Orient aviation
Vol. 32 No. 2
April-May 2025
orientaviation.com

TURNING UP THE HEAT "DOWN UNDER"

Qatar Airways cements position as a world-beating airline under leadership of Engr. Badr Mohammed Al-Meer

Orient aviation 32 YEARS

Engine MRO on track to secure 50% of sector's business

Dark days for the world's airlines as U.S. global tariffs see saw


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Volume **32**, Issue **2**

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Careless leadership

Despite U.S. president Donald Trump's latest 90-day pause on his "Liberation Day" tariffs on countries worldwide, the uncertainty created by his on-again, off again shots from the hip have fractured global trade norms.

Stock markets have plunged, surged, fallen and are now accelerating gains. At press time, the tariffs were walked back.

For the global aviation industry and its airlines, the potential for yet another crisis and the threat to their operations and finances remain a clear and present danger.

Even taking into account the May 12 90-day tariff pause, Asia-Pacific manufacturers supplying aircraft and engine parts to the U.S., particularly South Korea, Japan, Taiwan and India, see revenue and supply chain rupture ahead as they are suppliers to Boeing and U.S. engine manufacturers.

High tariffs on parts produced in Asia will almost certainly increase the cost of aircraft and engines made in the U.S. Retaliatory tariffs by countries targeted by Trump will have a similar impact on Boeing, Airbus and component makers that rely on complex global supply chains to produce modern jets. Airlines will have to pay more for aircraft, engines and other equipment which means higher future air fares.

Lobbyists for aviation globally hope to persuade U.S. president Trump to grant exemptions to an industry vital to global trade. The bizarre fact is Trump's goal to "Make America Great Again" by having more goods made in the U.S. is impossible for the aviation industry. It is a pipe dream to believe the U.S. could replicate production lines in South Korea, China, Malaysia, Singapore and Australia that produce and supply parts and components for U.S. aircraft and engine manufacturers that have taken decades to develop.

Tariff pause or not, all actors in global aviation from the International Civil Aviation Organization (ICAO), the International Air Transport Association (IATA), Airports Council International (ACI), airlines and manufacturers must band together to dissuade the U.S. from doing irreparable damage to the global aerospace industry. ■

TOM BALLANTYNE
Associate editor and chief correspondent
Orient Aviation Media Group

Voice of experience

When Air New Zealand CEO, Greg Foran, tendered his resignation to the airline's board in March, he offered some words of operational wisdom to his yet to be announced successor.

Foran, who will step down as CEO of the 51% government owned airline at its AGM in October, said top of the list of the airline's challenges is the still necessary extended groundings for MRO on Rolls-Royce engines powering the carrier's 787s and P&W engines on the airline's A320neo fleet.

"That's not going to improve," Foran said.

At press time, weight was added to Foran's forecast with the news Air New Zealand (Air NZ) shrank capacity in March by 4.8% due to maintenance requirements on engines powering its fleet. Domestic capacity was lower by 4.1% in the month compared with a year ago and long-haul available seat kilometres were reduced 6.9% in the 31 days. The Star Alliance member has cut ASKs each month this year and for 10 of the last 11 months. "Capacity reductions in the month and year-to-date periods are driven by reduced aircraft availability from global additional engine maintenance requirements," Air NZ said in a regulatory filing. Last month, the airline said 11 aircraft were grounded at the time due to the maintenance checks.

The flag carrier flew 1.6 million passengers in March, 7.2% fewer than the 1.7 million travellers flown in the same month in 2024. Trans-Tasman and Pacific Islands services were down 1.2% year-on-year due to lower domestic demand, the airline added. ■

Korean Air chair believes U.S.-China trade war "will end soon"

Adopting a conciliatory tone at a recent Korean Air (KAL) media event, the carrier's chair, Walter Cho, said the airline "was seeing a downturn in passenger volume between trans-Pacific routes and Europe but said he thought the U.S.-China trade war "would end soon".

Cho acknowledged the tariffs imposed by the U.S. and China on each other were impacting KAL but said "it's subtle". "Maybe 5% compared with last year, but it has some significant impact on our business," he said.

"The tariffs could cost KAL US$50 million to US$100 million in lost revenue if lower levels of passenger revenues continue for the rest of the year," he estimated.

Cho forecast KAL will remain in the black and that the airline will maintain its North America network.

Air freight is 40% of KAL's business, he said, so the airline's cargo unit will refocus on servicing Europe, Canada and China.

KAL is a long time Boeing customer. Last March it finalized an order with the U.S. OEM for 20 777-9s, the new generation Boeing wide-body scheduled for reveal next year, and 20 787-9s. ■

Losses widen at China's "Big Three" in first quarter 2025

Among China's three largest state-owned carriers, Beijing headquartered Air China recorded the largest loss for first quarter 2025 at 2 billion yuan (US$281 million) from 1.7 billion yuan in the same months last year. Revenue was flat at 40 billion yuan the flag carrier reported. It said operating costs increased by 1.9% to 44 billion yuan and net cash flow from operating activities declined 11.3% to 8.3 billion yuan for the reported period.

