 although demand was robust. The operating landscape continued to be challenged by geopolitical tensions, strong competition, macroeconomic uncertainty and inflationary cost pressures, it said.

In mid-November, the Association of Asia Pacific Airlines (AAPA) gathered in Bandar Seri Begawan for its annual Assembly of Presidents, where delegates heard the region was leading the world in the pace of recovery from the pandemic.

AAPA announced a new member of the association, Lion Air Indonesia, its 16th and first LCC member.

Qantas Group was back in the news for all the wrong reasons after the Australian Transport Safety Bureau (ATSB) said the airline operated an A380, registration VH-OQI, with a 1.25m nylon tool left in one of its engines for 34 flight cycles - or 294 hours of flying time - before it was discovered.

The ATSB final report said Qantas maintenance engineers did not commence the lost tool procedure when the tool had been identified as missing and the certifying engineer released the aircraft for service without accounting for the tool.

A new era for Air India took off this month when its merger with Vistara was finalised.

From now, the two airlines will be run as one entity. One of the earliest signs of this strategy was Air India's announcement that Vistara's three-class A320s had been deployed on five domestic routes linking major metropolitan cities with high premium demand.

The 33,000 Boeing employees represented by the International Association of Machinists and Aerospace Workers (IAM) agreed to end their seven-week work stoppage after accepting a new contract which included a 43% pay rise over four years and a US$12,000 ratification bonus. The industrial action is estimated to have cost Boeing up to US$100 million a day.

Garuda Indonesia this month named Wamildan Tsani Panjaitan to succeed Irfan Setiaputra as CEO of the airline. Wamildan is a former Lion Air Group CEO. ■

DECEMBER

Mid-month Korean Air (KAL) achieved its goal of acquiring Asiana Airlines when it secured equity of 63.88% in South Korea's second international carrier. KAL acquired 131,578,947 newly

issued shares of Asiana Airlines representing a 63.88% ownership stake and transforming Asiana into a KAL subsidiary. KAL said the integration will proceed without workforce restructuring. "The combined organisation projects natural staff growth through business expansion with employees in overlapping functions being reassigned within the organisation," a KAL statement said.

On the same day, four board members of Australia's Rex Airlines were served notice that the Australian Securities and Investments Commission (ASIC) had alleged former executive chair, Lim Kai Hai, had made a statement to Australian Securities Exchange about the positive forward guidance of the domestic carrier that had no reasonable basis to the claim. The matter is to be heard before the NSW Supreme Court at a date to be determined.

By year end, a key emerging trend was the increasing willingness of airlines to establish alliances, code-shares and other forms of cooperation.

This was particularly the case with oneworld alliance member, full-service Japan Airlines (JAL), which commenced code-sharing with India LCC IndiGo.

The code-share follows JAL's announced joint venture (JV) with Garuda Indonesia that is expected to commence next April. The JV is JAL's first with an airline that is not a oneworld alliance member.

Other airlines casting a wide net to expand their networks include Vietnam Airlines (SkyTeam) with United Arab Emirates based Emirates Airline and Etihad Airways, Malaysia Airlines (oneworld) with IndiGo, Qatar Airways (oneworld) deepening its partnership with Virgin Australia (unaligned) and with plans to acquire 25% of the Australian airline.

Singapore Airlines (Star Alliance) is also expanding its codeshare with Garuda into a JV. There are likely to be more examples in the new year.

Also likely to be closely watched in 2025 is the air travel market between China and the U.S., which has been slow to pick up this year.

U.S. airlines in particular have been hesitant to add capacity to the market, which market watchers suggest is explained by the softness of the economy in China, with more Chinese preferring to travel within the country for holidays, and geopolitical tensions, including the inability of U.S. airlines to operate through Russian airspace.

Some encouraging news on this front was the Delta Air Lines announcement it will open nonstop Los Angeles-Shanghai Pudong in June next year. Also United Airlines has filed an application to operate three times a week between Los Angeles and Beijing Capital from May in 2025. ■

WHEN IS IT GO

For airline leaders present at the 68th Association of Asia Pacific Airlines (AAPA) Assembly of Presidents in Brunei in November, front and centre on their minds were supply chain issues and delays – and when they are going to end? Associate editor and chief correspondent, Tom Ballantyne, reports.

Association of Asia Pacific Airlines director general, Subhas Menon, is in no doubt about the most critical stumbling block members of the regional airline association face in accommodating forecast future air traffic growth. "The biggest threat to industry growth is ongoing supply chain interruptions," he told airline leaders and industry delegates in his State of the Industry address at the gathering in Brunei.

