Some APAC airlines are not letting a crisis go to waste

India could see a surge in lessors setting up shop in the country

Seat makers are preparing for an upswing in business

In Conversation

STEVE LIEN, HONEYWELL AEROSPACE APAC PRESIDENT

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With thousands of aircraft grounded, borders locked shut and the International Civil Aviation Organisation (ICAO) reporting 2020 airline revenues dropping by US$371 billion, is now the time to start a new airline?

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Honeywell Aerospace is a familiar name to everyone in aviation. The company has operations around the world and Asia is of particular interest. Asian Aviation Editor Matt Driskill sat down virtually to speak with Steve Lien, the company’s president for the Asia-Pacific region.

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Business aviation, like its commercial cousin, was hit hard by the COVID-19 pandemic declared a little more than a year ago. The latest data shows the industry is faring much better though, as companies turn to fractional ownership and jet cards to move their teams around.

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One year later, who’s in charge?

**IT’S BEEN A YEAR** since the World Health Organisation declared the COVID-19 global pandemic and everyone in Asia-Pacific and around the world knows what’s happened to aviation. Billions of dollars have been lost by airlines, airports and everyone in the travel value chain like hotels, car rental companies, airport restaurants, duty free shopping and on and on.

At the end of 2020 the future looked dim by any metric one cared to use to measure the state of the industry. That began to change — somewhat — with the announcement that vaccines had been developed in record time, but that hope was overshadowed by new COVID-19 variants that began to emerge in South Africa and the UK, which quickly began to spread across the globe.

Hope springs eternal however, and the aviation industry is more optimistic in the first quarter of 2021 as global vaccinations roll out and domestic travel in places like China, Japan, South Korea, Indonesia, and other countries with strong domestic networks see traffic trending upward, albeit in fits and starts as small outbreaks of the virus arise from time to time, necessitating local lockdowns.

Despite the positive trends in domestic travel, the industry is hobbled on regional and international flights as countries continue to impose quarantine measures that groups like the International Air Transport Association (IATA) maintain are killing the industry. As one IATA official told me in an In Conversation interview on www.asianaviation.com, the problem for his group is that they’re dealing with health ministers who want “zero infections”, which is impossible, instead of transportation ministers who understand that testing is the way to go.

Testing has also received a big boost with the development of so-called “digital health certificates” that as of now, would provide COVID-19 testing results using an app that would have a QR code that could be scanned and understood and accepted by border authorities. The problem, however, is that so many of these applications are either in development or in early stages of use that it’s hard to know who’s in charge and which governments accept which application.

A quick unscientific check shows the IATA Travel Pass is at the top of the list, followed by The Commons Project’s CommonPass. Then there’s the Clear Health Pass, the IBM Digital Health Pass, an app called VeriFLY and finally the V-Health application. All of these applications do pretty much the same thing, but none are using the same standards like a true passport and as of now, it’s unclear which one will be approved by the majority of governments.

The “who’s in charge” question is a valid one. It seems obvious that a group like the International Civil Aviation Organisation (ICAO) could and should mandate standards that its member countries can follow and harmonise those standards so that health app developers can meet them. While ICAO has offered guidelines, it’s mainly IATA that has done the heavy lifting in trying to get governments, airlines and others in the aviation value chain to agree on the way forward.

The problem is we’re running out of time. If borders don’t open soon, irreparable harm could set in for good. Airlines alone have already lost billions of dollars and continue to burn through their cash reserves at an alarming rate. The latest example is Cathay Pacific, which lost almost US$3 billion last year, shut down its Cathay Dragon unit, and fired thousands of employees.

People want to travel and if there was a single digital pass accepted by all border authorities it could reopen the world. IATA said recently that a survey it did showed travellers have “growing confidence” in a return to air travel and are “frustrated” with the current restrictions. The survey also showed that about 84 percent of travellers will not travel if it involves a quarantine at the destination. “While we are making good progress with numerous trials (on the Travel Pass), we are still awaiting the global standards for digital testing and vaccine certificates. Only with global standards and governments accepting them can we maximise efficiency and deliver an optimum travel experience,” said Alexandre de Juniac, IATA’s outgoing director general and CEO.

I think I can safely say we all hope someone takes charge and those standards arrive soon.

**People want to travel and if there was a single digital pass accepted by all border authorities it could reopen the world.**
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May Liu
VP Marketing, China
Textron Aviation has delivered the first Cessna Citation Latitude midsize business jet to Indonesia. The aircraft was delivered to United Arab Emirates-based Titan Aviation and joins its portfolio of managed and operated business aircraft including Textron Aviation’s legacy models such as the Hawker 900XP/850XP and Beechcraft Premier 1A business jets. “With a growing population of Citation Latitudes now in operation throughout Southeast Asia we are very pleased to see the Latitude expanding its reach in the region,” said Tony Jones, vice president, Asia-Pacific sales, Textron Aviation. “It is popular among customers for its reliability, versatility and impressive 5,000-kilometer (2,700-nautical mile) range. The Latitude’s class-leading take-off field length of 1,091 meter (3,580 feet) makes it suitable for operators out of short airfields in and around Indonesia.”