China Eastern Airlines (CEA) delivered a much better performance than its northern rival but was still in the red for the quarter with losses of 995 billion yuan (US$137 million) against an 803 million yuan loss a year earlier.

At China Southern Airlines (CSA) losses for the quarter were the smallest of the "Big Three" at 747 million yuan (US$103 million), but it was not a good news story for the Guangzhou-based carrier. In first quarter 2024, CSA recorded a net profit of 756 million yuan, 1.5 billion yuan better than the first three months of this year.

Why? CSA attributed its financial performance to "shifts in traveler demographics, competitive pressures from the country's high speed rail network, global supply chain constraints and the depreciation of the yuan against the US$. It was much the same story at Air China and CEA. And so far the outlook for the current quarter is not looking any better as trans-Pacific traffic flat lines as the China-U.S. trade war drags on. ■

Boeing catches a break with credit agency

S&P has revised upwards its credit watch negative rating for Boeing citing an improved outlook for aircraft production and free cash flow.

But the ratings agency has maintained its negative outlook for the OEM because of uncertainty about the pace of recovery in its deliveries to aircraft to customers.

"We estimate Boeing is increasing capacity to absorb unexpected headwinds risks to sustainably higher production and near-term aircraft deliveries including those posed by tariffs and counter-tariffs with the U.S. and its trading partners," S&P said. ■

Airbus and SpiritAeroSystems conclude deal for sale of several commercial airline program assets

Airbus and SpiritAeroSystems have completed protracted negotiations resulting in the Toulouse-headquartered OEM reaching agreement with the U.S. company to acquire its commercial aircraft program facilities in the United States, Morocco, Northern Ireland and Scotland and for Spirit Aerosystems Subang Malaysia to be sold to a third party owner.

Airbus announced in April it will take ownership of the below sites and assets of the U.S. controlled company.

They are:

- *Kinston North Caroline (A350 fuselage sections)*
- *St. Nazaire (A350 fuselage sections)*
- *Casablanca (A321 and A220 components)*
- *Wichita (A220 pylons)*

- *Belfast (A220 wings)*
- *Prestwick (A350 and A320 wing components)*

Airbus added it will acquire the Belfast complex unless Spirit AeroSystems finds a buyer for part of the site. The U.S. company also is selling its Subang Malaysia complex.

"The compensation amount has been adjusted to reflect this revised transaction perimeter in line with the provisions of the binding term sheet agreement announced on July 1, 2024, an Airbus statement said. SpiritAeroSystems will pay the European OEM US$439 million in a deal subject to certain adjustments at closing, Airbus said.

"With this operation, Airbus aims to ensure stability of supply for its commercial aircraft programs through a sustainable way forward, both operationally and financially, for key Airbus work packages," the Airbus statement said.

Deal closure and the official transfer of operations [to Airbus] are planned for third quarter 2025.

"Airbus also has entered into a Memorandum of Agreement with SpiritAeroSystems under which Airbus has agreed among other things to provide SpiritAeroSystems with non-interest bearing lines of credit in an aggregate amount of US$200 million which will be used by SpiritAeroSystems to support Airbus programs," Airbus said. ■

Dubai cements position as world's leading international airport

Dubai International (DXB), one of two airports operated by Dubai Airports, processed 23.4 million international passengers in the first three months of this year. Passenger traffic was higher by 1.5% compared with the same months a year ago. In January this year, DXB processed 8.5 million air travelers at its terminal complex delivering DXB's highest ever monthly traffic numbers.

India was DXB's top destination country with three million air travellers, followed by Saudi Arabia (1.9 million), UK (1.5 million), Pakistan (1 million), U.S. (804,000) and Germany (738,000).

The top five cities for DXB travellers in the quarter were London (935,000), Riyadh (759,000), Jeddah (627,000), Mumbai (615,000) and Delhi (564,000).

"Leisure travel also surged in the reported three months driven by a seasonal peak at the start of the year, Eid holidays and spring break with double digit increases in traffic to destinations including Czech Republic (+30.6%), Vietnam (+28.6%) and Spain (+20.2%)," DXB said. ■

DARK DAYS

what's next for the global aerospace industry after the U.S. imposed tariffs of 145% on Chinese imports and then back flipped, for the second time, by delaying enforcement. Associate editor and chief correspondent, Tom Ballantyne, reports.

U.S. president Donald Trump may have hit the pause button for a second time on tariffs on imports from dozens of countries, particularly China, but the threat to global aviation is far from over. Only weeks after the U.S. president unveiled his "Liberation Day" tariffs, U.S. treasury secretary, Scott Bessent, was telling a closed door briefing for influential investors the standoff with China was "unsustainable". At the same time, the U.S president's media team was leaking like a sieve that the U.S. president expected the impasse to begin unwinding by mid-May.

It did. On May 12, in a second 90-day pause and after a weekend of talks between the U.S. and China in Geneva, the U.S. slashed tariffs to 30% for 90 days on Mainland goods imported to the U.S.

It was a capitulation on the part of the White House leadership and a win for China in the mega power trade war.

