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QANTAS READIES FOR POST-PANDEMIC LIFT OFF

Domestic business is booming, but it's still wait and see for international travel says Qantas Group boss, Alan Joyce

Orient aviation 27 YEARS

IATA boss warns suppliers against opportunistic fee hikes post-pandemic

"Vaccine passport" trials proliferate across region as forecasts of industry recovery gather momentum

Taiwan's airlines emerge as Asia-Pacific's quiet achievers

Orient aviation 27 YEARS

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COVER PHOTO BY BRENDAN READ

Lessors survival strategies honed by past crises

With around half the world's airline fleet owned or managed by leasing companies and a majority of them grounded for the past year or more it is hardly surprising some lessors have been struggling. But not all of them as the record revenue and big profits announced by Singapore-based BOC Aviation highlights.

Major global leasing companies had a buoyant 2019 and they were able to take advantage of bank debt and access to bond markets to navigate the COVID-19 crisis. Others, however, have not been so fortunate.

The years leading to the outbreak of the pandemic were a golden period for aircraft lessors. Airlines, focused on financial stability, gravitated to leasing large portions of their fleets rather than owning them.

Dozens of new lessors entered the market, particularly in China, as investors jumped at what was seen as a winning bet. For the time being, that boom has come to an end. Analysts forecast a thinning of lessor ranks.

Already that prediction has come to pass with Dublin-based AerCap's purchase of GE's leasing arm, GECAS. It appears inevitable the sector will continue to shrink, at least in the near-term, as small lessors either depart the industry or are absorbed by larger, more successful peers.

With the time frame of recovery from the pandemic still uncertain and forecast to take some time, airline fleet growth will be on pause. Carriers burning through cash reserves and adding massive amounts of new debt to their balance sheets will be shying away from ordering airplanes or adding leased jets to their fleets.

And, as they have been for the last year, they will be looking to defer lease payments and negotiate reductions on rentals they have. It also is likely many carriers will not renew aircraft leases expiring this year or even in 2022.

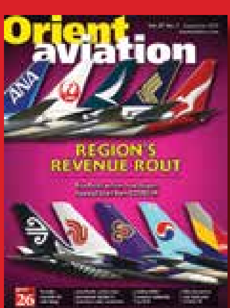
As a result, more disputes between airlines and lessors about lease returns and redeliveries are ahead. Clearly, there are those who will continue to prosper, such as BOC Aviation and AerCap. Both companies have strong balance sheets and excellent management.

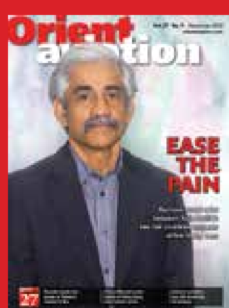
In his first press conference as International Air Transport Association (IATA) director general, Willie Walsh said: "Generally, the leasing industry is competitive. There are lots of options out there for most if not all airlines and we continue to see evidence of that.

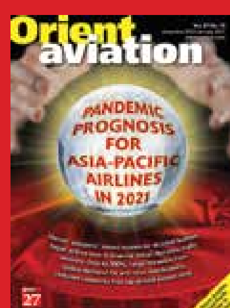
"In many cases lessors have been part of the solution to the cash crisis airlines faced in 2020." ***See IATA boss warns service providers against opportunistic fee hikes, page 7.***

A full recovery for the global airline industry, particularly long-haul flying is forecast for 2024 to 2025. As a result, the road ahead for some aircraft and engine lessors, at least in the short to medium term, will be challenging. ■

TOM BALLANTYNE
Associate editor and chief correspondent
Orient Aviation Media Group







China Airlines insider appointed president

Starting at **China Airlines (CAL)** as a straight out of university flight attendant in 1986 and progressing through the ranks as a CAL pilot and senior manager, the flag carrier's new boss, **Shing-Hwang Kao**, can rightly claim to know the company inside out.

Appointed in March, Kao is a CAL lifer with a deep knowledge of the airline, from both an operations perspective and the experience of dealing with the challenges of management, most latterly the pandemic.

Kao moved from the passenger cabin to the cockpit after he was among the first batch of CAL students to be sent to the U.S. for flight training. He began his flying years with the A300 family and progressed to the 747-400 and the left hand seat before being promoted to CAL's management ranks in 2003. He also flew A340s and A330s. His leadership roles have included chief pilot, vice president of flight operations and responsibility for the departments of finance, safety, corporate sustainability and cabin crew operations. Most recently, he was a CAL senior vice president.

Kao's appointment will ease the workload of CAL chairman, Su-Chien Hsieh, who also has been serving as acting president for two years. Hsieh led CAL from June 2016. In April 2019, he was chosen as CAL board chair but retained his responsibilities, as acting president, until Kao was appointed in mid-March. CAL said Hsieh will now concentrate full-time on chairing the carrier's board.

One of Kao's first public appearances as president was a sentimental occasion. He was among management, crew dressed in uniforms from different eras of 747 flying, retired employees and valued frequent flyers to farewell the last 747-400 to depart the CAL fleet.

At the ceremony, on April 12, the former 747 captain said the aircraft "was a very safe and stable aircraft to fly" and thanked the "Queen of the Skies' for "its extraordinary contribution to the development of Taiwan and China Airlines". ■

Direct bookings with carriers to climb to 55% after "lost year"

A recent survey commissioned by technology solutions provider, **Accelya**, and published in early April, confirmed what everyone in the industry knows full well: 79% of the airline executives surveyed said the pandemic was the most challenging moment in their careers.

More positively, 96% of airline professionals who responded to the poll said the "crisis has created opportunities" for the industry, particularly in commercial processes, commerce and retailing technologies.

Additionally, 89% of those surveyed believed the pandemic "will fundamentally after how airlines do business in the next five years".

Conducted by **Atmosphere Research Group**, the study predicted that in another two years, airline direct and online channels will account for 55% of bookings, a 12% increase over 2020.

"We view 2020 as being the lost year for airlines, but far from being discouraged, we see airline leaders ready to make big, bold and even unconventional moves to get back on track," **Atmosphere Research Group president, Henry Harteveldt**, said.

The survey detected a shift in airline attitudes about the importance of merchandising/retailing to their businesses. Pre-pandemic, 26% of executives considered it to be extremely important. By April this year, 49% of respondents said it would matter more during the business recovery.

"However, a worrying point of note is that nearly half of all airlines surveyed (47%), believe inadequate technology will keep them from fulfilling their visions of dynamically priced offerings," the survey authors said. ■

China and Australia biggest beneficiaries of domestic market rebound

In China's case it is the giant sprawl of the nation that has produced a near 100% rebound in domestic air traffic in a few short months.

Much further south and east, airlines serving the continent of Australia also are benefitting from the nation's geography but on a less grand scale. At press time, Australians were storming back to air travel in numbers that are climbing very rapidly to 90% or above of pre-pandemic levels.

And unless there is setback in containing COVID-19 across Australia and New Zealand, it can only get better for the Pacific Rim carriers.

On April 19, the region's first two-way air travel bubble, between Australia and New Zealand, came into force.

Citizens with the relevant health clearances are now making the trans-Tasman journey between the two countries without quarantining on arrival at their destinations. Tickets sales at carriers flying "the ditch" are outstripping available capacity.

In China, **Air China, China Eastern Airlines (CEA) and China Southern Airlines (CSA)** recorded triple digit increases in domestic passenger traffic for March compared with a year ago. Domestic load factor averaged 73% to 76%.

CEA reported the most impressive numbers with a 304.7% leap in domestic passengers for the month over March last year. Air China recorded a 176% improvement in demand over 12 months ago and CSA was up 122.4% compared with the same month last year. ■

IATA boss warns providers against opportunistic fee hikes

By Tom Ballantyne

It has not taken new International Air Transport Association (IATA) director general, Willie Walsh, long to demonstrate he means business. While continuing to lobby for relaxed border and quarantine restrictions as well as preparing for recovery from the pandemic, he made it clear he has concerns about some sectors of the industry when he said airlines "will not accept monopolistic type behaviours from key elements of the value chain if they seek to recover their losses of 2020 as we get going again".

Nor did he leave anyone in doubt about who he had in mind. Speaking during his first online press briefing since taking charge at IATA on April 1, the former Aer Lingus, British Airways and IAG (International Airlines Group) boss said he was looking at some airports and air traffic control providers.

"We need to be very careful that others don't try and exploit a weak airline industry when seeking to recover their losses from last year. Principally, I am looking at some airports and air traffic control suppliers who already have shown evidence of their desire to recover the money they lost in 2020. It's not going to be possible for airlines to do that. It should not be possible for suppliers in the industry to do that," he said.

Walsh added airports such as London Heathrow had clearly demonstrated they wanted to recover lost revenue. "We expect the regulator in the UK to be very tough, to take a stand, particularly where it [London Heathrow] is trying to recover money spent on the third runway - that was not really supported by the industry. It was something Heathrow wanted to do," he said.

Also, IATA is seeing evidence air traffic control suppliers have not taken the opportunity to improve the efficiency of their operations during the crisis. "So, we see evidence some of them are trying to recover costs. In effect, some of these guys just act as monopoly suppliers. There is no alternative," Walsh said.

"We will be very strong and aggressive in opposing this. We will work with our member airlines to ensure these suppliers do not take advantage of the situation. And we will expect economic regulators and governments to step in to ensure this behaviour is clearly not accepted and is not to be tolerated."

But Walsh had a pat on the back for one sector of the industry - aircraft leasing. "Generally, the leasing industry is competitive. There are lots of options out there for most if not all airlines and we continue to see evidence of that," he said.

"In many cases, lessors have been part of the solution to the cash crisis airlines faced in 2020. There has been a lot of sale and leaseback activity going on. In most cases they have been, from personal experience, at rates I would consider to be normal or near normal. I don't have concerns about the leasing industry at this stage."

Walsh said his priorities were the same as those of his predecessor, Alexandre de Juniac. Apart from its work with governments, the association is focused on acceptance of its Travel Pass. "It is important the IATA Travel Pass is introduced and accepted. We need to offer the customer a digitized option to travel," he said.

"The concept of self-service check-in, on-line or using apps, has become a permanent feature of the business so we need to get back to facilitating that."

Walsh believes the recovery, when it occurs, will happen very quickly. "But we do have to recognize it is not going to be easy to get back to the same level. A lot of aircraft that were in operation in 2019 have been retired. I don't see those aircraft coming back into service. I see an industry that will be smaller in the short term as it gradually recovers," he said.

"Clearly, some airlines will take advantage of the recovery, but in most cases where airlines have restructured it is because it had to happen. Without it, they would be out of business. Rising fuel prices will be a challenge. So we will see cash burn even as the industry begins to recover."