Subic Bay develops business jet MRO bubble

The Subic Bay Metropolitan Authority (SBMA) announced that it has developed an end-to-end platform that will deliver corporate jet maintenance service despite the continuing COVID-19 pandemic. SBMA Chairman and Administrator Wilma Eisma said the corporate jet maintenance “bubble” (CJMB) will be located at the Subic Bay International Airport (SBIA) which also houses a crew-change hub for mariners that is being operated by the Department of Transportation (DOT). “The corporate jet maintenance bubble works in roughly the same concept — it will be a complete process that precludes any third-party engagement because the accommodations, amenities, and services are all in one place and everything stays isolated,” Eisma explained. She said the SBMA recognised the financial pressure faced by the aviation industry and had developed the CJMB to provide a safe, seamless, and efficient mechanism that will enable business jet operators in the Asia-Pacific region to meet their maintenance needs in the Philippines despite the COVID-19 crisis. Eisma said the CJMB was developed in accordance with Resolution 84 of the Inter-Agency Task Force on Emerging Infectious Diseases (IATF), which authorised the SBMA to set up a corporate jet flight maintenance and crew layover hub at the Subic Freeport under a strict “bubble” concept, as recommended by the DOT and the Civil Aviation Authority of the Philippines. — MATT DRISKILL

Hong Kong-based charter broker L’VOYAGE said the company was expanding under the direction of its new shareholder and CEO, Jolie Howard. The expansion is the latest move in the company’s growth plans and brand revamp despite the pandemic.

TAG Aviation’s Hong Kong maintenance facility has been appointed a Dassault Falcon Authorised Service Centre for the Falcon 7X/8X large cabin trijets. The move was effective from 1 January and will make TAG Aviation Hong Kong a complement to Dassault Aviation’s regional service centres. TAG Aviation has been providing maintenance services in Asia for nearly a decade and has maintenance bases in Hong Kong and Macau. All stations are manned with dedicated Engineering & Grooming teams providing maintenance and cleaning services that include internal and external aircraft cleaning, MicroShield 360 disinfectant and Permaguard paint protection. The maintenance team provides regional coverage that can be readily deployed. — MATT DRISKILL
**VOLOCOPTER RAISES US$241 MILLION IN SERIES D FUNDING ROUND**

Urban Air Mobility (UAM) developer Volocopter announced in March that it had raised about US$241 million in its Series D funding round. Cumulatively, Volocopter has raised US$389 million. The funding will be used to solidify Volocopter’s position in the UAM market by bringing the VoloCity, the battery-powered air taxi for cities, to certification and by accelerating the launch of its first commercial routes.

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**AUSTRALIA PLANS MEDICAL DRONE SYSTEM FOR REMOTE COMMUNITIES**

Custom-made, state-of-the-art medical drones with a flying range of up to 250km will be developed and trialled for delivery of potentially life-saving medicines in the Northern Territory, Australia’s first ever healthcare drone trail for regional Australia. The project will also pave the way for future delivery of critical items such as cold-storage vaccines in regional and remote communities, according to developer iMOVE Cooperative Research Centre. — MATT DRISKILL

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**CHINESE DRONE MAKER EHANG DISPUTES SHORT-SELLER’S REPORT**

Chinese drone maker EHang has hit back at critical reports by a short-seller. EHang is an autonomous passenger drone company founded in 2014. The company made headlines over the years for its promise of self-flying taxis, and went public in New York in 2019. Wolfpack, in its report, said it believed EHang “is an elaborate stock promotion, built on largely fabricated revenues based on sham sales contracts with a customer who appears to us to be more interested in helping inflate the value of its investment in EHang i.e., pump EHang’s stock price than actually buying its products. EHang has perpetuated its story with a collection of lies about its products, manufacturing, revenues, partnerships, and potential regulatory approval of its purported main business, an ‘autonomous’ aerial vehicle ‘AAV’ ridesharing network.” EHang rebutted the accusations, saying that “Kunxiang is one of EHang’s customers but it is not a related party of EHang. Kunxiang had never been a shareholder of EHang prior to its IPO. Kunxiang has never purchased any shares from EHang after its IPO. Although any person can purchase EHang’s ADSs from the open market after EHang becomes a public company, EHang has no knowledge that Kunxiang has ever purchased any of EHang’s ADSs, and EHang does not believe Kunxiang holds any meaningful shares whatsoever in the company at any given time.” EHang also said its pricing and terms provided to “Kunxiang are not substantially different from those offered to other customers in China and all contracts with Kunxiang are based on arm-length transactions.” Addressing the lack of activity at Kunxiang, EHang said “while it is not EHang’s place to comment on its customer’s office buildings or employees, Kunxiang has confirmed to EHang that the allegations made by the short-seller concerning Kunxiang or its employees in this so-called research report are false and misleading. Just for an example, the Wolfpack Research told an outright lie that the office building where Kunxiang is located only has 11 floors by showing an office building index, but a simple site visit will tell you that building indeed has 15 floors.” — MATT DRISKILL

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**Teleport unit of airasia explores drone deliveries**