At press time, China was the good guy but for the global aerospace industry many manufacturing dilemmas are far from being resolved.

Close to the start of the Trade War standoff between the two countries, China's president, Xi Jinping, ordered China's airlines to refuse to accept Boeing jet deliveries. Within the day, two Boeing aircraft bound for Mainland customers returned to Seattle from China.

Boeing CEO, Kelly Ortberg, said the China customers had declined to accept three jets they had ordered. Fifty more Boeing airplanes are due to be delivered to China this year, Ortberg said.

At the same time, GE Aerospace is considering a "tariff surcharge" estimated at US$800 million -for at least a year -if high U.S. tariffs remain in place.

RTX said its surcharge, although it did not label it as such, would be US$850 million and be distributed equally with its two major aerospace companies, Collins and Pratt & Whitney.

For China, the Trump tariffs open up the market for COMAC's C919 powered by CFM engines. To complicate the new era of U.S. tariffs on trading partners, CFM is a Safran (French) and a GE (U.S.) joint venture.

There are three Final Assembly Lines for production of CFM engines: GE Aerospace in Lafayette and Durham in the U.S. and the Safran Aircraft Engines facility in Villaroche, France.

LEAP-1A engines for Airbus aircraft are assembled in France and the U.S. plants are responsible for their LEAP-1B counterparts.

A similar arrangement applies to the CFM56.

Villaroche also assembles COMAC's C919 LEAP-1C engines, but a significant number of its components, including avionics, are imported from U.S. companies. The U.S. tariffs will add significant cost to the manufacturing of both aircraft types.

As reported in Orient Aviation Daily Digest, any China retaliatory tariffs will significantly increase the cost of Boeing aircraft for Chinese airlines, potentially requiring them to adjust their fleet procurement strategies.

"The tariff hike will impose massive extra costs on Chinese carriers planning to acquire U.S. manufactured aircraft," the Yicai Global news platform reported.

Industry analysts believe Mainland domestic airlines are likely to seek alternative suppliers or delay purchases to mitigate the impact of the U.S. tariffs, 90-day pause or not.

In the short-term, carriers may prioritize leased jets over direct purchases. Longer term, they could shift to ordering Airbus or COMAC aircraft, Yicai wrote.

Overall, industry analysts said the Trump tariffs could cost aviation in excess of $5 billion a year.

And the forecast does not include global volatility that has yet to stabilize. Within hours of Trump's 'Liberation Day' tariff announcement, trillions of dollars were erased from global stock markets and resulted in an unsettling surge in U.S. government bond yields.

Luckily, the rout caught Trump's attention and he began to walk back from the immediate imposition of the staggering tariffs.

At the time, which seems eons ago, Trump's Liberation Day tariff blitz included Vietnam (46%), Japan (46%), Taiwan (32%), South Korea (25%), Cambodia (49%) and Europe (20%).

If the tariffs, though reduced, are imposed after the U.S.'s second May 12 90-day pause expires, aircraft, engines and their components will cost more, raising prices airlines have to pay their suppliers and increasing air fares because the higher costs will be passed on to passengers.

This cycle can make life very difficult for airline planning and also ripple through complex global supply chains that are still recovering from the pandemic.

France's aerospace lobby GIFAS - Groupement de Industries Francaises Aeronotiques et Spatiales - has called on the European Union (EU) to react with "proportionate and assertive" countermeasures" against the Trump tariffs

but also advises caution, given how tightly interwoven U.S. and European aerospace manufacturing has become over the decades.

Initially, the EU reacted to Trump by imposing 25% tariffs on U.S. goods. But like Trump, it later paused retaliation.

Rolls-Royce, Safran, GE Aerospace, Pratt & Whitney and MTU all depend on trans-Atlantic cooperation. Boeing and Airbus rely on each other's supply chains and deliver aircraft across borders. CFM International powers thousands of aircraft worldwide.

U.S. engine manufacturer, Pratt & Whitney, has more than 400 suppliers in North America, Asia and Europe. With the engines they are supplying facing significant tariffs on parts imported into the U.S. the cost of producing an engine will increase.

The same threatened price increase applies to aircraft manufacturers such as Boeing, which relies on complex global supply chains and suppliers spread across the globe to produce each of its aircraft.