Walsh, the first former pilot to head IATA, did not think his cockpit experience gave him any particular advantage in leading the organization. "One of the things it did for me was make me more focused on decision-making. As a pilot, particularly as a captain, you must be prepared to take decisions. You have to assess information quickly. You have to manage risk and take decisions in a structured way," he said.

"It is something every leader needs to do. Having done that as a pilot has certainly made it easier for me to embrace difficult challenges and make decisions quickly when needed as a CEO. I would expect to do the same in my role as director general." ■

Korean Air president outlines acquisition timetable for Asiana merger

In a frank and detailed online briefing last month, Korean Air (KAL) president, Woo Keehong, confirmed a full merger of its former rival, Asiana Airlines, into the KAL fold would take two years. "There will be one brand, Korean Air, after the integration," he said.

"We created a post-merger integration plan (PMI) after thoroughly conducting due diligence with the support and cooperation of the Korea Development Bank (KDB) and Asiana Airlines.

"The PMI was submitted to the KDB on March 17 and is being modified and updated."

The Korean flag carrier created 20 working groups, made up of experts from the carrier and external lawyers and auditors, to review all facets of Asiana Airlines operations. Staff at Asiana and 10 companies affiliated with the airline were interviewed as part of the process. The extended due diligence took three months to complete from the beginning of December last year, Woo said.

KAL president reveals benefits of Asiana Airlines buyout

- As a single brand, Korean Air intends to establish an effective global network at Incheon International Airport
- The connection network for cargo will be strengthened by the integration of the fleets and networks of the two airlines with the goal of building Seoul into an important global logistics hub
- KAL customers will have more choice of destinations and flight frequencies and therefore earn and use more mileage points
- Increased operating profits by cancelling redundant routes and enhancing connectivity
- Consolidation of facilities, staff, aircraft, terminals, sales teams etc. will reduce costs
- Improving efficiency by operating 10% fewer aircraft, while providing the same capacity, and utilizing remaining aircraft for new destinations and flight schedules
- MRO will operate as an internal part of the company, not as a separate corporation, with the business for an enlarged KAL forecast to increase

The PMI also details the process of integrating KAL, Asiana and LCCs, Jin air, Air Busan and Air Seoul.

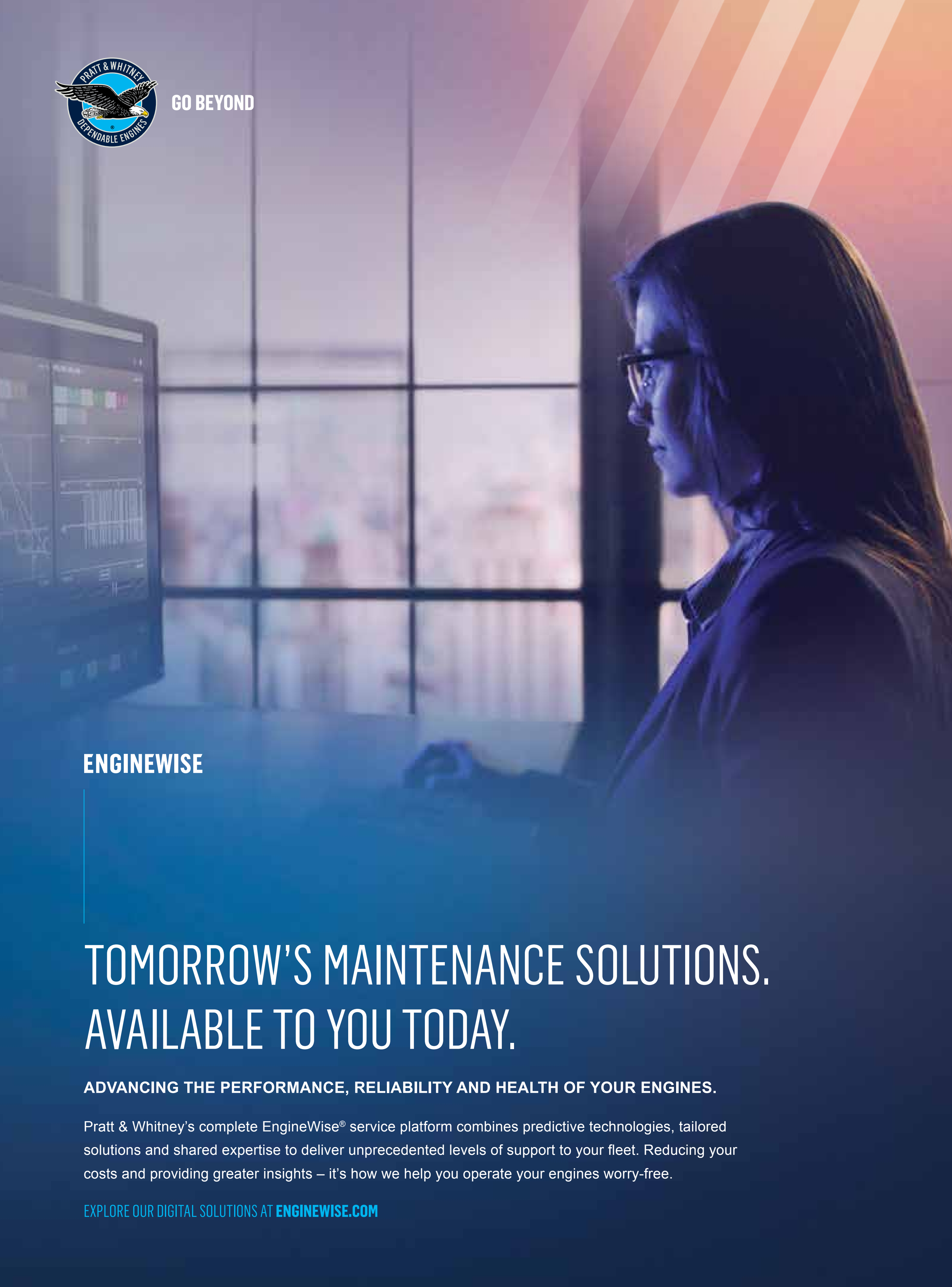
The trio of budget carriers will become one airline, Woo explained. "We are still considering whether the integrated LCC will be a subsidiary of KAL or of Hanjin Kal, as Jin Air is. We will decide on the timeline and direction after thoroughly reviewing details such as required funds and restrictions under the Fair Trade Act. It is still too early to disclose the location of the integrated LCC headquarters," he said.

Integration of the two international airlines required "dozens of projects to be carried out simultaneously", Woo said. They included safe operations, integration of IT and accounting systems, frequent flyer mileage programs and resolving global alliance issues. KAL is a SkyTeam member. Asiana has been with Star Alliance since 2003.

"Therefore, we expect it to take approximately two years to complete the integration after Asiana is incorporated as a subsidiary of Korean Air," Woo said.

"Since it is a network-based business, synergy of networks, aircraft and human resources will be very limited if the two airlines operate independently," he said. "Full integration is the best way to maximize the acquisition and will be the only way to retain and secure employment for the long-term."

The integration "will create a governance structure where the holding company, Hanjin Kal, owns subsidiary Korean Air and Asiana will be controlled by Korean Air", KAL said. ■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IATA leader rose to every challenge in aviation's most tumultuous era

Alexandre de Juniac took charge of the International Air Transport Association (IATA) in late 2016 at a time when the industry was experiencing significant growth. He stepped down in late March as the airline lobby's members were fighting their way through the worst crisis in aviation history. But he has never lost confidence in the industry's recovery, reports associate editor and chief correspondent, Tom Ballantyne.

When the severity of the coronavirus pandemic was revealed early in 2020, International Air Transport Association director general and chief executive, Alexander de Juniac, did not hesitate to act. As his members grounded a huge percentage of their fleets, stood down thousands of staff and watched financial losses widen, he knew IATA also had to change.

"Very early, in late February and early March, we shifted to crisis mode. We had a daily meeting of the executive committee at 7.30am. Everybody was mobilized 24/7 to save the industry. It was the survival plan plus the restart plan plus. It was everything aimed first of all at saving the industry, then preparing for the restart, pushing governments to take the best decisions to help us," he explained to Orient Aviation.

"Everybody in the organization had their objectives and targets changed," he said. "Secondly, we instituted a cost-reduction plan almost immediately. By July we decided the cost reduction plan had to include a restructuring plan for the whole organization. So, 24% of positions were abolished. "We reduced the staff of 1800 at the end of February 2020 to something like 1400 by December.

"We had to be very tough. Everybody understood. We have tried to respect our values and our employees. It was very painful but necessary."

It was certainly exhausting, de Juniac said. With fewer people, the pressure was even more intense for remaining staff. "I have to say the team has demonstrated a level of resilience and creativity of engagement that is exceptional. I am very, very proud of IATA. The industry can be proud. Compared with other industries I am confident aviation and airlines have been particularly well supported, defended and helped by the actions of IATA," he said.

The French-born airline veteran was well suited to dealing with the crisis. With more than three decades of experience in both the private and public sectors, including senior positions in the airline and aerospace industries and the French government, he has seen several crises in the industry. He was chairman and CEO of Air France-KLM from 2013 to 2016 after serving as chairman and CEO of Air France from 2011 to 2013, positions that spanned heated and on one occasion violent reactions from union members to the group's restructuring.

One important lesson from the crisis, de Juniac believed, is the need for the industry to strengthen its financial management. "It showed, probably, that the financial structure of our industry is too weak, with too low profitability, too weak balance sheets and too high debt. We should work on being more financially sound in operating," he said.

With airlines having survived health crises such as SARS in 2003-2004 and later in the decade the Ebola breakout, they have been better prepared for the COVID-19 pandemic, de Juniac said. "We had tools. But the unprecedented global spread of the crisis showed we were not prepared enough. We need more cooperation and collaboration amongst various





partners, including governments and regulators," he said.

IATA has worked tirelessly with partner organizations such as Airports Council International (ACI) and the International Civil Aviation Organization (ICAO) to establish globally standardized COVID-19 testing and vaccine rules. A result is the Travel Pass, a mobile health verification app that electronically captures a traveller's vaccination history and COVID-19 test results to facilitate safe cross-border travel. Several airlines, including Singapore Airlines and Korean Air, are trialling the app.

The Travel Pass is one of the major keys to recovery, IATA believes. "It will complement vaccination and testing to convince governments to reopen their borders. Very early on we thought we had to provide them with a certification tool that would give them the comfort to reopen their borders without reimporting the virus and re-infecting their populations," he said.

There have been casualties from COVID-19. Forty to fifty airlines, many of them small and mid-sized, have entered bankruptcy and there are more in the middle of Chapter 11 or under administration, bringing the total to 60 or 70, de Juniac said. That there have not been more of the group's more than 290 members – they represent 82% of global air traffic - going under is explained by at least two reasons.