Teleport, the logistics venture of airasia Digital, said it has partnered with Malaysian Global Innovation and Creativity Centre (MaGIC), the Lead Secretariat of the National Technology and Innovation Sandbox (NTIS) to launch the Urban Drone Delivery Sandbox and develop a long-term viability of an urban drone delivery service. The pilot project for the delivery of goods from airasia’s e-commerce platforms including airasia shop using automated drones is set to be carried out through a six-month phased approach at the third National Technology and Innovation Sandbox (NTIS) test site in Cyberjaya. The service is currently at the testing stage with two local drone operators VStream Revolution and Meraque Services. The first phase of the project in Cyberjaya seeks to assess the capability, experience, approval process, deployment readiness and service expansion of the drone operators. The service will be deployed upon a successful trial phase and might be expanded beyond the sandbox environment. As a national solution coordination and facilitation centre, NTIS provides a critical step by eliminating all or selected processes and/or regulatory requirements to accelerate the development of innovative solutions from the R&D stage to being commercially ready. — MATT DRISKILL

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AsianAviation | March-April 2021
Boeing, GAMECO add new line for converted 737-800 freighters

Boeing and GAMECO in China said they will add a production line to the 737-800 Boeing Converted Freighter (BCF) project in China. The new production line will be the third in the partnership between Boeing and Guangzhou Aircraft Maintenance Engineering in Guangzhou and is set to meet the demand for freighter conversion driven by the booming express delivery and e-commerce sectors in the country, according to Boeing China. Both sides will take it as an opportunity to implement an innovative and scalable production concept for conversions, which will boost deliveries and efficiency, it added. In 2016, Boeing launched the 737-800BCF project exclusively in China, where there is a surging e-commerce industry and a massive market. Boeing and its partners have established production lines for the project in three Chinese cities: Shanghai, Jinan and Guangzhou. To date, the 737-800BCF project has received more than 150 orders. GAMECO is a joint venture between China Southern Airlines and Hutchison Whampoa (China) from Hong Kong. It specialises in aircraft and airborne component maintenance, repair and overhaul. — MATT DRISKILL

SIA ENGINEERING SIGNS MOU TO BUY SR TECHNICS’ MALAYSIA UNIT

SIA Engineering announced it has signed a memorandum of understanding (MOU) with SR Technics Switzerland to begin acquisition talks for the Malaysian unit of SR Technics. SRT Malaysia, located in Selangor, Malaysia, is a subsidiary of SRT, incorporated in January 2013 to provide component repair, testing and overhaul services with a focus on the Airbus A320, A330, A340 and the Boeing 737NG aircraft in the Asia-Pacific region and beyond. SRT is an independent maintenance, repair and overhaul (MRO) service provider for mainly Airbus and Boeing aircraft, engines and components, along with engineering services and training. SRT has a diversified global customer base and a long history of MRO experience, having started out as the maintenance and engineering section of Swissair, previously Switzerland’s national carrier. SIA Engineering also announced it plans to spend S$40 million (US$30.2 million) over the next three years in the second phase of its plans to upgrade and digitalise its MRO processes. The first phase announced by the company in 2017 included S$50 million that was mainly spent on hardware, SIA Engineering said. The new work centres on streamlining operations for MRO workers and using a one-stop mobile app. The company also reported its full-year financial results for the year ended 31 December 2020 and said its net profit fell 10 percent to S$534.4 million (US$403 million) compared to S$577.9 million the year before. Group revenue came in 9 percent lower at S$7.2 billion. — MATT DRISKILL
Recaro Aircraft Seating enters regional market with Embraer

Recaro Aircraft Seating is entering the regional jet market with its first Embraer installation. The BL3710 and SL3710 seats will be retrofitted on the Embraer E190 and line fitted in Brazil on the Embraer E195-E2 for KLM Cityhopper, the regional arm of KLM Royal Dutch Airlines. KLM Cityhopper is the first regional jet customer for Recaro. Slated for a Q1 2021 delivery, the BL3710 and SL3710 seats are positioned in a hybrid layout on the E190 and E195-E2 KLM Cityhopper regional jets. The E195-E2 is configured with 132 seats, while the E190 has 100 seats. Recaro also said it has received additional orders to outfit Alaska Airlines’ (Alaska) new B737MAX aircraft with 13 shipsets of the CL4710 and BL3530 seats. Alaska is the first carrier to order more Boeing B737MAX aircraft after it was cleared by the FAA. The BL3530 offers passengers premium comfort and innovative amenities, and its low weight appeals to customers because it contributes to reduced fuel consumption and minimises the aircraft’s carbon footprint. Finally, Recaro has signed an extension contract with Airbus for the delivery of SWIFT economy class seats. Since 2016, the premium seat provider has been equipping Airbus A320 Family aircraft with predefined Economy Class seats BL3530. This contract extension aims to enlarge the supplier furnished equipment (SFE) catalogue with the latest RECARO products. — MATT DRISKILL