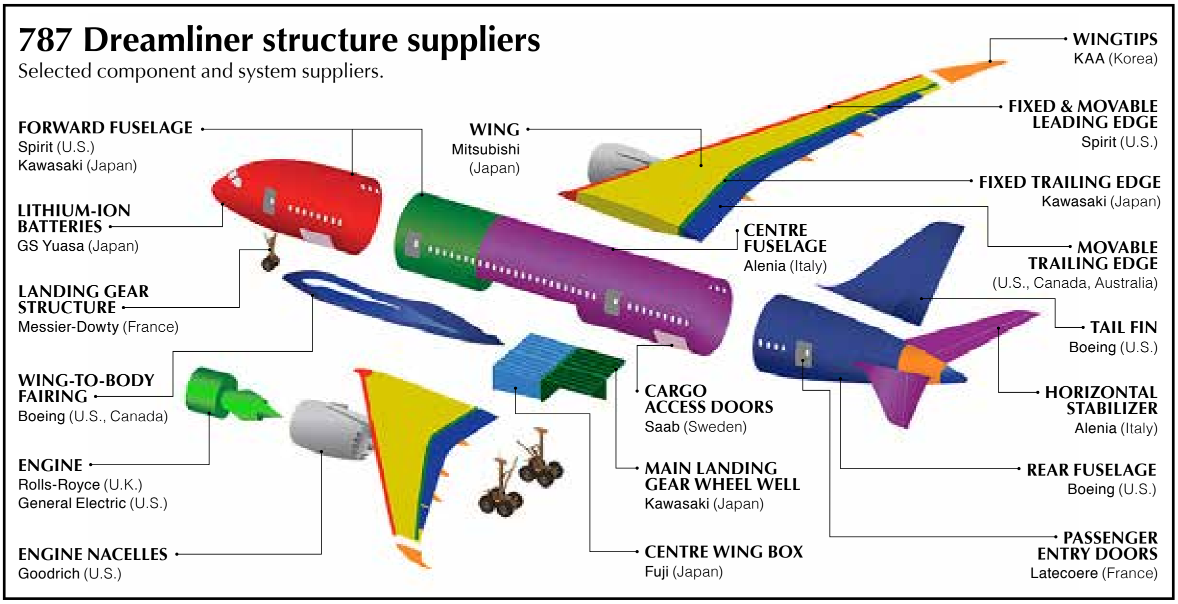
At its AGM in mid-April, Airbus confirmed its 2025 production guidance but acknowledged the impact of rising global trade tensions is being evaluated by the group.

Airbus CEO, Guillaume Faury, emphasized four key points in his address to shareholders:

- Airbus is working with its supply chain, customers and plants to re-assess the implications of the tariffs on costs, deliveries and demand.
- Airbus has 20-25 undelivered aircraft – "gliders" awaiting engines primarily because of CFM delays.
- Airbus continues to face supply issues for major fuselage and wing components from SpiritAeroSystems particularly affecting its A350 and A220 programs.
- A deal for Airbus to take over selected SpiritAeroSystems sites is expected to be completed by June 30. Co-ordination is underway with Boeing to avoid disruption.

Airbus added the tariffs were not included in its February forecast and the evolving trade landscape could require adjustment.

"It is still unclear how tariffs will affect aircraft



Sources: Boeing, Reuters

production as we have yet to see reciprocity from other countries or carve outs for aviation," Airbus said.

"It could potentially be very messy as aircraft and MROs rely on the global supply chain network," IBA chief economist, Dr Stuart Hatcher, said: "The supply chain is strained enough without added cost worries or the threat of dwindling demand. While it only applies tariffs to imports, who is to say other countries won't respond aggressively such that multiple charges are applied to Boeing aircraft containing non-U.S. parts?"

"One charge is levied by the U.S. government for the part imported and another applied by the customer's government for the final aircraft."

The duties will up end nearly half a century of mostly duty-free aerospace trade and are set to drive up the cost of Boeing and Airbus planes, GE Aerospace engines and hundreds of other aerospace products, threatening an industry that helps soften the U.S. trade deficit by more than $100 billion a year.

"It will certainly make things more expensive for the industry," said Aerospace Industries Association vice president international affairs, Dak Hardwick. The association represents Boeing, GE Aerospace, Airbus and dozens of other aerospace and defence companies.

The industry group is asking the Trump administration to uphold provisions in a near half century old trade agreement that allows for duty free trade of civilian aircraft and imports tied to defence and national security.

IBA's Hatcher said there are likely options to bypass certain aspects of the tariffs and new completion centres could pop up to handle interiors along with a wider use of leased engines for deliveries.

"Regardless, the increased cost of imported goods into the U.S. is forecast to limit options and keep inflation high. Replacing them with a U.S. alternative will make it even more expensive," he said.

"So, more inflation, a weaker growth outlook and a drop off in inbound traffic may curb enthusiasm for new aircraft deliveries for U.S. airlines.

"But to be clear, I remain bullish on aircraft production until I see where this is all going." ■

Playing the waiting game

In a panel discussion at MRO Americas in Atlanta, OEM, airline and parts specialists voiced concerns about the uncertainties of U.S. trade policy. The consensus was that many are playing the waiting game as the present situation remains hard to predict.

Among them were representatives from Boeing. "I can't predict, and I don't think anyone can in this environment, but I would say we are concerned,"

Boeing Global Services senior vice president parts & distribution services and supply chain, William Ampofo, said.

"We should be all aware and prudent. We are in the process right now of sizing what we think the potential risk may be to us [Boeing]."

The OEM sees cost escalation for parts. "In our supply base, obviously we have suppliers fighting a force majeure or looking at surcharges and opportunities to pass those along, but it is early stages," Ampofo said.