"The airlines have taken appropriate measures to restructure and adapt their activities. Secondly, there has been very strong support from governments that has helped airlines bridge the gap. There is no miracle about that," he said.

As for the future, he does not believe the industry will change significantly "because this crisis is not a crisis of the business model of the airlines or aviation, it is a complete external shock", he said. "The industry will continue to be characterized by the co-existence of two types of airlines, the low-cost and full service. These airlines will probably be smaller, at least in the short and medium term, but not in the long run. They will be able to return to growth," he said.

"In the short term, there will be smaller airlines with smaller networks and with fewer aircraft. We will have, possibly, pretty competitive airlines because they will have adapted to the economic picture. The point is, as airlines, we should be stronger financially to cope with or absorb shocks, financial shocks."

De Juniac is succeeded by Willie Walsh, until recently CEO of IAG (International Airline Group), the parent company of British Airways and Iberia. For Walsh, the departing IATA boss has no advice. "He is a highly skilled, highly regarded professional and very experienced. I have nothing to advise him except to say IATA is a nice organization with very good people. It has demonstrated its ability to adapt and have a leading role in the industry. I hope that will continue. I am sure that is at the heart of Willie's vision for this organization," de Juniac. ■

Adopting more ambitious emissions targets on IATA's agenda

In an interview leading up to his voluntary decision to step down as the International Air Transport Association's boss, Alexandre de Juniac told the Financial Times the association's members were discussing tougher climate change targets.

Being debated is a shift to net carbon emissions by 2050 compared with current industry goals, based on 2005 levels, of carbon neutrality at 2020 and a 50% reduction in emissions from flying by 2050.

"The crisis has not diverted us from sticking to these commitments. We have not changed anything, but we think we should probably go further so we are working on that," he told the newspaper in mid-March.

There was no guarantee carriers would agree on net zero carbon emissions, but the need for action had grown, he said. "That is a point on which everyone is working. But we still have to do work on that," he said.

Strategies for establishing more ambitious emissions reduction levels will be part of airline member discussions at the association's annual general meeting to be held this year in Boston from October 3-5.

INDUSTRY MOMENTUM GATHERS FOR "VACCINE PASSPORTS" ACROSS REGION

Airlines believe the Travel Pass will be a key to recovery from the coronavirus pandemic, confirming passengers have been tested and vaccinated before they fly. But which pass should be used? Or should it be a one size fits all document? Associate editor and chief correspondent, Tom Ballantyne reports.

The International Air Transport Association (IATA) is increasingly concerned that a proliferation of travel passes or "vaccination passports" being trialed by both private companies and governments will add even more complexity to air travel.

The airline body is lobbying hard to ensure governments establish a global standard for the systems on offer.

Little wonder. With digital documentation ensuring an airline passenger has been tested and vaccinated against COVID-19 emerging as critical to the recovery of air travel, several versions of the passes are being trialled across the globe.

They include IATA's Travel Pass, which is undergoing live trials with several airlines, including Singapore Airlines (SIA), Korean Air and All Nippon Airways. On March 17, IATA announced the arrival at London's Heathrow Airport of an SIA flight from Singapore carrying the first travellers using the Travel Pass app to manage their travel health credentials.

The flight was the second phase of SIA's Travel Pass trial and was operated on the Singapore-London route from March 17-March 28.

The airline group said if the Travel Pass pilot was successful, "it would pave the way for the integration of the entire digital health verification process into the Singapore Air app from around mid-2021, using the IATA framework".

"The successful implementation of the IATA Travel Pass in this trial with Singapore Airlines passengers demonstrates technology can securely, conveniently and efficiently help travelers and governments manage travel health credentials. The significance of this for the re-start of international aviation cannot be overstated," said IATA's then director general, Alexandre de Juniac, in late March.

While working with IATA, some airlines have been trialing other apps. Qantas Airways and Cathay Pacific Airways have been testing CommonPass, developed by a nonprofit public trust. It is operated by The Commons Project on an open, independent, sustainable, not-for-profit basis.

It said countries need to trust a traveller's record of a COVID PCR test or a vaccination administered in another country. Countries also will need the flexibility to update their health screening entry requirements as knowledge of the pandemic evolves and science progresses. Airlines, airports and other travel industry stakeholders will need the same. "The Commons Project, together with The World Economic Forum, is working to initiate the CommonPass framework to address those challenges", the non-profit organization said.

It is not alone. The European Commission (EU) is proposing the introduction of a COVID passport that could allow 450 million Europeans to travel freely between countries from the northern summer. Digital Green Certificates would be delivered to EU residents who can prove they have been vaccinated. They also will be available to individuals who have tested negative for the virus or have proof they have recovered from it.

At press time, Qantas Group CEO, Alan Joyce, warned Australia was at risk of falling behind the rest of the world "if we don't open international borders once vaccinated".

De Juniac said IATA had not claimed "a monopolistic" situation with its Travel Pass. The association recognizes there will be others. "If there are too many systems we are concerned it will add complexity to airline operations and, of course, complexity for passengers – which would be very bad news,'' he said.

"We are advocating a reduced number of systems for simplicity and security reasons. Otherwise, it will be difficult to convince governments and passengers that having thousands of different passport apps or whatever is a secure system that will avoid reinfection and transport of the virus when flying."

IATA believes global standards for the system will happen and it will be good news. "Then, with this unique standard you can have a certain number of digital systems or digital apps that could work with that standard. We should have a unique standard to effect the key features with which this system or app should comply."

To gain maximum benefit from the IATA Travel Pass, the standardization of test or vaccination certification and acceptance by authorities is critical. A recent IATA poll of travelers found 89% agree with the need for global standards and 80% are keen to use a mobile app to manage their travel credentials.

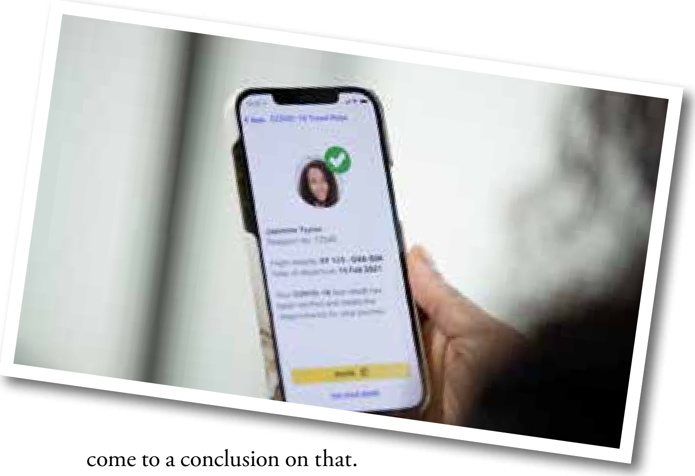
Last month, the International Civil Aviation Organization (ICAO) endorsed the establishment of global standards for testing/vaccination certification, bringing travel passes closer to reality.

The next step is up to governments. They need to develop a digital COVID-19 test/vaccination certificate when people are tested or vaccinated so there is a verifiable document on their mobile devices. "This will ensure equivalence, mutual recognition and acceptance of COVID-19 certifications for passengers when they travel around the world," said de Juniac.

For airlines there are enormous challenges in this process, some of them explained by Joyce. There are a number of parties involved, he said, including airlines, the application providers and governments.

"Governments are doing their own testing on essential input required from airlines. The government has an immigration system in Australia and this is essentially an extension of that. When we check in somebody, the data will pass to the government. They will say if it is valid to check in a person from a visa requirement point of view. We think from a vaccination and testing point of view," the Qantas Group CEO said.

"The reason we are testing multiple applications is to work with our government as well. We have been doing this on repatriation flights to see if it meets their requirements and understand the pros and cons of each of them. We have not



come to a conclusion on that.

"We did one test last week with CommonPass from Frankfurt to Darwin and that test with the government is critical as well. There are lots of issues to resolve. There's acceptability of different vaccinations. There's Sinovac, the Chinese one. There's Sputnik V, the Russian one.

"Are they going to be acceptable to governments? How do you confirm the validity of being vaccinated? With the Australian side that's easy. It's going to be with the health system that's here and that will be linked in, we are told, to their system. We will receive the approval to check in somebody or not based on the Australian side of it.

"But coordinating all the other countries? That is where IATA could potentially play another role. I know every other airline is testing with their own government so hopefully they will all come together at the right time."

Like many airlines, Qantas believes several governments are going to make vaccination a condition of entry or exit. "Iceland is the first country that has come out and said it is going to be the case there. Other countries are talking about it. The Brits are, the Europeans are and I think the Australian prime minister did say it is either going to be that or hotel quarantine," Joyce said.

"We are waiting to see what governments decide about this process, but we are looking at our own terms and conditions and saying: 'do we have a duty of care to our passengers and to our crew'?

"There will be exemptions. People have immune deficiencies and we would have procedures in place to help with such risks. The vast majority of our customers say it's a great idea. Over 90%, last time we surveyed, said they would feel a lot more comfortable travelling on an aircraft if they knew everybody was vaccinated.

"To get international back up and running you must have a confidence boost. That knowledge will be the single biggest confidence boost. Apart from it being a health and safety issue and apart from it being a government issue, which it is likely to be, it is one of the main drivers to get them back flying."

At press time, IATA's Travel Pass was being trialled by 25 airlines worldwide, but director general and CEO, Willie Walsh, who succeeded de Juniac on April 1, has made it clear his airline members want it to be temporary measure.

Unlike some security measures still in place years after they were introduced following the 9/11 terror attacks on New York's World Trade Centre towers, he insists any regulations and health measures must be removed once the pandemic is over.

"Airlines fully acknowledge and understand the political need for governments to impose restrictions," Walsh said in his first press conference after taking up his new role at IATA. "But it also is very important for governments to start planning for the removal of restrictions as the health crisis abates.

"We want to work with governments so they can better understand what will be required from airlines. It is not going to be easy for airlines just to ramp up activity. It will have to be done in a structured, coordinated and safe fashion. There is a lot of work to be done.

Obstacles to "vaccine passports" continue to be raised, most particularly by the World Health Organisation (WHO). Earlier this month, WHO's regional emergency director for the western Pacific, Dr. Babatunde Olowokure, said: "We understand travel restrictions have had significant economic impacts on every country.

"At the present time, the WHO's position is national authorities and travel authorities should not introduce requirements of proof of COVID-19 vaccination for international travel as a condition of departure or entry for a number of reasons."