QATAR AIRWAYS OFFERS ‘ZERO TOUCH’ IFEC

Qatar Airways announced it will become the first global airline to offer passengers 100 percent Zero-Touch technology for its Oryx One in-flight entertainment system across the A350 fleet as part of the airline’s latest COVID-19 safety measures. The Zero-Touch technology, introduced in partnership with the Thales AVANT IFE system, will enable A350 passengers to pair their personal electronic devices (PEDs) with their seat-back IFE screen by connecting to ‘Oryxcomms’ Wi-Fi and simply scanning a QR code displayed on the screen. They can then use their PEDs to navigate and enjoy more than 4,000 options on offer through the airline’s award-winning Oryx One in-flight entertainment system, limiting the frequency of on board surface contact and providing greater peace of mind throughout the duration of their journey. — MATT DRISKILL

AEROPLAY ENTERTAINMENT’S AEROLAB JOINS TRUSTED PARTNER NETWORK

Aeroplay Entertainment’s Mumbai-based Lab facility, AeroLab, has joined the Trusted Partner Network (TPN) for global content security. TPN is a joint venture between two major entertainment industry associations, Motion Pictures of America (MPA) and the Content Delivery & Security Association (CDSA) for conformance with the MPA content security best practices. Aeroplay Entertainment reviewed and made the necessary changes to its policies, infrastructure, and security system to obtain the TPN certification. These changes will enable Aeroplay Entertainment to provide the highest level of security required to keep all data protected and private for its clients and partners (studios and distributors). — MATT DRISKILL
Travel technology provider **ACCELYA** has announced that William (Bill) Cavendish has joined Accelya in the role of principal for global business development.

**AERO NORWAY** has appointed Evren Akca as sales and marketing manager. Akca first joined the Aero Norway team as customer support project leader in 2014.

The **AIR CHARTER ASSOCIATION** announced that Derek Thomson and Emily Williams have joined the board of directors. The association also announced that Dave Connor, managing director of RVL Group, has joined the board.

**AIR WORKS**, India’s largest independent MRO announced that Dr Haseeb Drabu has formally joined the company’s board as an independent director.

**ASIAN SKY GROUP** announced that Alud Davies has joined the company as director of its media and communications division. Davies brings 18 years of diverse experience in commercial and business aviation publishing and communications.

**ATR** has appointed Tiziana Masullo as managing director and president of ATR Americas, a subsidiary of ATR. Based in Miami, Masullo previously served as vice president of services, sales and contracts, and succeeds Jurgen Lebacs.

**BOOM SUPersonic**, the aerospace company building the world’s fastest airliner, announced that it has welcomed two new senior leaders to help accelerate its next phase of growth and progress: Joe Massaquoi was named chief financial officer and Kathy Savitt was named president and chief commercial officer.

**CARGOAI** has named Magali Beauregard as chief customer officer. She is the former head of commercial for Asia-Pacific at Lufthansa Cargo and senior account manager at Booking.com.

Charter specialist **CHAPMAN FREEBORN** said it has named Ben Hampton as cargo director for the northeastern US. The company also named Allen Liu as cargo director for North Asia.

**CRANFIELD UNIVERSITY** has named Fernando Alonso, former head of Airbus Military Aircraft and Flight Test, as a visiting professor. Alonso will provide practical advice and support linking classroom flights to the needs of business.

**DEUTSCHE AIRCRAFT** has appointed Nico Neumann to the position of vice president for operations and programmes, where he is now responsible for team enhancement, production, maintenance and overall quality management of the D328eco as part of the Regional Aircraft Programme. The company has also appointed Maximilian Fahr as director for the supply chain.

**FACC** announced that Florian Heindl has taken over management of all capital market activities at FACC AG as group treasurer. In this capacity, he is responsible for communicating and maintaining relationships with investors, analysts, banks and the entire capital market community of FACC.

The **GLOBAL BUSINESS TRAVEL ASSOCIATION** announced the hiring of Suzanne Neufang as its executive director, leading the combined GBTA and the Association of Corporate Travel Executives.

MRO provider **HAECO** has named Richard Kendall as chief commercial officer. Kendall has extensive management experience gained over 36 years with Swire group, including roles at the HAESL engine MRO joint venture with Rolls-Royce and chief executive of HAECO Americas.
Cargo Management Systems provider HERMES LOGISTICS TECHNOLOGIES has welcomed back Simon Elmore as chief operations officer as it continues to expand and innovate its New Generation Cargo Management Ecosystem with new applications and services.

The 36-state governing body of the International Civil Aviation Organisation (ICAO), the ICAO COUNCIL, has appointed Juan Carlos Salazar of Colombia as the new secretary general of the organisation for a three-year term beginning 1 August.

INDIGO said it has appointed Jiten Chopra as chief financial officer. Chopra replaces Aditya Pande who is leaving IndiGo to pursue other interests. Chopra joined IndiGo in February 2020 as head of governance, risk and compliance.

INMARSAT announced that Rajeev Suri, former Nokia CEO, will join the business and assume the role of CEO and become a director of Connect Bidco Limited, the holding company for Inmarsat.

Aircraft transaction and brokerage company JETHQ has named Sanjeev Choudhary as vice president of sales for Asia. Choudhary comes to the company with more than 15 years of experience in aviation sales, most recently as president of business development at Arrow Aircraft in New Delhi.