"Aircraft engines are facing persistent issues. The push for environment friendly technology has led to teething problems. Relatively new engines are requiring inspections and repairs. Higher certification standards and more frequent failures of components have aggravated the chokes in the supply chain," he said.

Menon added the global publicity attracted by the recent machinists strike at Boeing made matters worse and that the effects of the strike persist. Making matters more challenging, Menon said, are disruptions of flight schedules caused by all of the above problems that are pushing some regulators to mandate compensation for delays and cancellations.

"Already airlines are taking on significant costs by re-accommodating passengers, not to mention sourcing alternative aircraft at higher cost, to keep their schedules ticking over", he said. "They will be even more out of pocket with onerous rules that attack the symptoms, rather than mitigate disruptions."

The bottom line is there is no early end in sight to the problems of component shortages, increased hangar time and delayed new aircraft delivery schedules. Aerospace manufacturers are predicting it will take three years for aircraft supply chain distortions to ease. In the meantime,

ING TO END?

engine availability problem to be fully resolved, Goto said.

Asia-Pacific airlines must deal with the disruptions to their fleet planning when air passenger demand is experiencing a post-pandemic surge and is forecast to sustain its robust growth.

Delayed deliveries of aircraft, or aircraft groundings from engine problems, gives them no alternative but to fly older, less fuel-efficient aircraft to close capacity gaps at additional cost.

International Air Transport Association (IATA) data for October shows the region's airlines recorded a 17.5% year-on-year increase in demand. Capacity also increased 17.2% year-on-year and passenger load factor was 82.9%, up 0.3ppt compared with a year ago.

AAPA statistics for the same month revealed international passenger numbers increased by 19% year-on-year to 31 million air travellers, 98.6% of the corresponding month in pre-COVID 2019.

At this rate of growth, no one is being spared from the supply chain issues. Leading global airline, All Nippon Airways (ANA), is grappling with engine-related aircraft availability issues as it looks to increase capacity to meet growing demand.

Its fleet has been affected by maintenance backlogs for the Rolls-Royce Trent 1000 engines that power many of its B787s causing some aircraft to be grounded, ANA executive vice president, Katsuya Goto, told Orient Aviation during a briefing at the AAPA November Assembly. ANA also has 12 Airbus narrow-bodies grounded because of long-running availability issues with the aircraft type's Pratt & Whitney GTF engines. It will like take one to two years for the airline's

Air India CEO, Campbell Wilson said the carrier is dealing with delivery delays of 50 "white-tail" aircraft from Boeing scheduled to join the airline's fleet this month, but now they will not arrive at the flag carrier until next year. "White-tail" refers to aircraft manufactured without a particular customer in mind.

Wilson also revealed the retrofit of legacy B787s and B777s scheduled for this year has been postponed and will now begin in 2025. Three to four of the aircraft will be retrofitted every month until all 40 of the flag carrier's wide-bodies are done.

In Auckland, Air New Zealand (AirNZ) has announced it is downgrading its profit outlook for fiscal first half, largely because of supply chain issues. Up to four of its 14 B787s are grounded because of problems with their Rolls-Royce Trent 1000 engines. There also are problems with the Pratt & Whitney GTF (Geared Turbo Fan) engines that power new-generation A320neo and A321neo aircraft, potentially the most profitable in the Air NZ fleet.

The flag carrier has 12 A321neos with an average age of just four years, but durability issues with the engines have grounded to six of them.

Aircraft delivery delays also are impacting the fleet planning of several other airlines in the region. The B777X is a perfect example of the situation they are encountering. Originally planned for delivery in 2020 it will not start arriving in the fleets of its customers until at least 2026. Orders in the region for the type are Singapore Airlines (20), Cathay Pacific (21), ANA (20). Gulf operators are its major

"We take the industry-wide issue that the aerospace supply chain is currently dealing with extremely seriously," a Rolls-Royce spokesperson said. "We have introduced several initiatives to reduce its impact on our customers. Already, we introduced measures that allow us to respond more quickly to issues, such as integrating our Procurement and Supplier Management teams, sharing our own raw material stocks to tackle shortages and hiring people to work in supplier organisations. One of our most impacted suppliers has almost 50 Rolls-Royce supply chain staff dedicated to driving their recovery"

customers: Emirates (115), Qatar Airways (60) and Etihad Airways (25). All these carriers have had to readjust forward their fleet planning and overcome the challenges it entails.