WHO's main reasons for its viewpoint is "the efficacy of vaccines in preventing transmissions is not yet clear and secondly, the current limited global supply of COVID-19 vaccines". ■

Qatar Airways advocated single global vaccine passport

Qatar Airways Group CEO, Akbar Al Baker, expects vaccine passports to be mandatory for international travel. Like many of his airline peers, he sees that document as critical to a recovery in travel.

Speaking after a four-hour Qatar Airways flight to nowhere where all passengers and crew were fully vaccinated, Al Baker said he would like a single global system led by the International Air Transport Association and the World Health Organisation.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QANTAS READIES FOR POST PANDEMIC LIFT OFF

Qantas Group has managed the devastation of the COVID-19 pandemic better than most airlines. But surviving the crisis is not the sole priority of CEO Alan Joyce. Ensuring the company emerges stronger from the biggest global disaster in the industry's history is front and centre of Qantas strategy he told associate editor and chief correspondent, Tom Ballantyne.

Now into his 14th year as CEO of Qantas Group, Alan Joyce, made it clear to Orient Aviation last month he is not going anywhere anytime soon. Last year, after the airline raised US$2.2 billion in additional debt and equity to boost survival funds and formulated a three-year restructure, he assured his board he would be staying the course. "One of the important factors when we raised the equity was would I be here to see the plan through," Joyce said.

"I did commit to finishing the three-year plan and there are another two and a half years to go to do that," he said.

It is no secret the 54-year-old Irish-born Australian is passionate about Qantas. "I've always said the last thing I want to do is leave it when it is in its biggest moment of need in its 100-year history. It is important to have stability in the management. The management team is very committed. It's an amazing group of individuals. There are plenty of successors. There are a number of people who could easily do the job, but to get Qantas through this, this was the right thing to do for the next few years. For me, that is the most important thing."

Almost 18 months after delivering a profit of US$650 million in the 12 months to June 30, 2019, Qantas finances are in the red to the tune of $1.5 billion. In its latest six months, to December 31, 2020, losses amounted to an additional $1 billion after revenue plunged by $5.3 billion.

The group's approach is "no surrender". "When it was first reported this potential virus was coming out of Wuhan, I remember ringing the chairman - that was in January last year - and saying this is a risk. It could be like SARS [in 2003-2004]. Early on, the airline's planning people were considering the impact of international borders and Australia's own state borders being closed," he said.

Joyce used one of his favourite quotes, from U.S. president, Theodore Roosevelt, to message his network planning staff: "the best thing you can do is the right thing, the next best thing is the wrong thing and the worst thing you can do is nothing".

"At an early stage, we thought we would not have international borders open until the middle of this year (2021). A lot of people said that was very pessimistic. It turned out to be optimistic. We had a view of what would happen on domestic with re-opening. We maintained this philosophy of hope for the best and plan for the worst while maintaining the capability to ratchet up and also pull back if it went backwards. The forecasting of crisis management was really, really well done. We never picked the timeframe, but we picked everything that did occur."

It was, he agreed, a nightmare for his schedulers as domestic Australian state borders opened and closed and international border restrictions increased. "We are up to version 199 of the internal document that goes around with all of the border restrictions," he said in March. "It has changed that many times. The dynamic is such we have produced a new schedule every week – at least.

"When I did scheduling, back in my old Aer Lingus days

"Some 30% of head office has had to leave the organization as well as 30% of our total staff. There were people I'd known for 20 years that worked in here and had worked for the company for 20-30 or 40 years," Joyce told Orient Aviation.

"We had a chat before they left and they were very positive. They knew the company had no choice. But that was heartbreaking because before this we were making record profits. We were talking about Project Sunrise. We were expanding. We were recruiting. COVID-19 just knocked the company for six.

"Nobody's fault. Not the individuals. Not the company's fault. We ended up having to make some terrible decisions about people who had been with the company for a very, very long time.

"At one stage, more than 5,500 people were placed with other companies. Woolworths was phenomenal. At one time, they took close to 2,000 people. After hotel quarantine issues [were tightened] governments started employing Qantas people to work with them because they follow safety rules very precisely. We've had people on track and tracing and in aged health care."

and in the early days of Qantas, there were two schedules a year – northern summer and northern winter. Now, these guys are doing it that fast. It's been an amazing exercise creating a schedule every week and trying options. If they don't work, move on. They are doing that very effectively I would say."

At this time, the primary focus is returning domestic flying to pre-pandemic levels. The lowest point for the group was the three months to last September 30 when domestic capacity declined to 20%. At year end, it had climbed to 40% and was 60% by the end of last month. A national government package that is subsidizing 800,000 domestic air fares has stimulated demand. The newly negotiated air travel bubble between Australia and New Zealand has helped. Demand is now above 90%.

Reactivation of parked aircraft is underway. In March, 11 B737s were parked. Joyce said eight of them would be flying by the end of the month with the remaining three planned to return to service by June 30. "We have all of the domestic A330-300s flying. We are doing some freighters with them internationally. We are doing some flights into Asia to carry freight back but they are all back. The only aircraft on the ground will be 12 A380s, which are in the U.S., and the 13 A330-200s which are mainly international aircraft. They are parked around Australia," Joyce said.

Unlike many airlines, Qantas will not abandon its A380s. "We are not going to ditch them. There is an opportunity to bring them back. Initially, we think the B787s and the A330s will re-establish the network. So everywhere we flew an A380 we intend to fly 787s, for example Sydney-Dallas and Sydney-Los Angeles. We have enough 787s to keep the network going," Joyce said.

"It is half the size. Volume is going to take a while. IATA (International Air Transport Association) is saying it will take to 2024 to return to 2019 levels. Our planning assumes we start activating the aircraft (A380s) from the end of 2023, in November and December. We have every intention of bringing them back."

Qantas chose to park aircraft in the Mojave Desert because it is only a couple of hours drive from the group's big heavy maintenance base in Los Angeles. "We have an A380 hangar there with two of the aircraft sitting in LA and 10 in the Mojave Desert. These two are ready for maintenance if we need them. The engineers are going out every day or every other day to attend to the aircraft," Joyce said.

A project on the backburner but not forgotten is Project Sunrise. "When international borders open we will be revisiting that," Joyce said. "In March last year, we were two weeks away from ordering the aircraft. We had a deal with Airbus on the A350-1000. We had a deal with the pilots. If anything, the business case is potentially stronger because we see a lot of demand for direct flying.

"At the moment, the Perth-London flight, post the end of October, is the most searched flight, the flight most people are interested in. People will want to fly direct without going through transit.

"We have to build into the case a step down in business traffic for a while. People will be using Zoom and are going to use other ways to avoid those trips. We are balancing the increase in demand with the drop in business demand potential because of the technology.

"After every crisis there has been a drop in business demand. It eventually comes back. The questions are how big will it be and how long will it take to return?"

Freight has been an important contributor to the group's survival. It has 15 dedicated freighters operating domestically, carrying cargo for organizations such as Australia Post, TNT and Toll. It has two 747-8 freighters on wet lease from Atlas Air that operate between Australia, China and North America.

"We have kept that going all the way through COVID. The yields on that are really good as all freighter yields are. There is no belly hold space. It is why freight has been making so much money," Joyce said.

Qantas has been participating in the International Freight Assistance Mechanism; a targeted support measure put in place by the Australian Government to keep global air links open in response to the pandemic's impact. It uses freighters and passenger aircraft (carrying freight only) to fly to places such as Tokyo and Hong Kong.

"We still think there are opportunities in the freight market. There has been a huge move to on line. We believe it is a step change. We are converting A321s to freighters. We have one done and the second one is coming. We have more of them that we will do to meet demand, particularly domestically," Joyce said.

Two other businesses continue to generate cash for the group. The loyalty scheme has "dramatically helped us", said Joyce. Its results were only down 10% during the latest period, generating $310 million in cash for the company. The Fly-in-Fly-Out business – transporting workers to and from remote operations in outback Australia – is booming. "If anything, we have more fly-in-fly-out during this period," Joyce said.

As for the future, Joyce is confident international flying will begin from late October and the airline will emerge stronger from the pandemic. "Qantas will come out of this. We will have repairs to do because we have borrowed A$2.8 billion (US$2.2 billion). We have a lot of debt. Most airlines in the world have, but relatively we will emerge from this stronger than most airlines around the globe," he said.

"We are one of only eight investment grade airlines left. We have the ability to continue to borrow if needed. We are in a situation, because of the great job of the management of ours here, that has our domestic network nearly back to normal. It is generating cash flows. We have said to the market our expectation is the quarter we are going into (April-June) is when we will start repairing the balance sheet.

"That's probably earlier than most airlines. We are no longer generating negative cash flows and this is after having made 8,500 people redundant and spending a billion dollars on restructuring. With the restructuring and recovery programs we have given ourselves the best chance of a rapid recovery so we can start affording new aircraft, growth like Project Sunrise and domestic fleet renewal."

Strategically, Joyce believed Qantas would be in a stronger domestic position, with a market share of more than 70%, as a result of rival, Virgin Australia, scaling back operations. Last December, the Qantas Group claimed 74% of the domestic aviation market, a significant increase over its pre-COVID-19 share of 60%.

"We have seen a huge amount of movement of corporate accounts to Qantas. In the last six months, 20 corporate accounts have moved across [to us]. With Tiger (Virgin's low-cost carrier) disappearing, the opportunity is there for Jetstar to grow in the price sensitive segment. Jetstar will have a significant cost base advantage over Virgin. Domestic will be at least the size we were going into COVID and that is our expectation coming out of this," he said.

As for another domestic irritant, the arrival on local mainline routes of jet aircraft at regional carrier, REX (Regional Express), Joyce is unperturbed. "REX to us, in some ways, is irrelevant. It is more of an issue for Virgin because they are competing in the same space," he said.

Joyce is looking for fleet opportunities. The group's domestic B737s, B717s and Fokker F100s will need to be replaced in the next decade or so. "It is a good time for us to do a tendering process. It's a good cheap time. There's a lot of aircraft available and there are not many people thinking about ordering aircraft. It is a long-term fleet renewal opportunity for us," he said.

"We have a large number of neos on order for Jetstar and the potential to expand that is one option. The potential of the MAX is another option. There also is the potential of Embraers and the A220. There is a range of aircraft.

"The Embraer E195 could replace the B717 and F100s. Also there is the possibility of Boeing if it was to commit to the NMA (New Midsize Airplane). It could be a possibility in the mix as well. It is going to be a great aircraft but they (Boeing) probably have a lot of other issues they have to sort out."

Qantas has equipped 50% of its A380 fleet with new seats. One of the type is a new aircraft flown directly from Dresden to park up in the U.S. It is in the Mojave Desert with new seats no-one has sat on.