PAYCARGO has appointed Michael White to its board as the payments network for the global supply chain industry continues to grow and reach new markets.

PEGASUS AIRLINES CEO Mehmet Nane, has been elected as chair of the audit committee of the International Air Transport Association (IATA) by the members of the IATA board of governors.

RED AIRCRAFT has appointed Jürgen Schwarz as its new head of commercial. He joins RED after spending over six years at Continental Aerospace Technologies in an executive position.

Global law firm REED SMITH has appointed Simon Spells to head its Asia aviation practice as a partner in its Transportation Industry Group and Singapore office. Spells has almost 15 years’ experience advising financial institutions, leasing companies, airlines and manufacturers in respect of a range of international asset, structured finance and leasing transactions.

MRO provider SR TECHNICS said that Olaf Christoph has joined its business development team. He joins after nearly 20 years as sales director for new engines and engine services at GE Aviation.

After nearly eight years working for THE REGISTRY OF ARUBA, Alexandria Colindres is stepping up as CEO, from her current role as COO of the company. Company founder Jorge Colindres, will stay on as the executive chairman and CEO of ARG (Aviation Registry Group of Companies), The Registry’s holding (parent) company.

TOPCAST announced that George Poh has joined the group as vice president for global sales and customer support and will oversee the revenue management, sales growth and customer service excellence.

UNIVERSAL AVIONICS has appointed Wendy Bartos as director of contracts. She will manage the full life cycle of contracts, license agreements, non-disclosure agreements, and more, and will lead the drafting, review, and negotiation of such agreements.

DOUG AHRENS SWAMI IYER

VIRGIN GALACTIC has announced new leadership appointments. Doug Ahrens has been named chief financial officer; Swami Iyer has been named president of aerospace systems; and Stephen Justice has been appointed vice president of engineering. The company also named Seth Zaslow as vice president of investor relations.
The International Air Transport Association (IATA) announced full-year global passenger traffic results for 2020 showing that demand (revenue passenger kilometres or RPKs) fell by 65.9 percent compared to the full year of 2019. By far the sharpest traffic decline in aviation history and the outlook was not good with forward bookings falling sharply since late December. “Last year was a catastrophe,” said Alexandre de Juniac, IATA’s outgoing director general and CEO. “There is no other way to describe it. What recovery there was over the Northern hemisphere summer season stalled in autumn and the situation turned dramatically worse over the year-end holiday season as more severe travel restrictions were imposed in the face of new outbreaks and new strains of COVID-19. Optimism that the arrival and initial distribution of vaccines would lead to a prompt and orderly restoration in global air travel have been dashed in the face of new outbreaks and new mutations of the disease,” de Juniac said.

“The world is more locked down today than at virtually any point in the past 12 months and passengers face a bewildering array of rapidly changing and globally uncoordinated travel restrictions.”

Having said that, IATA said in March that its latest poll of recent travellers showed growing confidence in a return to air travel, frustration with current travel restrictions, and acceptance of a travel app to manage health credentials for travel. The survey found that:

— 88 percent believe that when opening borders, the right balance must be struck between managing COVID-19 risks and getting the economy going again;

— 85 percent believe that governments should set COVID-19 targets (such as testing capacity or vaccine distribution) to re-open borders;

— 84 percent believe that COVID-19 will not disappear and we need to manage its risks while living and travelling normally;

— 68 percent agreed that their quality of life has suffered with travel restrictions;

— 49 percent believe that air travel restrictions have gone too far.

“The top priority of everybody at the moment is staying safe amid the COVID-19 crisis. But it is important that we map a way to being able to re-open borders, manage risks and enable people to get on with their lives. That includes the freedom to travel. It is becoming clear that we will need to learn to live and travel in a world that has COVID-19. Given the health, social and economic costs of travel restrictions, airlines should be ready to re-connect the world as soon as governments are able to re-open borders. That’s why a plan with measurable milestones is so critical. Without one, how can we be prepared for restart without an unnecessary delay?” said de Juniac.

The director general went on to say that digital health applications like IATA’s Travel Pass will be key to restarting international aviation because 84 percent of travellers will not travel if it involves quarantine at destination. “People want to get back to travel, but quarantine is the showstopper. As testing capacity and technology improves and the vaccinated population grows, the conditions for removing quarantine measures are being created. And this points us again towards working with governments for a well-planned re-opening as soon as conditions allow,” said de Juniac.