Engine MRO to garner 50% of maintenace sector's global market

By associate editor and chief correspondent, Tom Ballantyne

Global aircraft engine MRO market size, valued at $37.56 billion in 2022, is projected to increase from US$42.81 billion in 2023 to US$59.01 billion by 2030 - at an average annual rate of 4.69% - Fortune Business Insights has forecast.

The market will gain traction in the next six years from growth in air passenger traffic and an increasing pace of aircraft deliveries.

The Asia-Pacific engine MRO market was valued at $12.36 billion in 2022. It is forecast to dominate the market as the decade closes recording the highest annual growth worldwide, Fortune Business said.

The region's commercial airline expansion is based on availability of cheaper skilled labour, a flourishing aviation sector and better airport infrastructure compared with more mature airports in the rest of the world, the report said. Additionally, major global conglomerates are expected to increase their investment in the Asia-Pacific building demand for air travel in coming decades.

However, significant obstacles to meeting the predicted growth targets must be overcome, a more recent Alton Aviation consultancy report warns. They are perpetuating supply chain disruptions and skilled labour shortages.

"Recently, Alton updated its global commercial air transport fleet and MRO demand forecast to reflect these new dynamics while incorporating near-term macroeconomic factors such as interest rate changes and the geopolitical challenges of conflicts such as the Russia-Ukraine war and conflicts in the Middle East," the consultancy said.

In 2024, Global MRO spend was $124 billion. It is forecast to increase from $127 billion this year to $153 billion in 2035. Engine MRO is forecast to be about 50% of the global MRO spend. Component MRO is predicted to be 21%, followed by line maintenance (12%), airframe heavy maintenance (7%) and modifications (6%).

The share of new-generation engines will be 27% of the engine overhaul volume of today and be close to 77% of engine overhaul volume by 2035. Some new generation engines suffer from low time-on-wing but improve as the programs mature, Alton said.

A combination of higher material cost escalation, labour cost inflation, higher aircraft utilization and fewer than expected retirements are contributing to strong longer term year-over-year MRO demand growth, the consultancy report said.

The Asia-Pacific will book the biggest demand for MRO at 36% of the global total followed by North America (20%) and Europe at around 20%.

There are warnings engine MRO is at a choke point for commercial aviation and a capacity shortage is likely to worsen. In a 2024 report, Bain & Company said airlines are facing historically high engine shop turnaround times, up by 35% or more for legacy engines and more than 150% for new generation engines compared with pre-pandemic levels. These uncommonly long delays to maintain and repair engines are reducing the availability of aircraft.

"Our analysis shows aircraft engine MRO demand is likely to record a near-term peak in 2026 and remain constrained to the end of the decade. The next large surge in demand from new generation engines will begin towards the end of 2030," Bain forecasts.

"Unless MROs act quickly to close this capacity gap, airlines will face higher costs to operate constrained fleets. The financial burden in addition to costs to decarbonize air travel is likely to slow passenger travel growth," Bain's global aerospace and Defense co-leader, Jim Harris, said.

"Firstly, MRO engine shop visits deferred during the pandemic have led to significant pent-up demand. As well, newer generation CFM International LEAP engines and especially Pratt & Whitney GTF engines are requiring repairs in much greater numbers than anticipated including powder metal contamination.

"In addition, there is insufficient delivery of new generation aircraft because of supply chain constraints and aerospace quality setbacks," Bain said.

Deferred deliveries have forced airlines to rely on fleets that require greater repair complexity and longer turnaround times. Added to this list of challenges is insufficient supply of spare parts that result in longer shop visits.

As airlines delay retiring legacy aircraft, in particular 737NGs and A320ceo types, the supply of USM (Used Serviceable Materials) is playing a critical role as a source of cost-effective, low-risk access to life-limited parts. For some MRO shops, USM parts cover as much as 30% of total part demand.

If MRO capacity continues to grow on its current trajectory, Bain calculates demand for shop visits at the end of the decade will exceed supply by more than 17%. In turn, the shortfall will impede air traffic growth by forcing operators to limit flights and routes.

Commendations to rebalance MRO shop availability include:

- *Improve engine shop efficiency and productivity ahead of the next demand surge. MRO providers need to work with airlines on forecasts for MRO demand to mitigate maintenance delays. The use of artificial intelligence (AI) and automation could also boost further productivity gains. For instance, computer vision is improving the accuracy and speed of inspections and boosting the productivity of smaller workforces. AI also can be used to improve knowledge management and employee decision-making and productivity.*
- *Expand piece-part repair capacity by boosting supply of used and repaired parts so MRO providers can reduce overall demand for new OEM parts and shorten repair queues.*
- *Build capabilities and scale the business. New generation fleets will be far larger to accommodate growing travel demand. MRO providers that plan for this future will be able to capture a greater share of shop visits.*

One other ground breaking development in the engine MRO market in the last decade is predictive analytics. The technology collects and analyses data from multiple sources and sensors preventing potential failures, reducing aircraft downtime and optimizing performance.