"We have the kits for a large number of the other aircraft. We have paid for the seats and the retrofit. We have spent a lot of money on them. They are written down to about $400 million for all 12 of them. They only have to generate cash because the depreciation will be pretty low.

"We think the demand is there. They will generate cash and the demand will eventually come back to 2019 levels."

REX has been complaining to the Australian Competition and Consumer Commission (ACCC) about Qantas launching its regional arm, QantasLink, onto its routes. "Of course we are going to fly our aircraft on routes where there is demand and the big increase in demand is on intrastate where people are confident of travelling. This happened to be the markets we were flying QantasLink on," he said.

"Of the 30 new routes we came on, only eight of them were REX routes. They created a lot of noise about it. They threatened to pull off a whole series of routes, five of them, four of which we don't operate on and one of them we have been flying since 2017. They're full of hot air."

Internationally, like every airline, Qantas will be smaller, Joyce predicted. "The swing factor is the A380 capacity. We have an intention to bring that back but for now we are coping with it like after every crisis: September 11, SARS, the GFC (Global Financial Crisis). Demand takes a dive and it takes a few years to recover," he said.

"When we see demand come back we will activate the A380 and use them. They are very cash generating aircraft and a good aircraft to reactivate. Then we have growth on top of that. It will be Sunrise, which will happen post 2024."

Qantas has a number of targets for 2024 for investors, employees and stakeholders. "We think we can get our domestic margin for Jetstar to over 20%, for Qantas to 18%. We could get international to recover its cost of capital. International is never going to be as good as domestic, but we are targeting above 10% for the international business," he said.

"Loyalty can get to earnings from A$500 million to A$600 million (US$386 million to US$463 million) which is big growth from where it was before COVID.

"With digitalization the opportunities offered by people using digital applications going forward is enormous. There is a huge incentive to get there. It will allow us, and afford us, to do projects like Sunrise, replace fleet and start returning money to shareholders." ■

Pandemic delays Greater Bay Airlines launch by several months

Despite unavoidable delays caused by the pandemic, it remains all systems go for Hong Kong's newest budget carrier, Greater Bay Airlines (GBA). Former Hong Kong airport authority chief executive Stanley Hui, a senior advisor to the airline, said the first of three 737-800s, secured in Europe, is in Guangzhou undergoing work to conform to airworthiness requirements. It is planned for a final proving flight in mid-September.

GBA's launch had been scheduled for July, but was postponed because of delays in delivery of the first of the 737-800s from Europe so the carrier is now scheduled to take to the air in September or October. "Under COVID it has been extremely difficult to get people to go to Europe as the result of the pandemic that has restricted people movement," Hui said.

"The aircraft was supposed to be delivered last November. It arrived in mid-February and was officially delivered to GBA in mid-March. But it's OK. We have to make sure everything is done correctly."

GBA, founded by property tycoon and owner of Shenzhen's Donghai Airlines, Bill Wong, has applied to fly 104 routes: 48 to China and the remainder to Japan, India, South Korea, Guam and Saipan. Its initial focus will be China. First flights are planned from Hong Kong to Beijing and Shanghai. The application process was ongoing and there had been "no objections from anyone which is a good sign", Hui said.

The start-up is considering adding more leased aircraft to its fleet through to 2022 and 2023. "Assuming everything goes alright this year with the licensing and the AOC (Air Operator Certificate), we should be looking at four to five aircraft in coming years every year. Hopefully, five years down the road we will have 25 to 30 aircraft," he said. ■

Taiwan's airlines having a better pandemic than many airline peers

While 2021 started with a decline in passenger traffic, air cargo recorded a significant rise in demand. Positive economic data indicates air freight will be the money earner for Taiwan's airlines in the months ahead. Tomasz Sniedziewski reports.

The first day of January 2021was not a good start to the year for Taiwan's airlines. It marked the beginning of stricter border restrictions, introduced to contain the outbreak of new COVID-19 variants.

The toll of the rules soon became clear. By month end, China Airlines (CAL) had transported 33,355 passengers, a 97.4% year-on-year decline, and not a good omen for the flag carrier in the coming Lunar Year of the Ox.

EVA Air carried 28,099 passengers in January, reporting an almost identical decline in its passenger traffic, at 97.6%, as CAL compared with a year earlier. EVA's numbers also were 4% lower than the 32,852 customers it flew in December. Passenger revenue, although better than CAL, collapsed 91.9% year-on-year, to TW$870 million.

Luckily for the nation's airlines, Taiwan eased restrictions on the entry of foreign visitors to the country and began allowing transit via Taoyuan International Airport from March 1. In fact, the policy change was a reversion to the rules of pre-January 1. Sobering for carriers was how quickly the restrictions could change to their detriment.

"The COVID-19 situation around the world is still somewhat serious. Travel restrictions and border closures mean most international passenger demand this year will come from essential travel such as business and overseas students. Travel for tourism remains to be seen," spokesperson and vice president of China Airlines Corporate Communications Office, Marian Lu, told Orient Aviation last month.

EVA Air is optimistic about passenger traffic, based on the efficient handling of the pandemic by Taiwan's government, including its easing of travel restrictions and the development of international air travel bubbles.

"Taiwan has effectively contained COVID-19 and our government is seeking opportunities to create air travel bubbles (ATB) with other countries. The Taiwan Central Epidemic Command Center has reopened Taiwan for transfer services on March 1, allowing passengers to connect through Taoyuan International Airport on flights continuing to their destinations. We expect more air travel in and out of our hub airport soon," EVA Airways Public Relations Division's Larry Lai said in a written reply to Orient Aviation.

In the final week of last month, CAL announced its operating results for the 2020 year to December 31. It reported consolidated operating revenue of TW$115.25 billion (US$4.04 billion), a consolidated operating profit of TW$2.184 billion and a consolidated net loss of TW$280 million.

Cargo was the star performer. Passenger revenue was 76.93% lower than the previous year, but air freight revenue soared by 87.06% over 2019. In the final three months of 2020, CAL hit a new record for single quarter cargo revenue, aided by the injection of 777F into a fleet already operating with 18 747F.

LOOKING FOR TRAVEL BUBBLES

Taiwan is enthusiastic about the opportunities air travel bubbles offer to increase passenger demand. When its first ATB, between Taiwan and Palau, was

announced in March, share prices in travel companies soared to pre-pandemic levels, Taiwan's Central News Agency reported.

Clearly the ATB between Taiwan and Palau, that has now come to fruition, will have a tiny impact on passengers carried by Taiwan's airlines, especially as it only allows group travel with no individual free time and cartel-like fare structures.

It is a start. CAL is operating six flights a week between the two island states, EVA Air two flights a week and Palau's Pacific Airways eight rotations weekly.

"China Airlines plans to actively compete for business opportunities from seasonal, themed or corporate charter flights. A multi-pronged marketing strategy that offers passengers a variety of different air travel experiences will help boost revenue. If border closures are lifted or quarantine times are shortened by the government, China Airlines will immediately adjust its passenger services to meet market demand," its spokesperson said.

CARGO IS KING

Air freight has been a bright spot for Taiwanese aviation. The global recovery in the sector has been reported by the International Air Transport Association (IATA), the Association of Asia Pacific Airlines (AAPA) and in data from CLIVE Data Services and TAC Index.

"Air cargo has been resilient and, bit-by-bit, has clawed back the losses we saw only a few months ago. In April 2020, volumes were down 39%, but are back to pre-COVID levels. Who would have thought that possible inside 10 months? It's a recovery airline passenger departments will be dreaming of", said CLIVE Data Services managing director, Niall van de Wouw, in Air Cargo News.

On top of the favorable global situation, Taiwan's manufacturing activity increased in February for its eighth consecutive month. Its seasonally adjusted Purchasing Managers Index (PMI) is remaining above 60%. Strong demand for semiconductors made in Taiwan, and the switch by several forwarders from sea to air shipments translated into welcome business for both CAL and EVA.

In 2020, Taiwan's GDP was 2.98%, placing it in a leading position among the world's economies. Exports, boosted by the global demand for laptops, tablets, smartphones and other gadgets to support the work-from-home trend, reached US$345.28 billion, the highest value for a single year.

So far, 2021 has delivered even better news. Worldwide accelerated orders for computer chips put Taiwan's economy on a trajectory for its fastest growth in seven years, the Directorate General of Budget, Accounting and Statistics announced in February.

It upgraded Taiwan's GDP forecast for the year to 4.64% from a forecast 3.83%. In March, Chu Tzer-ming, the head of the Directorate, told parliament it was possible Taiwan's GDP could reach 5% for the 12 months of 2021.

In the weeks leading to the mid-February Lunar New Year holiday, higher demand for air cargo allowed CAL and EVA to increase air freight rates.

On January 27, the market price on European air cargo flights ranged from TW$190 to TW$200 (US$6.71-US$7.07) per kg, translating into a 15%-25% price increase depending on the destination of the shipment. The price per kg for North American air shipments was TW$270 - TW$280, a rate rise range of 25% to 40%. Air freight rates from Taiwan to Hong Kong, Macau, and China started to inflate from the first weeks of the year from a base of TW$15-25 per kg, and nearly doubling by the end of January to TW$30-TW$40 per kg.

Overall, January exceeded Taiwan's expectations for the sector. Cargo demand recorded by China Airlines - freight revenue tonne kilometers (FTK) - rose 43.5% for the month and cargo revenue improved 144% year-on-year, to TW$7.6 billion, the carrier said.

EVA Air's January's FTKs grew 34% year-on-year and cargo revenue was higher by 150%, at TW$1.9 billion.

The strong demand for cargo transport, together with the declining passenger capacity that limited passenger aircraft's access to belly cargo space, created conditions for the first half of the year for freight rate increases. In this environment, the air freight prices to Europe could reach TW$250 and exceed TW$390 to North America, predict analysts quoted by media agency, UDN.

"China Airlines is actively monitoring cargo trends and sources. Progressive resumption or additional services on European routes are being planned. Technical stops are

being adjusted to increase revenue. Freighter routes to the central U.S. or the east coast are being optimized or more hold capacity provided," CAL's Lu told Orient Aviation.

"Oceania routes are being assessed to determine the feasibility of regular freighter services to Australia and New Zealand. In Asia, there are plans to include Ningbo as a freighter destination.

"China Airlines will closely monitor market changes and COVID-19 developments to take advantage of high-value charters and optimize our freighter capacity to increase cargo volume and unit contribution."

CAL and EVA are exploring the cold chain logistics market for opportunities offered by COVID-19 vaccine delivery, reports CNA. The airline has obtained its Center of Excellence for Independent Validations in Pharmaceutical Logistics (CEIV Pharma) when it passed IATA's certification process in 2019. Only a limited number of airlines in Asia have received this accreditation so CAL hopes to dominate the market in the early stages of COVID-19 vaccine distribution alongside Singapore Airlines, Cathay Pacific Group and China Southern Airlines.