Travel health credentials are already opening borders to some countries. IATA believes that such a system needs global standards and the highest level of data security. The survey produced very encouraging data indicating traveller willingness to use a secure mobile phone app to manage their travel health credentials. Four of five people surveyed would like to use this technology as soon as it becomes available. They also expect that travel health credentials (vaccine or test certificates) must comply with global standards, a work that is still in progress by governments. — MATT DRISKILL
PHILIPPINE PROVINCE CANCELS AIRPORT DEAL

A Philippine province has cancelled its award of a US$10 billion airport deal south of the capital, among the biggest projects involving a Chinese firm under President Rodrigo Duterte who has pursued warmer ties with Beijing since taking office in 2016. China Communications Construction Co (CCCC) and Philippines company MacroAsia Corp won the auction in 2019 to partner with the Cavite provincial government to upgrade the Sangley airport. The notice of selection and award for the Sangley Point International Airport Project issued on 12 February 2020 was cancelled, MacroAsia told the Philippine stock exchange. The Cavite government will start new negotiations for a private sector partner to pursue the airport project, officials said. — MATT DRISKILL

THAI AIRPORT GROUP EXTENDS RELIEF MEASURES

Airports of Thailand (AOT) has again extended its rental relief measures as concessionaires and airlines continue to be affected by the COVID-19 pandemic around the world, as well as the new wave of the virus outbreak in Thailand. The AOT board said it will approve an extension of payment terms for concession charges, office and state property rents, and service charges for the concessionaires and airlines affected by the COVID-19 outbreak at all six airports under AOT’s supervision: Bangkok Suvarnabhumi, Bangkok Don Mueang International, Phuket International, Chiang Mai International, Hat Yai International and Mae Fah Luang-Chiang Rai International airports. — MATT DRISKILL

AUSTRALIA EXTENDS AID TO AVIATION INDUSTRY

Australia’s government will subsidise 800,000 half-price airfares as part of a A$1.2 billion ($920 million) package to prop up the nation’s ailing tourism industry. The discounted fares will run from 1 April to 31 July and are designed to help tourism-dependent regions and support airlines, hotels and hospitality venues, Prime Minister Scott Morrison said in a statement. The package also includes further support for the international aviation industry and will expand a government-backed loan programme to small and medium-sized businesses. The subsidised tickets programme “means more jobs and investment for the tourism and aviation sectors as Australia heads towards winning our fight against COVID-19 and the restrictions that have hurt so many businesses,” Morrison said. — MATT DRISKILL
Australia’s Rex announces additions to 737 fleet

Australian regional carrier Rex has taken delivery of two more Boeing 737-800NGs from its lessor after the aircraft’s scheduled heavy maintenance checks at the lessor’s designated engineering facility. The Civil Aviation Safety Authority (CASA) has authorised the addition of the two jets to Rex’s Air Operator’s Certificate (AOC) with registrations VH-REX and VH-PAG. With the addition of these two aircraft, Rex now has a fleet of four 737-800NGs on its AOC. These aircraft have been deployed on the Sydney-Melbourne route from 1 March 2021, with frequency on the route gradually increasing to nine returns per day by the last week in March. Rex expects to take delivery of two more Boeing 737-800NGs in late March. Rex intends to take delivery of two more 737s in June and is now in discussions with interested lessors. — MATT DRISKILL

CEBU PACIFIC OUTLINES PLANS FOR US$250 MILLION SHARE SALE

Low-cost carrier Cebu Pacific outlined its plans to raise US$250 million in a stock sale that it plans to use to pay down debt and to cope with the COVID-19 pandemic that has shut down international aviation in many areas and hurt all airlines around the globe. The airline said in a stock exchange filing it plans to issue convertible preferred shares priced between US$0.74 and US$0.84 each. It plans to use the net proceeds to pay US$100 million for an advance by JG Summit Philippines; it will use US$71.3 million for aircraft operating lease payments due in 2021; it will use US$72.3 million for principal debt repayments due in 2021; and it will use US$6.4 million for general corporate purposes which are primarily for passenger refunds in case cash inflows from operations become insufficient as a consequence of the COVID-19 pandemic’s impact to health and travel related concerns. — MATT DRISKILL

CATHAY POSTS RECORD LOSS IN 2020

Hong Kong flag carrier Cathay Pacific Airways said in mid-March that it posted a record annual loss of HK$21.65 billion (US$2.79 billion), because of the curtailment of international travel due to the COVID-19 pandemic as well as restructuring costs and fleet write-downs. The 2020 loss compared with 2019 profit of HK$1.69 billion. Cathay had previously warned it expected the second-half loss to be “significantly higher” than the record first-half loss of HK$9.87 billion. Cathay has been hit with a double whammy of the 2019 anti-government protests that spread to Cathay’s home airport and the Beijing-requested management upheaval, followed by the COVID-19 pandemic. One bright spot for the airline was its cargo business. Cargo revenue in 2020 was HK$24 billion, an increase of 16.2 percent compared to 2019, reflecting the imbalance in the market between demand and available capacity. Revenue freight tonne kilometer (RFTK) traffic decreased by 26.5 percent, while available freight tonne kilometer (AFTK) capacity decreased by 35.5 percent. — MATT DRISKILL

CAMBODIAN AIRPORT IN KOH KONG PUT ON HOLD, TRAFFIC TRENDING DOWN

Construction of an international airport in Cambodia’s Koh Kong province with a US$40 million capital investment has been postponed until the COVID-19 situation eases, according to local media, quoting State Secretariat of Civil Aviation (SSCA) spokesman Sin Chansereyvutha. The airport is a joint venture between Ly Yong Phat’s LYP Group and Bangkok Airways. Chansereyvutha told local media in Cambodia the project was still in its preparation stage. Meanwhile, air traffic to the former tourist hotspot is still trending downward with a drop in January and February of almost 94 percent compared to the same period last year, according to officials at Cambodia Airports, the operator of the country’s three main airports. Cambodia’s three international airports welcomed 2.13 million passengers (international, domestic and transit) in 2020, a 79 percent drop compared with 2019 figures, according to data from the State Secretariat of Civil Aviation. — MATT DRISKILL
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SITA falls victim to cyber-attack