Predictive analytics identifies problems before they are critical, plans maintenance based on actual needs rather than at fixed intervals and tailors solutions to specific engines and conditions. It also improves security, reliability and customer satisfaction by reducing unexpected interruptions and delays, the consultancies said. ■

Parted out aircraft filling supply chain gaps

In April, Arizona-based Aircraft parts supplier, Unical Aviation, acquired "a fleet" of used A320neos that it will disassemble and sell for parts marking it as the "first dedicated disassembly programme for the A320neo family aircraft. As the first to launch a disassembly effort on Airbus single aisles, Unical is staying ahead of the curve to meet the evolving needs of its airline and MRO customers," Unical executive vice-president of assets, David Dicken, said.

"These assets will soon be transformed into high-demand material to support operators worldwide with cost-effective, timely aftermarket solutions."

Unical did not reveal the number of A320neo it plans to acquire or from where the aircraft are coming, but a photograph released by the company shows a stored Airbus jet that appears painted in the colours of defunct India airline, Go First, formerly Go Air. The carrier entered bankruptcy protection and ceased operations in 2023.

Go First largely blamed its failure on maintenance problems with Pratt & Whitney PW1100G turbofans. It said unscheduled maintenance and poor engine durability forced the removal of scores of PW1100Gs from service and grounded many A320neo family jets.

The oldest A320neo Go First operated were delivered by Airbus about 10 years ago, aviation analytics firm Cirium said.

"Demand for quality, serviceable material is growing rapidly. Unical is accelerating the availability of next-gen components to the market and reducing turnaround times for critical maintenance," it said.

“Digital twins” revolutionary role in predictive aviation maintenance

In a recent background paper analyzing the transformation airline MRO is undergoing, aviation recruitment consultancy, Aerviva, stressed the importance of “digital twins” in the sector’s digital revolution.

Quoting a McKinsey & Company report, it said the international consultancy had concluded business generated by digital twin technology- virtual copies of real-life machinery – will increase to US$48 billion in 2026 as more MRO providers introduce predictive simulation into their operational processes.

Aerviva, based in Dubai, said aviation digital twins either are virtual models of an entire aircraft or a part of it, for example an engine.

Industrial conglomerate GE has developed digital twin technology for landing gear, the consultancy said, but cautioned the revolutionary technology is only as good as the input it receives. It must be constantly updated although it is “at the heart of predictive maintenance”, consultants universally agreed, McKinsey wrote.

“To say digital twins are a must in aviation MRO would be an understatement when every hour of airline downtime can cost tens of thousands of dollars,” it said.

A recent Deloitte study calculated implementation of digital twinning in predictive maintenance programs results in a 15% reduction in Aircraft on Ground (AOG) time and a 20% improvement in labour productivity.

Aviation predictive maintenance gathers information from data collected by digital monitoring and analyses the condition of the aircraft and components to predict accurately future necessary MRO.

McKinsey calculates commercial aviation MRO savings can range from 18% to 25% and increase airliner availability by 5% to 15%.

Combined with generative Artificial Intelligence (AI), predictive simulation (digital twinning) can complete MRO assessments in seconds instead of hours.

Air France KLM, the operator of a fleet of 500 aircraft, is investing in AI solutions to take their predictive maintenance efforts to a higher level, Reuters reports, by using AI capabilities from Google Cloud to reduce time taken for data analysis of predictive aircraft MRO from hours to minutes. ■

TURNING UP THE HEAT DOWN UNDER

Qatar Airways may have been seen as the perpetual runner-up to its neighbour, Emirates Airline. No more. The Doha carrier has cemented its position as a world-beating airline group making shrewd investments that have expanded its reach across the globe. Associate editor and chief correspondent, Tom Ballantyne, reports.

As the saying goes, there is more than one way to skin a cat. A year after being denied clearance to operate more flights to Australia, a government decision taken "in the national interest" after Qantas Group heavy lobbying, Qatar Airways has found another way of imprinting a bigger footprint on Australia's aviation landscape.

In a clever strategic move, the airline has won approval from the Australian Competition and Consumer Commission (ACCC) to establish an integrated alliance with Virgin Australia (VA) that involves the Doha airline acquiring 25% of VA from its owner, Bain Capital.

The decision gives VA the green light to operate 28 flights a week between Australia and Doha flying the routes under wet-leases with Qatar Airways. Utilising the Gulf carrier's airplanes, VA will commence long-haul flights to Doha from Sydney, Brisbane and Perth in June followed by Melbourne to Doha in December. Twenty VA pilots and 40 cabin crew will be seconded to Qatar as part of the new partnership.

The flights will open more than 100 connecting destinations for VA across Europe, the Middle East and Africa. The ACCC's authorisation of the acquisition also gives the Australian carrier, which started life as an LCC, access to the scale and expertise of a world leading global airline and facilitates its re-entry into long-haul international flying. It is a shift in the aviation landscape expected to drive increased competition in the Australian market and deliver greater choice and value for passengers.

For Qatar Airways Group, it marks another step forward in a series of major investments that are providing it with increased access to international markets across the globe. Its international airline investment portfolio is: 25.1% in International Airlines Group (IAG), 10% in South America's LATAM Airlines Group, 9.99% in Hong Kong's Cathay Pacific, 3.38% in China Southern Airlines and 25% in South Africa's Airlink.