Emirates Airline president, Tim Clark, has said the carrier is a "frustrated entity" because of a lack of planes and added it would now be operating 85 777-9X jets if Boeing had delivered them on time.

"We are expansionists, as you know. And we have had our wings clipped," he told reporters at the delivery of the airline's first A350 aircraft in late November. The Airbus wide-body also arrived later than scheduled with the Dubai-based carrier.

Boeing's well publicized problems apart, there is little doubt the pandemic essentially shattered the aviation supply chain. Like airlines, suppliers lost key staff and their operations have often descended into chaos.

The aviation supply chain was complicated enough without this industry crisis. But its complexity was essentially of major manufacturers own making.

Building a single modern jet is almost miraculous. An example is the A350. It has around 2.5 million individual parts and a significant proportion of them come from hundreds of contracted suppliers in dozens of countries around the world. A problem with a single supplier can cause a major problem on the production line. And it is no different at Boeing or Embraer.

What are the manufacturers doing to resolve supply chain issues? At Boeing, output was virtually frozen during the recent 54-day machinist strike. It has been resolved, but analysts forecast the recovery could stretch to two years or longer given there are no more disruptions.

Airbus Asia-Pacific president, Anand Stanley, said the company's post pandemic work force has been increased and that it had provided assistance to suppliers, including finance, to keep them afloat. At September 30 this year, Airbus had 156,569 employees on its payroll, 6% more than 147,893 employees in December last year.

At the November AAPA Assembly, Stanley said it's a journey of ramp up. "It's not a single state. "We are definitely through that journey, putting a lot of effort into working with our suppliers, working internally, staffing up.

"Today we have more employees at Airbus than we had pre-COVID. We are monitoring our supply chain and working with them. We have watchtowers. We have suppliers working

in-house. We have Airbus experts working in the supply chain."

Skyrocketing demand for new aircraft after the end of the pandemic has resulted in some suppliers being unable to cope. "The rate of demand was so fast post-COVID-19 that the supply has not been able to catch up," Stanley said.

There have always been bumps from time to time. Synchronisation is not perfect, but we are working on it."

Airbus plans to increase output of its A320 family aircraft from the present rate of mid-40s per month to 75 a month by 2027 and build A220 completions to 14 a month by 2026, the A330 to four per month from 1.5 and A350 output to 12 a month in 2028 from four monthly at present.

Airbus forecasts 42,430 new aircraft will enter the market in the next two decades of which 19,500 will be operating in the Asia-Pacific driven by fleet expansion and replacements.

The OEM hopes to deliver 770 commercial aircraft this year, but it appears unlikely it will hit its target. Airbus CEO, Guillaume Faury, has acknowledged the pressures, telling delegates at a recent conference in Brussels "we have more demand for our products than we can deliver".

Delivery delays continue to affect customers. AerCap, the world's largest aircraft lessor, said it has pushed the delivery of 15 A320neo jets out of 2025 and into 2026.

The third major Western aircraft manufacturer, Brazil's Embraer, has revised down its expected commercial aircraft deliveries in 2024 to 70-73 aircraft from an earlier forecast of 80 jets. Embraer CEO, Francisco Gomes Neto, has called out continued "obstacles" to production in the global supply chain.

In November, Embraer finalized the implementation of its ONEChain Program, an initiative to support the company growth's strategy leveraging digital transformation to improve the management of its supply chain.

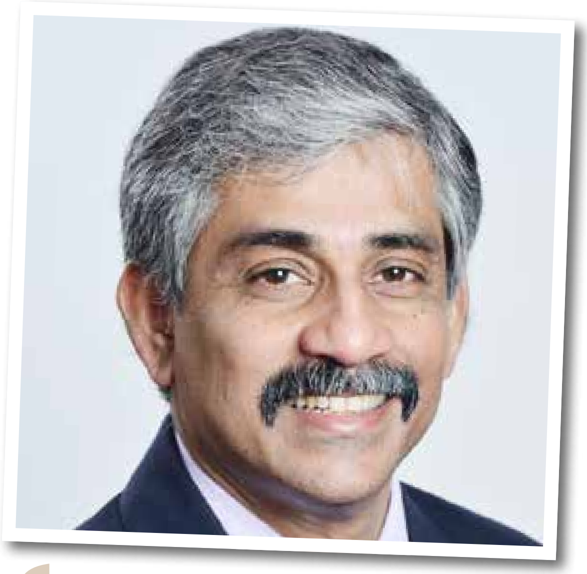
It is designed to simplify and digitalize supply chain operations by fostering greater transparency, agility and collaboration in an integrated process that benefits Embraer and its suppliers worldwide.