Airline technology provider SITA confirmed in March that its servers were breached in a cyber-attack, “leading to a data security incident involving certain passenger data that was stored on SITA Passenger Service System (US) Inc. servers, which operates passenger processing systems for airlines.” The company said it took “immediate action” after it confirmed the attack and contacted affected customers. While SITA did not disclose which airlines’ data were affected, some carriers have issued their own statements about the breach. Singapore Airlines said the breach affected around 580,000 members of its KrisFlyer and PPS programs. Although Singapore is not a SITA PSS customer, it—along with all other Star Alliance airlines—provide data from its frequent-flyer program to the alliance, which other member airlines using the system then store. — MATT DRISKILL

**FREQUENTIS BUYS PARTS OF ATM SEGMENT FROM L3HARRIS TECHNOLOGIES**

Frequentis, a supplier of communication and information solutions for safety-critical applications, has announced that it had signed an agreement to acquire the ATM voice communications and arrival management product business from L3Harris Technologies for US$20.1 million.

The transaction comprises the acquisition of the ATM voice communication systems product line of L3Harris, USA; the Harris ATC Solutions business unit of Harris Canada Systems Inc, Gatineau, Canada; 100 percent of the shares in Harris C4i Pty. Ltd., Melbourne, Australia; and 100 percent of the shares in Harris Orthogon GmbH, Bremen, Germany.

**GAUTAM BUDDHA INTERNATIONAL AIRPORT DEPLOYS TETRA**

Gautam Buddha International Airport has become the second airport in Nepal to deploy a TETRA communication solution, following on from Tribhuvan International Airport. The solution will be led by Sepura SC20 hand-held radios, providing the airport’s security and operations team with the standard of secure, robust, reliable communications devices required to safely manage operations.

**TAIWAN’S EZTRAVEL JOINS AMADEUS NDC**

ezTravel, Taiwan’s leading online travel agency (OTA), is implementing the Amadeus Travel API. This NDC-enabled solution gives OTAs in Asia-Pacific and across the world access to new content and fares from airlines via NDC connectivity. The new NDC-enabled Amadeus Travel API will give ezTravel access to aggregated NDC and non-NDC content. Through this solution, ezTravel will also have access to the main servicing capabilities that an agency requires once a booking via NDC has been made, such as changes, cancellations, or adding ancillaries. As the first travel agency in Taiwan to adopt an NDC-enabled web services solution to fit the needs of OTAs, ezTravel customers can shop, order, and pay for flights and related services, and add ancillaries and services to the booking, using the NDC standard. — MATT DRISKILL

**SABRE SIGNS TWO CHINESE AIRLINES**

Sabre announced the implementation of Sabre’s Recovery Manager Operations solution for China’s national flag carrier Air China as well as China Eastern Airlines, to enhance their operational recovery capability and future growth. Air China and China Eastern are both now using Sabre’s Recovery Manager Operations solution to identify operational issues across their extensive domestic and international networks which will help to further increase the footprint of Sabre’s advanced decision support solutions in China’s marketplace. Recovery Manager Operations will empower the airlines to manage flight disruptions by proposing immediate contingency and recovery plans, while minimizing downline impact, improving operational performance and maximising staff productivity. — MATT DRISKILL

**FL ARI COMPLETES CAAC AUDIT**

FL ARI Aircraft Maintenance & Engineering, an aircraft maintenance, repair and overhaul (MRO) service provider based in Harbin, China has successfully completed the audit and received the Civil Aviation Administration of China (CAAC) approval on company’s base maintenance capabilities, and has been granted Part 145 maintenance certification to carry out regular maintenance, repair, modification and other operations for Airbus A320 series aircraft. FL ARI is a joint venture between FL Technics, a leading aircraft maintenance (MRO) service provider in Europe and China Aviation Aftermarket Holdings (CAAM), a subsidiary of China Aircraft Leasing Group (CALC). — MATT DRISKILL
CHC ACQUIRES BABCOCK OIL AND GAS AVIATION BUSINESS

CHC Group, one of the world’s leading helicopter services and maintenance, repair and overhaul providers, announced that it has entered into a conditional agreement for the acquisition of the oil and gas aviation business of Babcock International Group. The business provides offshore oil and gas crew transportation services in the UK, Denmark and Australia. It is headquartered in Aberdeen (UK), employs over 500 people and operates around 30 aircraft across its three locations. The deal, which is subject to pre-closing conditions, is expected to complete in the second calendar quarter of 2021. It is intended that CHC will seek clearances for the transaction from antitrust authorities in the UK and Australia, though completion is not conditional upon such clearances being received. — MATT DRISKILL