But the purse strings might be tightening. Qatar Airways Group CEO, Engr. Badr Mohammed Al-Meer, has confirmed the airline is nearing completion of an equity investment in Rwanda Air, a strategic addition to its network in Africa.

When asked about future acquisition plans, he said no additional purchases are in the pipeline beyond Rwanda Air.

Al-Meer, who took over from his controversial predecessor, Akbar Al Baker, in November 2023, has continued to drive the group forward, not only on the investment front but in fleet and network growth while building a reputation for exceptional service. Last year, Skytrax named the carrier the World's Best Airline for the eighth time. The airline's home hub, Hamad International Airport - Al-Meer is the airport's chief operating officer – was voted the World's Best Airport and World's Best Airport Shopping by Skytrax in 2024.

Post-pandemic, the airline is experiencing a revenue surge. After posting a record US$1.67 billion net profit in its previous fiscal year, Al-Meer said the airline is on track to surpass that result in its latest full year. His optimism stems from the airline's strong financial performance, strategic investments and an expanding operational footprint particularly at Hamad International Airport.

The airport recently opened two new concourses - D and E - increasing annual passenger capacity to 65 million. Boarding gates have been increased 40% to 62 with 17 new gates now in operation.

While Al-Meer declined to disclose the specific financial details of the airport expansion, he said on the record the increased operating costs associated with a larger terminal complex will be offset by higher revenue and profitability. "The expansion will add value and increase annual net profits," he affirmed.

The potential for Qatar Airways to privatize or launch an initial public offering (IPO) remains under consideration. The Qatar Investment

Authority and other governmental bodies are reviewing these outcomes. There is an increasing trend at Gulf airlines to consider IPOs - such as Etihad Airways and flynas - and a Qatar Airways potential entry into public markets aligns with broader regional industry movements.

While airline mergers have become a common trend among European carriers seeking financial stability, Qatar Airways has no plans to follow suit. Al-Meer has emphasized that unlike struggling European airlines, which often merge to avoid bankruptcy, Qatar Airways remains financially strong and independent.

As it continues to expand its network, now at 170 destinations, the airline's fleet growth is a focus. In March, the group signalled it will place a large order for wide-bodies to "secure long-term growth". At present, the fleet is 109 A320s, A330s, A350s and A380s plus 121 B737 MAXs, B787 Dreamliners and B777s. Orders are in place for 11 more B787s, 25 B737 MAXs, 50 A32oneo and 18 A350-1000s.

China is a key growth market for Qatar, with Al-Meer stressing flights to and from China consistently operate at load factors of 88% plus with aircraft fully booked and generating substantial revenue. This underscores the airline's strategic focus on high demand international routes, it said.

In Doha earlier this year, Al-Meer said an increasingly connected world has introduced unique challenges but also unearthed opportunities for cross-cultural understanding much to the benefit of the aviation industry. "Qatar Airways has strong and strategic diplomatic ties across the world and is a key player on the global stage. Demand for our services has remained high in peak and low travel seasons," he said.

"With our partnerships in emerging markets in Africa, the Americas and India, we have built on our strengths of agility and commitment to sustainable growth to prove time and time again Qatar Airways remains resilient, nimble and responsive to change.

"These qualities are essential for growth in a multi-lateral environment. Owing to its new vision, Qatar Airways 2.0, its dedication to the workforce, and its growing investments and partnerships, the group is an optimal case study for thriving businesses in rapidly evolving landscapes," Al-Meer said.

World beating service standards have marked the carrier's progress. It has been investing in digital technologies and innovative solutions to elevate its product offerings, particularly in its first class and business class cabins. This is demonstrated by its latest unveiling, the 'QSuite Next Gen, at Farnborough Air show last year. It will debut on the airline's B777-9s from 2026. It also is the first global airline to introduce Starlink Wi-Fi across its fleet.

Qatar is driving progress in environmental sustainability, a commitment integrated within its corporate culture. The airline is at the forefront of the aviation industry's efforts to address climate change, particularly after the International Civil Aviation Organisation's (ICAO) adopted global climate goals. Its strategy centres around four key pillars: advancing technology through fleet modernisation, optimising operations, utilising Sustainable Aviation Fuels and Lower Carbon Aviation Fuels and participating in the Carbon

Top flight IFE

Qatar Airways, the largest global airline offering Starlink's high-speed internet on board, is nearing completion of its B777 fleet upgrade. "We are just a few aircraft away from finishing our 777s connectivity with Starlink an industry first for a wide-body fleet of this scale, Qatar Airways CEO, Badr Mohammed Al-Meer, said. "We will be the first airline in the world to begin equipping A350s with Starlink, taking another bold step in our journey of redefining connectivity in the skies.

"We affirm our continual efforts to enhance our onboard Wi-Fi experience, ensuring passengers enjoy greater comfort, convenience and service," said Badr Mohammed Al-Meer. The airline also has begun installing its A350 fleet with the Starlink system becoming the first airline in the world to bring this cutting-edge connectivity to passengers of the A350 type.