EVA heralds its experience in cold chain logistics and adds its representatives had briefed the government about its transportation capacity for the COVID-19 vaccine.

CAL cargo capacity has been boosted by the arrival of new 777F. Originally, the twin jets were to gradually replace the airline's 747 freighters.

But Lu told Orient Aviation "China Airlines is continuing to optimize its fleet and has taken delivery of three all-new 777F. Twenty one freighters are therefore available this year, including the 18 existing 747F", she said.

EVA has 777F and is being supported by all-cargo flights operated with passenger aircraft, - dubbed by some industry professionals as "preighters". In recent months, cargo traveled on board all types of jets in EVA's fleet.

"We are maximizing revenue by strategically using passenger flights for cargo only services to make up for lost travel demand and to minimize the gap. We will increase cargo capacity even more when we take delivery of three new 777 freighters from the final quarter of this year and the first three months of 2022," EVA's Lai said.

The hot cargo market has spread to Starlux Airlines, the ambitious carrier that started operations almost at the same time as the pandemic began. The carrier is carrying about 10 to 20 revenue passengers on board each of its flights but when cargo belly holds of its A321neo are fully loaded, the freight revenue basically supports variable costs, Starlux spokesman, Nie Guowei, told Taiwan's ET Today.

In the CAL 2020 results statement, CAL chairman, Su-Chien Hsieh, said; "Opportunities offered by the transfer of sea freight should continue to generate steady demand in the air transport market in the first half of the year.

"This, along with steady growth in the stay-at-home economy, e-commerce and related communications equipment will see China Airlines optimize its freighter routes to the central U.S. and East Coast.

"Business will be expanded by adding services to increase cargo slot supply. The European market is showing signs of recovery. China Airlines is planning to add services to Europe, with stopovers in Delhi and Mumbai, to tap into India's market potential.

"In Asia, new freighter destinations to Ningbo and Tianjin are in the planning stages to take advantage of market developments."

STRICTER QUARANTINE REGIMES FOR CREW CREATES PROBLEMS

The unwelcome news of stricter quarantine rules for crew came into force in Taiwan last December after a pilot with a New Zealand passport and employed by EVA broke the island's record of more than 200 days without any local COVID-19 infections. Despite the otherwise stellar epidemic safety record of the Taiwanese airline industry, public opinion was outraged not only by the behavior of the pilot. He took advantage of his position as a captain and violated strict company conduct by refusing to wear a mask on the flight from the U.S. to Taiwan, infecting two of his colleagues. The new rules extended quarantine to seven days, up from three days, for pilots and five days for flight attendants.

"The introduction of extended quarantine in January did affect our dispatching of flight crews and reduced capacity by more than 10%", China Airlines Corporate Communications Office said.

"There is a good chance the regulations will be relaxed in the near future and this should alleviate our manpower shortage. Certain measures have been adopted for each flight dispatched by China Airlines based on national quarantine regulations and crew safety. These included adding crew for operating return flights on regional routes, cancellation of foreign stations with higher COVID-19 risk and the assignment of additional crew to operate return flights."

EVA said the stricter rules "changed quarantine measures for flight crews and have had a big impact on EVA's operations. Because all crew members are required to follow the stricter self-health management practices, it is challenging for us to adjust flight crew scheduling, rotation plans and flight plan dispatches", the airline said.

"Aircraft crew is closely supervised and are managed to ensure they comply with home quarantine and self-health management guidelines. Work-life balance for crew members also is important to China Airlines. Crew quarantines are enforced without compromising on aviation safety," Lu said.

FUTURE OUTLOOK

Solid demand for air freight, expanding manufacturing and export sectors and commitments from politicians to secure global supply chains for local industry ensure cargo will remain in the spotlight in Taiwan aviation in 2021.

Taiwan's vaccine politics

A recent edition of The Economist reported a trend: countries that curbed COVID-19 fast were being slow to vaccinate which could mean a return to normal air travel schedules was a distance prospect.

Since the outbreak of the pandemic, Taiwan has recorded less than 1,000 cases of the coronavirus, of which most were imported. It has recorded 10 COVID-19 related deaths. The results have catapulted Taiwan into the global spotlight as one of the biggest success stories in controlling the virus outbreak.

Ironically, the good news has meant the country is now lagging behind other nations in its vaccination program. It is not the result of lack of effort. It is the outcome of a specific geopolitical situation. Taiwan is excluded from the World Health Organization (WHO), which makes it difficult for it to acquire the vaccine, Taiwan's leaders said.

The first batch of vaccines has arrived in Taiwan with more planned in coming months, but to date the quota of the imported vaccines is too small to reach the vaccination targets set by the government.

With negotiations continuing to acquire more vaccines on the international market, attention has turned to the development of local vaccines to fight the pandemic.

At present they are proceeding through testing, but if they clear clinical trials phase III, they could be mass produced from July in sufficient quantities to vaccinate the entire population of Taiwan and also develop an export market.

The topic of vaccinations in Taiwan is being politicized. As tensions between Beijing and Taipei have become more heated, Taiwan has announced Mainland- manufactured Chinese vaccines cannot be trusted because there is not sufficient data about their safety.

Its leadership has ruled Taiwanese vaccinated with the Chinese vaccine will not be exempted from 14-day quarantine. In the long run, failing to recognize vaccines from both countries is expected to damage economically important cross strait traffic.

"Cargo will continue to be the operational focus of China Airlines in the coming year. Congestion at European and North American seaports saw many urgent orders switch to air freight, CAL told Orient Aviation. In 2021, cargo will still benefit from a shortage of holds in the market. Demand for air transport [to transport] semiconductors, 5G, electric vehicles and medical supplies continues to remain high as well.

"China Airlines will make the most use of our 21 freighters along with the belly holds of passenger aircraft to dynamically adjust our capacity. We will also monitor market dynamics in order to adjust our cargo prices and compete for business opportunities."

The recovery of the international passenger traffic depends on easing the border restrictions, something that Taiwan, so far very successful in limiting the spread of the coronavirus, is cautious about implementing, at least until it reaches its goal of vaccinating 60% - or15 million citizens - with a COVID-19 vaccine.

"IATA projects international travel will not recover to pre-COVID levels before 2024 at the earliest. Uncertainty caused by the pandemic could lead to more border restrictions and slow recovery for international travel demand. Rising oil prices have become a burden on airline operations. COVID-19 vaccines are helping the global economy recover from the pandemic but vaccination rates in Asia are behind those in North America and Europe. Asia may face a slower recovery," said EVA's Lai.

"The vaccine rollout means [more] travel bubbles may soon become a reality. China Airlines will work with the government and scheduled passenger routes when the market allows. At the same time, we will comply with the quarantine policies and regulations of each country, continue to practice protective measures aboard our aircraft, and enforce quarantine management for crew members," CAL said.

PREPARING FOR POST-PANDEMIC REALITY

CAL is busy with important fleet changes. Besides its new 777F, it will soon accept new A321neo to replace its narrow-body 737-800. "Deliveries of the A321neo passenger aircraft will commence this year as planned", the CAL spokesperson said.

The last day of January marked the beginning of the phase out of Embraer's E190 aircraft from the fleet of CAL subsidiary, Mandarin Airlines. In March, CAL farewelled its 747 fleet with the "747 Queen of the Skies Farewell Party" flown by CAL B-18215, which was delivered to CAL in April 2005.

Along with the fleet changes, CAL said "zero-contact travel had become a new air travel trend. In addition to online check-in and self-check-in of luggage, CAL is rolling out check-in kiosks with facial recognition in San Francisco, Hong Kong, New York, Taipei Songshan Airport and other airports around the world to provide more convenient and secure services".

Carefully watched new entrant into Taiwanese skies, Starlux Airlines, is building brand identity with collaborations such as launches of premium brand cars, flights with alcohol tastings from a whisky producer, package tours - dubbed micro-travels – to Taiwan's tourist spots and its own online shop.

Initially envisaged as a means to connect with the friends of the brand, the popularity of Starlux branded products has pushed sales on the site in some months to TW$10 million (US$354,000), said the Airline's spokesperson, Nie Gouowei, in a recent national interview.

At the end of January, the Starlux brand expanded its digital footprint by launching a series of branded snacks and beverages in the Taiwanese distribution network of 7-Eleven Convenience stores.

In the meantime, Starlux is proceeding with its acquisition strategy which aims to have a fleet of 39 aircraft by 2024, putting it on par with CAL and EVA. Inauguration of flights to North America has been postponed until the end of 2022. ■

Bumpy business forecast for aviation lessors

It has been a mixed picture for aircraft and engine lessors navigating the coronavirus crisis. Some have done better than others as airline customers, desperate to preserve dwindling cash reserves, rushed to negotiate pauses in rental payments. Analysts believe 2021 will be another tough year for the sector, reports associate editor and chief correspondent, Tom Ballantyne.

In the midst of the COVID-19 crisis shareholders in major lessor, Hong Kong-listed and Singapore-based BOC Aviation must be thanking their lucky stars. Almost unbelievably the company reported a net after tax profit of $510 million in the year to December 31. Revenue and other income exceeded $2 billion for the first time in the company's history. Shareholders are set to receive a final dividend of 11.73 U.S. cents per share.

To BOC Aviation managing director and CEO, Robert Martin, there's nothing magic about the result. With revenue and other income up 4% year-on-year, total assets rose 19%, to $23.6 billion. Operating cash flows, net of interest, increased 13% compared with 2019. "In 2020, the lessor's core business continued to perform well in the most challenging year in aviation history," he said.

"We worked to support our customers by increasing purchase and lease back activity while reducing and deferring orders from manufacturers in the near term. We delivered 54 aircraft to our airline customers, taking our owned and managed fleet to a new high of 398. BOC Aviation demonstrated resilience in the face of a global pandemic and we positioned the company for long-term earnings growth. The strength of our balance sheet and access to liquidity remain hallmarks of our company. These place us well to deal with the challenges COVID-19 still presents to the world as well as the recovery we hope will gain momentum later this year."

The outlook is not so bright for many of Martin's corporate rivals. China Aircraft Leasing Group Holdings (CALC), while remaining in the black, reported a massive 62.7% drop in net profit, to a slim $43 million in 2020. CALC CEO, Poon Ho Man, said: "Recovery of the aviation industry and the general economy as a whole is likely to be gradual and uneven, with timing uncertain. Yet China obviously will be leading the recovery momentum in this region," he said. CALC has 128 aircraft, down from 134 aircraft at year end 2019.

Many industry lessors have been taking hits - half of the global fleet is owned by lessors – because their customers are requesting, if not insisting, on reductions or deferral of lease payments.