"In addition to achieving enhanced operational efficiency, we have integrated all operations with our suppliers and partners in a single platform, making it possible to manage operations in real-time", Embraer's executive vice president global procurement and supply, Roberto Chaves, said. "This guarantees a more levelled and uniform production of our products, a reduction in fixed and variable costs and more agile decision-making processes."

Engine manufacturers are facing similar challenges. Rolls-Royce is struggling with persistent supply chain issues that are impacting its engine production and maintenance schedules. Customer, British Airways (BA) has been forced to cancel flights on one of its most popular trans-Atlantic routes. Starting this month, it suspended all flights between London Gatwick and New York's JFK Airport until next March as a result of engine shortages. The airline cited logistical bottlenecks within Rolls-Royce's supply chain as a key factor driving its decision.

The engine supply chain problems are a combination of raw material shortages, logistics challenges and delays in the global delivery of components. Rolls-Royce has not been able to meet increasing demand for its engines as a result of constraints in sourcing critical materials such as titanium and also specialized electronic components. The disruptions are affecting its ability to deliver new engines and complete necessary maintenance on existing ones.

The engine OEM has expressed regret about its failure to meet the aero engine requirements of its customers. It is committed to minimizing potential disruptions in its wider network as it works to resolve engine shortfalls, it said.



"There are just too few competent suppliers in the aviation industry today," he said. "Experienced workers are hard to find. If you add in air space closures due to the Ukraine and the Middle East conflicts, it is a real wonder industry growth is as enduring as it is today"

Subhas Menon
AAPA director general

"These changes are having a positive impact. So far this year, we have increased Trent 1000 supply chain output by a third, making more components available and minimising the time engines spend in our MRO centres. We are confident these bold changes coupled with our long-term investment plans will provide continuous improvement for our customers."

For airlines, however, there is little doubt the disruption will continue for some time. Late deliveries or reduced capacity because of aircraft grounded by engine problems is forcing them to adjust fleet planning, even make network and frequency alterations, not to mention flying older aircraft that are more expensive to operate. ■

Air cargo vulnerable to geopolitical shell shocks

By associate editor and chief correspondent, Tom Ballantyne

While 2024 is shaping up as a banner year for air cargo after several years of pandemic generated uncertainty geo-politics threaten to unsettle the sector that is to the total revenue of many airlines. "We must look to 2025 with some caution," warned International Air Transport Association (IATA) Director General, Willie Walsh, in November.

The incoming administration of U.S. President-elect, Donald Trump, has announced its intention to impose significant tariffs on its top trading partners of Canada, China and Mexico a decision that potentially could up end global supply chains and undermine consumer confidence.

'The air cargo industry's proven adaptability to rapidly evolving geo-political and economic situations is likely to be tested as the Trump agenda unfolds," Walsh said.

The warning coincided with IATA's release of date for data for October which showed global air cargo demand was up 9.8% for the month delivering the 15th Month of Consecutive Growth. Total demand, measured in cargo tonne-kilometers (CTKs), rose by 9.8% compared to October 2023 levels (10.3% for international operations). Asia-Pacific airlines saw 13.4% year-on-year demand growth for air cargo in October, with capacity increasing by 9.3% year-on-year.

Performance on individual trade lanes also showed significant improvement. Cargo movements between Asia and North America were higher by 8.6%, recording 12 consecutive months of growth, between Asia and Europe up 14.3% (20 consecutive months of growth), between the Middle East and Europe up 9.0% (17 consecutive months of growth) and within Asia, up 15%, or 12 consecutive months of growth.

Asia-Pacific origin markets have driven a significant portion of global air cargo growth in 2024, accounting for 56% of the worldwide business, a 12% year-on-year increase in tonnage during the first 10 months of the year, according to analysis by WorldACD Market Data.

The region's robust performance has elevated its share of global outbound air cargo to 41%, up from 39% in 2023, dominance well ahead of other regions:

Within Asia Pacific's contribution, general cargo played a pivotal role, making up 64% of the region's growth. This category was largely boosted by consolidated e-commerce traffic. Special cargo, which accounted for 36%, was primarily driven by the vulnerables/high-tech segment, contributing 80% of special cargo growth.