Offsetting and Reduction Scheme for International Aviation (CORSIA).

In March, VA and Qatar Airlines announced they will partner with Brisbane's Renewable Developments Australia (RDA) to develop a 100% sustainable aviation fuel (SAF) project in Far North Queensland. Subject to final investment approval, RDA will construct an ethanol-to-jet (EtJ) plant and produce up to 96 million litres of SAF a year from 2029.

Qatar Airways Group has achieved several industry climate firsts in recent years, including the first airline in the Middle East to join ICAO's Global Coalition for Sustainable Aviation; securing an offtake agreement for 25 million gallons of neat SAF; achieving accreditation to the highest level of the IATA Environmental Assessment (IEnvA) and joining the IATA Turbulence Aware platform. Globally, it is pioneering the use of the IATA Aviation Carbon Exchange. It is the first airline to join the IATA CO2NNECT platform that offers a voluntary carbon offsetting programme for air cargo shipments and the first airline in the world to achieve certification to the Illegal Wildlife Trade Assessment to curb the transport of illegal wildlife and their products.

Part of the group's ongoing strategic approach is building more meaningful relationships with global audiences by solidifying the brand's leadership position in the social media landscape. It is the world's number one airline across social channels with more than 47 million combined followers and is the leading followed airline in the world on Facebook, TikTok and YouTube.

As for those airline investments, their significance cannot be underestimated. IAG is an Anglo-Spanish multinational airline holding company registered in Spain. It includes some of Europe's biggest aviation brands - British Airways, Iberia, Aer Lingus, Vueling and LEVEL. Signed off in 2023, the partnership created the world's largest airline joint business covering 60 countries.

LATAM is Latin America's leading airline group with a presence in five domestic markets in South America; Brazil, Chile, Colombia, Ecuador and Peru and with international operations in Latin America and destinations further afield. The investment in Cathay Pacific links the group with

Engineering Qatar Airways growth

Engr. Badr Mohammed Al-Meer took on the role of Group CEO of Qatar Airways Group on November 5, 2023. His appointment underscored a distinguished career, forged over two decades, pioneering multi-billion-dollar aviation, construction and real estate development projects.

Throughout his career, he has played pivotal roles in some of Qatar's most intricate and iconic development projects. Notably serving as the COO of Hamad International Airport (HIA) since 2014, leading critical divisions such as MATAR (Airport Company), Qatar Duty Free, Qatar Aviation Services, Qatar Aircraft Catering Company, Qatar Distribution Centre, Dhiafatina, and Real Estate.

At HIA, he guided the airport through major milestones and the challenges of the pandemic, an expansion project and the group's delivery of services during the FIFA World Cup in Qatar in 2022.

From 2018 to 2020, Al-Meer was a Board Director of Airports Council International (ACI) Asia-Pacific, contributing to Future Airport Development and Airport Sustainability.

With engineering degrees from the American University of Beirut and the University of Colorado, he has brought a solid educational foundation and a wealth of business insight and technical expertise in engineering, construction and large-scale project development to the Qatar Airways Group following the iconoclastic but controversial leadership style of his successor Al Baker.

Cathay's scheduled passenger and cargo services to Asia, North America, Australasia, Europe and Africa. China Southern Airlines is the largest airline in the People's Republic of China with extensive domestic and global networks.

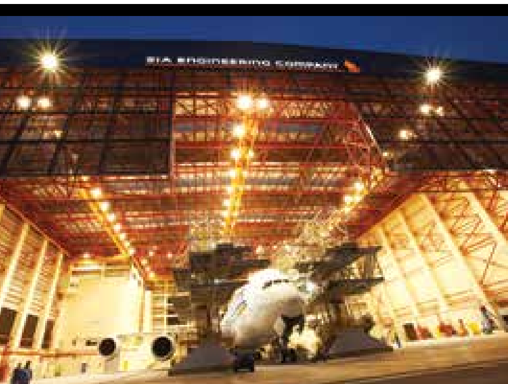
Its VA investment will be serious competition for Qantas Group in the battle for long-haul passengers heading to Europe, despite Qatar Airways being, like Qantas, a oneworld alliance member.

It sends a clear signal of the appetite for delivering competition, world-class service and value to Australian passengers, said Al-Meer. "It also marks a new chapter in the relationship between our two airlines. I would like to thank our Virgin Australia colleagues and valued stakeholders for their tireless dedication to our shared ambition to create healthy competition within the local aviation market, as well as our collective commitment to supporting Australian businesses, Australian jobs and the wider economy."

Virgin Australia CEO, Dave Emerson, said: "This is a defining moment for Virgin Australia and the Australian aviation landscape. The ACCC's final approval of our deeper strategic partnership with Qatar Airways marks a new chapter for our airline and a world of opportunities for our people and customers.

"Already, we are seeing some of the positive benefits of the partnership, including increased sales activity on airfares between Australia and Europe, the Middle East and Africa thanks to increased competition."

For Al-Meer and Qatar Airways VA is another piece in the jigsaw for an airline very significantly increasing its footprint in global airline markets. ■



Orient aviation

32 YEARS