Longer term, it's not all bad news. ResearchAndMarkets.com's latest report - "Commercial Aircraft Leasing - Global Market Trajectory & Analytics - said the global market for commercial aircraft leasing, estimated at $33.7 billion in 2020, is expected to climb as high as $47.1 billion by 2027, growing at 4.9% from 2020 to 2027. Long and medium haul aircraft will record 5.1% annual growth and reach $42.8 billion by the end of the analyzed period. The U.S. market is estimated at $9.9 billion and China to grow at 4.6% annually. Now the world's second largest economy, China will have a market size of $8.3 billion by 2027, the report predicted.

COVID-19 also has meant new orders for aircraft are declining: more than 500 orders for Boeing and Airbus planes were canceled last year. Avolon announced last month it had deferred 34 single aisle and three twin aisle order book commitments from 2022-2023 to 2025 and beyond. The

Dublin-based leasing company, 70%-owned by China's Bohai Leasing and 30% by Japan's Orix Corporation, also had deferred or cancelled several aircraft in the previous 12 months.

The depth of the problem was on display as early as last May when the lessor said it had received requests from customers for relief from payment obligations amounting to more than 80% of its owned and managed customer base.

Important to consider, analysts have noted, is global leasing companies recorded a buoyant 2019. They took advantage of bank debt and access to bond markets to put additional funding in place to weather the pandemic.

At the same time, aircraft leasing veteran, Steven Udvar-Hazy, chairman of California-based Air Lease Corporation (ALC) suggested the crisis would thin the ranks of aircraft lessors. He was right.

Late in the first quarter of this year, General Electric announced it had sold its aircraft leasing business, GECAS, to AerCap for $30 billion, establishing a new industry giant. GECAS will be integrated into the Irish lessor. The combined

company will have more than 2,000 owned and managed aircraft and 300 plus helicopters on its books and 300 customers worldwide.

"As the recovery in air travel gathers pace, this transaction represents a unique opportunity we believe will create long-term value for our investors," said AerCap chief executive, Aengus Kelly. The transaction, subject to approval from shareholders and regulators, is planned for closing in the fourth quarter of the year.

It is a positive strategic development for both parties. AerCap reported a profit of $1.1 billion in 2019, but lost $299 million in 2020. GECAS recorded a full-year $1 billion profit in 2019 but lost $786 million in the same months last year.

After the deal was unveiled, Kelly told investors the GE transaction was the fourth aircraft leasing business the lessor had purchased at a discount to book value. "Buying the right assets is important, but doing so at the right price even more so," he said. Kelly, who has spent more than two decades in the sector, oversaw AerCap's 2014 acquisition of ILFC from AIG.

In an interview with U.S. broadcaster, CNBC, Kelly explained his view of the recovery from the pandemic. "It's different in different geographies. They are not all the same. If you go to the one that recovered the quickest, China, we saw demand bounce back. Europe recovered really quickly over the summer, but then was hit by a second and a third wave of the virus in the fall and then at Christmas. The U.S. market has been a steady recovery story. That's definitely trending the right way," he said.

"Speaking to a number of airline CEOs they all feel the same way. I'd say Europe would be the slowest [to recover] given the slow vaccine rollout but it is coming."

Asked about the company's customers trying to renegotiate lease terms, he said: "That's part and parcel of the daily cut and thrust of the business. What's clear to us is the vast majority of the world's airlines are going to make it through. They also will have greater leverage on their balance sheets, greater government support on their balance sheets, either directly or indirectly, and their priority will be to reduce that.

"They will not be spending billions of dollars on buying airplanes from Boeing and Airbus. What they will be doing is coming to the lessors because they will be using their own resources to pay down leverage."

Whether lessors are successfully negotiating the crisis or not, analysts are predicting 2021 will not be easy. Aviation consultancy, IBA, in a recent analysis, said the commercial aircraft leasing market appears headed for considerable turmoil this year as lessors prepare for the return of more than 1,000 aircraft from customers without clear options for onward placement.

Even before the pandemic, airlines planned to return about 1,300 aircraft, including 200

Engine flight hours decline 50% during pandemic

The aircraft engine market is showing early signs of recovery from the worst of the COVID-19 crisis, but is not set to return to pre-pandemic levels until the mid-2020s, aviation data and advisory consultancy, IBA, recently wrote.

In March, it forecast a positive forward trend for late 2021 in engine utilization, focused initially on larger domestic markets until global vaccine uptake increases. Engine MRO demand will continue to lag behind the trend as airlines strive to reduce maintenance costs.

Engine flight hours have plateaued at approximately 1.4 million a month compared with a record 2.8 million at December 2019 and to less than 600,000 in April last year. Full scope engine shop visits are down 70% compared with pre-pandemic levels and engine MRO revenue has halved.

If engine MROs can build back capacity in line with increases in demand, shop visit levels could recover to pre-COVID-19 levels by 2024, IBA said. If they lag significantly behind demand, the sector will not be at 2019 occupancy until two years later.

"As a whole, the aircraft engine market is well on the path to recovery, but specific factors such as the ability of MRO providers to build back capacity will significantly affect the timeframe," IBA said.

The dynamics of narrow-body aircraft engine utilization has been significantly shifted by the return to service of the 737 MAX, with 168 LEAP-1B power plants, powering 84 aircraft, entering service between November 2020 and March. This engine type represents 22% of the new generation narrow-body power plants in service, but that figure is expected to increase sharply as the MAX re-enters service at greater scale across the globe.

There is a strong order backlog for all new narrow-body engine types (LEAP-1A, LEAP-1B and PW1100G) of 7,466 engines. The backlog for many new generation wide-body engine types also remains substantial, in particular the GE9X (612), GEnx-1B (624), Trent 7000 (546) and the Trent XWB (1,008), the consultancy said.

wide-bodies, to their lessors this year (2021), IBA said. It believed these carriers would probably have extended the majority of the leases, but now that outcome appears extremely unlikely.

"The vast majority of those aircraft will not draw follow-on leases secured at the point of return. With airline failures and increasing numbers of carriers wanting to terminate longer leases early due to restructuring, aircraft returning to lessors without onward placement will only increase," the consultancy said.

"The model, established in recent years, of seamless redeliveries between lessees will likely breakdown and there will be an increase in disputes between airlines and lessors around lease returns and redeliveries.

"As a consequence of reduced airline fleets, shop visits will not return to pre-COVID-19 levels until 2026. The buoyancy in the commercial aircraft leasing market of the last few years was brought to an abrupt end by COVID. We see a significant impact across the supply ecosystem particularly in the MRO sector," said IBA president, Phil Seymour. ■

MTU rides wave of Asia-Pacific recovery

By Tom Ballantyne

In retrospect, some might suggest the decision by German-based MRO, MTU Maintenance, to open an office in the aviation leasing hub of Singapore in September 2019 was poorly timed. Not so, said Luc Morvan, chief representative for MTU Maintenance Lease Services in the island nation.

"In our portfolio of services some of them definitely saw a decline in demand," Morvan told Orient Aviation. "It is definitely valid for the engine leasing side where fleets are being grounded. That is what we have seen. At the same time, there has been increased demand for technical services and troubleshooting on engines," he said.

"Actually, I would say we have been extremely busy since 2019. The only factor that changed was the nature of the services we were providing. Of course, proximity to the customer is always critical when it comes to giving them the best support."

Being close to customers in the Asia-Pacific airline market, particularly the aviation leasing sector, was one of the major reasons MTU opened its Singapore office. It also has an engine shop in Zhuhai, southern China and a technical services facility in Perth, Australia.

"We have three different kinds of customers," explained Morvan. "We have our traditional MRO customers sending us engines for repair. We need to support them when the engine is in repair with lease support. Also, we have the non-MRO customers. We are doing a lot of work at airlines who are not necessarily customers on the maintenance side. And then we have the lessors.

"With each of these customer categories you have a completely different challenge. There is still strong demand. When I say strong demand, it is a little bit in brackets, but every time we see a strong market we are still seeing requirements and we are still seeing support being required. For us in the Asia-Pacific, I would say it is in places like Vietnam, India, China and Australia.

"We also are seeing stronger need from the lessor side. Not necessarily for engine leasing services, but for one of the other two services we provide within the engine leasing division - asset management and technical services. There is definitely stronger demand for engine experts to determine the engine types still with the lessors."

Pandemic or not, MTU has been expanding. Last year, MTU Maintenance Zhuhai, a joint venture between MTU Aero Engines and China Southern Airlines that provides comprehensive services for CFM56, LEAP and V2500 engines, completed an expansion that is increasing its existing capacity by 50%, to 450 shop visits per year. Teams started moving into the company's facilities in December with the initial goal of ramping up to full capacity as market demand increases post COVID-19.

In November, plans were unveiled for a second Zhuhai facility in neighboring Jinwan. It will have an initial annual capacity of 250 shop visits and is scheduled for opening in 2024.

Morvan said: "We have a timeframe in mind [for the recovery]. We believe it should be back for us probably on the MRO side in the middle to the end of next year and probably ahead of the airline recovery. MRO recovery will lead airline recovery because grounded aircraft must have their engines checked or repaired before re-entry to service.

"In the next two or three years, there will be heavy financial pressure. The only certainty we have is there is uncertainty. Everything we are doing now is based on that. You need creativity. You need flexibility. That's a little bit the trademark of MTU not only on the MRO side but on the leasing and trading sides and technical services."

Overall, MTU is navigating the coronavirus crisis well. The company recorded an 18% reduction in incoming engines in 2020, which was above market expectations of -45% in shop visits for the global aftermarket in commercial engines. It attributes the results to its broad engine portfolio of 30 engine types. They include the newly added LEAP engines and popular narrow-body propulsion units from the CFM56, PW1100G-JM and V2500 engine families. They are forecast to be the fastest to recover.

Last month, MTU Aero Engines chief program officer, Michael Schreyogg, said the company had recent campaign wins of US$5.5 billion, the second highest result in MTU Maintenance history. ■

Cockpit training adapts for post-pandemic world

Not so long ago, headlines warned airlines would suffer critical shortages of pilots and engineers in an era of booming air travel – and then came COVID-19. Thousands of highly trained aviation personnel now exist in a professional limbo of furloughs, reduced hours and in many cases, redundancy. What is the impact of the pandemic on aviation training? Associate editor and chief correspondent, Tom Ballantyne, reports.

Before the airline world was hit by the worst crisis in its history U.S. OEM, Boeing, forecast the commercial aviation industry would require an additional 804,000 pilots worldwide by 2038. Demand would be the greatest in the Asia-Pacific it said, where the region's airlines would need 266,000 new cockpit crew in the forecast period.