Hong Kong remained the top global growth market, generating a 15% YoY tonnage increase in October, twice that of second-place Miami, which saw a 31% year-on-year rise. Dubai (+45%), Shanghai, and Tokyo also featured prominently among outbound growth markets.

"Asia Pacific's dominance underscores its role as the engine of global air cargo growth, with e-commerce and high-tech products continuing to lead demand. However, challenges remain in regions like the Middle East, where geopolitical issues disrupt traditional trade lanes.

This dynamic highlights the shifting patterns in air cargo logistics and the growing importance of specialised cargo in driving future growth," according to IATA.

Airfreight rates on trans-Pacific routes have flattened as an overshot of capacity eclipses demand, but predicted supply chain turbulence could see prices

take off again soon. The global average rate growth of 2% is the highest level recorded this year and was driven by increasing spot rates "mainly from North America and Europe origins", according to World ACD's week 47 data.

While this may seem surprising, the data company explained it was due to a capacity shift from the transatlantic to the Asia Pacific region, with airlines "anticipating a surge of shipments from mainly China and Hong Kong to Europe and North America".

Instead, global tonnage this week remained flat from the week before.

But while average rates from Asia Pacific to North America flattened week on week, World ACD data showed rates from Europe to North America "increasing significantly", up 8% week on week. Year on year, however, ex-Asia Pacific to North America is still up 10%.

According to market intelligence company Rotate's database, capacity from Asia Pacific to Europe was up 7% month on month, and up 4% Asia to North America. Europe to North America capacity was down 4% across the same period.

Year on year, World ACD noted, capacity on the trans-Atlantic in recent weeks was down 3%, "fully driven by 10% less freighter capacity and belly capacity remained stable", but year on year capacity from the Asia-Pacific to North America has grown 7%.

World ACD added: "More forwarders than last year secured their capacity before the peak season, which has a dampening effect on the rate development pattern we saw last year, and which was more typical for the tradelanes ex-Asia Pacific this season."

Dimerco Express Group vice president, global sales and marketing, Kathy Liu, said: "Ecommerce platforms had already secured capacity earlier in Q4 with direct support from airlines, leading to lower shipment volumes compared with the same period last year."

But she added that the air freight market had "again started gaining momentum from 18 November".

"December is expected to be busy during the first two weeks, driven by Black Friday sales, but starting in week 51, the market will likely slow as the traditional holiday season begins," said Ms Liu.

However, Dimerco also warned that potential cost increases due to threatened tariffs in the US could prompt companies to ramp up inventory, likely to "drive a significant increase in air freight activity… potentially leading to tighter space and higher shipping rates".

Indeed, head of airfreight at DSV Stefan Krikken said at TIACAs Air Cargo Forum in Miami this month: "These tariffs will happen… You will see supply chains changing. It means supply chain disruption, which means more conversions from ocean to air freight.

"We're seeing more and more demand being pushed into South-east Asia and, with these tariffs, that's only going to be more… I think people will continue to consume, and whatever disruption you have in supply chains will be good for our business."

But Dimerco noted that, despite the production shift to South-east Asia likely increasing raw material imports from China and finished goods exports to the US, "South-east Asian countries will still rely on major transit hubs like Taiwan, Hong Kong, South Korea and Japan, particularly for airfreight to the US".

"To adapt to these changes, carriers may adjust their pricing strategies next year," it concluded.

> **"Overall, Asian airlines remain well-positioned to adapt to evolving global conditions, and to navigate these challenges effectively"**
>
> Association of Asia Pacific Airlines

Preliminary October 2024 traffic figures from the Association of Asia Pacific Airlines show international air cargo markets saw potent growth, supported by businesses restocking inventories in preparation for the year-end holiday season and major online sales events.

It says the region's airlines continued to benefit from growing demand for timely air shipments.

According to AAPA, in October, international air cargo demand in freight tonne kilometres (FTK) rose by 10.9% compared to the same month last year. Offered freight capacity increased by 10.6%, led by continued growth in international belly-hold capacity. As a result, the average international freight load factor saw a marginal increase of 0.2 percentage points to 61.6%.

Commenting on the results, AAPA director general, Subhas Menon, said, "Cargo demand rose sharply on major trade lanes, driving a 14% increase in international air freight volumes during the first ten months of this year. This was on the back of robust consumer demand and disruptions to maritime shipping due to security risks in the Red Sea."

He added that on the cargo side, markets are expected to remain vibrant through the remainder of the year, despite some economic uncertainties in the advanced economies. ■

Orient aviation

31 YEARS