Flight academies around the world, and particularly in the Asia-Pacific, were tapping into the huge forecast market for pilots as recently as late 2019. Qantas Group was setting up its own training academies and others, like Singapore Airlines, Korean Air and All Nippon Airways were expanding their in-house training as they took delivery of large numbers of airplanes.

Today, one analysis has reported just 43% of the world's pilots are still flying for a living. With around 70% of the global airline fleet grounded, thousands of flight crew have been stood down or retrenched and some will never return to commerical aviation. The danger, warn aviation insiders, is critical talent, whether pilots, engineers or other specialists, will have been lost to the industry.

For an extremely sophisticated technical industry, it is a threat that cannot be ignored.

Aviation training sector leaders, however, point out no one should lose sight of the long game and that recovery will eventually come. And even if training demand has fallen away during the pandemic, the industry must train for the future.

Alpha Aviation founder, Bhanu Choudhrie, with facilities in the Philippines and the UAE, said in a post-COVID-19 reality, pilot training facilities are just as at risk as airlines. "We are likely to see a consolidation of the sector with only those with strong cash reserves outlasting the pandemic," he said.

Airlines must rethink their pilot training strategies, which could include outsourcing and decentralizing , to streamline and managing costs. "At the same time, pilot training providers must be more flexible with their price offerings and recognize airlines need to manage their overheads," he said.

CAE Group president, Civil Aviation Training Solutions, Nick Leontidis, said despite the short-term decline in active pilots, analysis showed the civil aviation industry will still require more than 260,000 new pilots in the next decade. "As air travel resumes progressively over the next several years, the industry will experience upward mandatory retirement and attrition rates," he said.

"In fact, these combined challenges are expected to drive a demand for about 27,000 new pilots as of the end of 2021 "The fundamental factors influencing pilot demand before COVID-19 remain unchanged," he said.

"As the industry emerges from the pandemic, CAE will continue to shape the future of pilot training alongside the global aviation community. We will be joining forces with airlines, operators, authorities and aircraft manufacturers to ensure the highest level of safety and security of air travel. With this, we hope to arm the industry with the insights to support the global aviation community to understand, rethink and learn how to build and grow the supply of highly qualified pilots."

The extent of the downturn in pilot training has been difficult to assess given most of the focus has been on how badly business is for airlines. But FlightLogger, a Denmark-based company that provides software to training facilities globally, said looking at individual academies, it knows for a fact some have lost as much as 40% to 60% of their activities, while others have hardly been affected by the pandemic. Its findings are based on data collected from more than 45,000 users in more than

110 ab initio pilot academies worldwide.

"With live data from currently 111 variously sized pilot academies across 40 countries worldwide, we have been following the development of pilot academy training activities closely for several years – and with increased interest during this last year. We see some very clear tendencies we would like to share with the industry to throw light on how the pilot training industry is actually coping with the crisis," wrote FlightLogger.

"A very interesting statistic to examine is the average number of active pilot students per pilot academy. The average number of active students in academies managed with FlightLogger has been steadily growing, in fact almost doubling from 2016 to March 2020. In March, when COVID-19 hit worldwide, training activities took a severe dive, a direct effect of entire countries being completely or partly closed down. In April last year, the worst month statistically, activities declined by approximately 60% of the level we saw before the pandemic outbreak.

"However, already from May, our data started to show a gradual recovery, which has sustained until September, where the average number of active students per academy seems to have stabilized. Based on these statistics, the average pilot academy is currently back at approximately 94% of the pre-pandemic activity levels."

Globally, the picture is extremely mixed. In India, six companies have won bids to build flying schools at five Airport Authority of India (AAI) airports: Belagavi, Jalgaon, Kalaburagi, Khajuraho and Lilabari. Fourteen bids were submitted and the nine winners were Samvardhane Technologies, SkyNex Aero, Asia Pacific Flight Academy (GMR group), JetServe Aviation group, Red Bird Flight Training Academy & Chimes Aviation.

In Australia, which is a major centre for flight training attracting students from across the region, it is a completely different story. At least two schools, Soar Aviation and China Southern West Australian Flying College, have called in receivers. Others are struggling. Flight Training Adelaide reported it had let 25% of its staff go and only 36 of its 72 aircraft were operating. CAE Oxford Aviation Academy in Melbourne reduced its headcount from 165 to 85, including a reduction in flight instructors from 70 to 34. Its base in Tamworth northwest of Sydney, has been closed.

Queensland's Qantas' pilot Academy in Toowoomba, is continuing to operate, but applications from prospective students has fallen by 40% during the pandemic. Plans by Qantas Group to open a second academy in rural NSW, are on hold.

Choudhrie said: "There will need to be more reliance on e-learning in the initial cadet training, and subsequent simulator training. The industry is equipped to make these changes but dynamism from regulators is imperative."

Solving impending shortages requires a variety of solutions, and one not to be overlooked is creating a clearer path for more women to become pilots. "Just 5% of the world's 290,000 commercial pilots flying today are women. For every twenty flights taken, just one of them will be piloted by a woman. If we are to make up the future shortfall in the sector, finding a way to shift that percentage is essential," Choudhrie said. ■

AIRCRAFT INTERIORS

Global seat manufacturer RECARO reports 60% profit fall for fiscal year

Germany-headquartered **RECARO Aircraft Seating** has reported a 60% drop in earnings for its fiscal year compared with the same months in 2019.

The company's CEO and a shareholder, **Dr. Mark Hillier**, said the company had to reduce staff numbers by 30% at some of its facilities but had successfully negotiated a

wage deal at its Schwaebisch Hall complex in Germany that will secure employment to mid-2023. Costs, under its global efficiency program Touch & Go, were lowered by 18% and management took salary cuts and reduced working hours, to navigate the impact of the pandemic, the company said. ■

MRO AND COMPONENTS

Liebherr and AFI KLM E&M partner in China

Liebherr-Aerospace & Transportation, a leading supplier of several categories of systems for commercial aircraft, and **AFI KLM E&M** have designated the global company's China components arm as a "Dedicated Partner and Repair Centre" for MRO of Liebherr's electronic controllers on A320s and A330s. Terms of the agreement, signed last month, are for **AFI KLM E&M Components China** to provide test, repair and overhaul of the relevant Liebherr products, including the OEM warranty period, the companies said.

Liebherr-Aerospace & Transportation SAS director business and customer services, Joel Cadaux, said: "With the continuous growing of the Airbus fleet in China, AFI KLM E&M Components China and Liebherr will seek further cooperation to provide better services for their respective customers in the country.

"Our continuing ambition is to support airlines in all their needs and be as close as possible to where they operate."

Shanghai-based AFI KLM E&M Components China was established in 2013 and certified by the Civil Aviation Administration of China in November of the same year. It launched its facility with MRO services for avionics components. It offers MRO and logistics for A320s, A330s and 737s. It is expanding in Shanghai to accommodate demand for 777 and 787 MRO.

Europe-headquartered Liebherr-Aerospace manufactures flight control and actuation systems, gears, gearboxes, landing gear, air management systems and electronics for commercial and military aircraft and helicopters. ■

Dutch investor acquires two Fokker companies from Fokker/GKN

Privately held **PANTA Holdings**, which has a long history of investing in European aviation, has bought aftermarket specialist, **Fokker Services**, and conversions and refurbishment arm, **Fokker Techniek**, from parent company **Fokker Technologies/GKN**.

Jointly led by **Roland van Dijk** and **Menzo van der Beek**, the two companies will invest in technology innovation and engineering excellence.

Owned by **Jaap Rosen Jacobson**, PANTA Holdings "focuses on developing companies going through a strategic transformation", the private investment group said in a company statement. Among its aviation and airline investments was the sale of VLM Airlines N.V. to Air France KLM in 2008.

Fokker Services provides tailored maintenance solutions for regional, commercial and military aircraft. Fokker Techniek specializes in green aircraft completions, conversions, upgrades and refurbishments for VIP and Special Mission aircraft. The Fokker group operates a regional facility in Singapore. ■

TECHNOLOGY

Singapore Airlines selects Salesforce technology for customer services

Singapore Airlines (SIA) has chosen **1Point**, developed by **Salesforce** and designed to deliver seamless and integrated customer experiences, to revamp its customer case and knowledge management system.

The system will be installed across all of SIA's contact centres and customer feedback handling units from late this year, the airline announced on April 6.

A strength of 1Point is that the airline's service agents no longer need to navigate between multiple systems to retrieve customer data, product and policy information and complete transactions, the airline said.

Case management and guided workflows will be integrated with SIA's in-house artificial intelligence and machine learning capabilities.

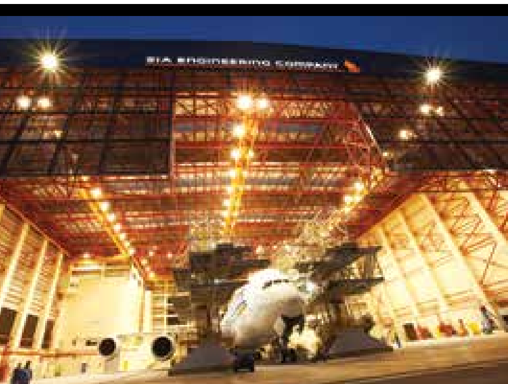
1Point is powered by Salesforce Service Cloud and the Mulesoft Anypoint Platform. Digital engineering company, **Capgemini**, has won SIA's business as systems integrator for the implementation and application maintenance support of 1Point.

Salesforce senior vice president and general manager ASEAN, Sujith Abraham, said: "If the last year has taught us anything, it's that digital, engaging experiences with customers is no longer a nice to have. It's an imperative."

SIA said 1Ponit qualified for partial funding from the **Civil Aviation Authority of Singapore (CAAS) Aviation Development Fund** because it increased Singapore's competitive edge.

"CAAS is pleased to support SIA's ongoing digital transformation," the **authority's director aviation industry, Ho Yuen Sang**, said "By transforming the passenger experience for SIA's customers at Changi, it will augment our hub's competitive offering." ■

Orient aviation

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ASIA-PACIFIC CARRIERS PREPARING FOR THE NEW NORMAL OF AIRLINE OPERATIONS POST COVID-19

AUGUST-SEPTEMBER

***ASIA-PACIFIC MROS FIRST TO RECOVER FROM COVID-19 PANDEMIC**

***CLIMATE CHANGE MITIGATION LEAPS TO TOP OF ASIA-PACIFIC AVIATION AGENDA**

OCTOBER-NOVEMBER

GLOBAL AND REGIONAL AIRLINE LEADERS DELIVER THEIR JUDGMENTS OF POST PANDEMIC INDUSTRY RECOVERY

DECEMBER-JANUARY

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