NOVA SYSTEMS TESTS UAS TRAFFIC MANAGEMENT SYSTEM

Nova Systems, a multinational engineering services and technology firm, and OneSky, a global UTM company developing airspace assessment, operations, and traffic management solutions, announced the successful completion of Singapore’s first Unmanned Aircraft System (UAS) Traffic Management (UTM) trials. This brings to a close a two-year consortium project led by Nova and co-founded as part of the UAS Call-For-Proposals (CFP) by the Ministry of Transport (MOT) and Civil Aviation Authority of Singapore (CAAS). It marks a significant milestone in Singapore’s journey towards a future driven by UAS technology, as private and government sector stakeholders look deeper into the possibility of the large-scale, integrated deployment of such technology in Singapore’s unique urban environment. To conclude the trials, a UTM demonstration was held for CAAS on 10 March 2021. Using a mix of live flights and simulations, the demonstration showcased key developments and findings from the team’s work in UTM technologies over the past two years, in particular the handling of the mass deployment of drones flying Beyond Visual Line of Sight. — MATT DRISKILL

AMADEUS ROLLING OUT DIGITAL TRAVEL PASS

Aviation technology provider Amadeus is jumping on the digital travel pass bandwagon with its release of Traveller ID, a secure platform for its travel provider customers, that connects, digitises and automates traveller identification and document validation across the traveller journey while meeting regulatory requirements. This platform connects the health certification touchpoints end-to-end, integrating multiple stakeholders involved in the process, providing a secure and frictionless way for passengers to show that they have the health documentation needed to travel. Privacy and security have been central to the design of Traveller ID, ensuring that passengers choose when and where they want to provide digital evidence of their health status. Amadeus is integrating this solution with multiple health information aggregators, such as CommonPass and ICC AOKpass1, to enable travellers to retrieve digital records through the provider of their choice, without leaving the airline website, mobile or app. The platform also has direct connections to test centres partnering with airlines. — MATT DRISKILL

INDRA DEPLOYS ATM SYSTEMS TO CHINA

Indra has won new contracts to deploy up to 35 navigation aid systems in China which will reinforce safety at airports and along major air routes. The new contracts bring the number of systems of this type deployed by the company in China to over 950, in addition to the automation systems implemented in control centres and towers, surveillance radars, communications and information systems, which takes the total amount of ATM systems deployed over the 1,000 mark and bolsters the company’s leadership in the Chinese ATM market. Specifically, Indra will deliver DVOR and DME systems that enable aircraft to determine the angle and distance they are from a specific point on the ground in order to perform precision approaches to airports and track airways once they are en-route. The new systems will be supplied by Indra’s team in Australia and deployed with the help of the company’s professionals in Beijing. The work carried out from Indra’s centres in these two countries has enabled the company to overcome the mobility constraints imposed by COVID and continue providing a service as normal to its customers throughout the Asia-Pacific region, a market in which aviation is already recovering. — MATT DRISKILL
THE TOTAL NUMBER OF PASSENGERS IN 2020 reached 1.8 billion, comparable to 2003 volumes and just 34 percent of 2019 numbers, the sharpest decline in aviation history. While Asia-Pacific remains the largest region by revenue passenger kilometres (RPKs), holding 38 percent of global traffic, it shares the global drop in passenger load factors, falling to 68 percent in 2020.

The most recent ICAO figures for December show that the 15 largest airports in the world handled 24 million passengers with 10 Asia-Pacific airports accounting for 69 percent or 16.5 million. The only airports with single-digit contractions were in China at Kunming (-8.4 percent) and Hangzhou (-9.7 percent).

The top 15 airlines accounted for 55 percent of the global RPKs, with four airlines from China showing the most resilience, making

Time to expand

With thousands of aircraft grounded, borders locked shut and the International Civil Aviation Organisation (ICAO) reporting 2020 airline revenues dropping by US$371 billion, is now the time to start a new airline? Michael Doran takes a look.
What a feeling of happiness being open to the world can give us. With know-how and understanding, our engineers develop future-proof solutions in the form of hygiene concepts that allow passengers and crew alike to travel safely. Your success is our mission.

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COVID solved the shortage of pilots and crew as both Qantas and Virgin made thousands of people redundant and so overnight one of our major inhibitors disappeared.

JOHN SHARP, REX

up 38 percent of the top 15. China Southern led the way at number one, followed by Air China (2), China Eastern (4) and Hainan Airlines (9) with Hainan posting the fastest recovery among the top 15.

Looking at airlines, schedules analyser OAG reports that in February the top 20 airlines operated 672,255 flights, with airlines from China again leading the way, accounting for 208,693 or 31 percent of the total. The only Asia-Pacific airlines in the top 20 from outside China were IndiGo and All Nippon Airways, bringing the region’s total share to 40 percent.

However while many airlines are struggling to stay afloat and some will most likely disappear, there are those who see opportunity in Asia-Pacific and are pushing ahead with start-up carriers or looking to disrupt established markets and vulnerable carriers at their time of weakness.

A recent entry into Vietnam’s highly competitive market is Vietravel Airlines, a subsidiary of Vietnamese tour operator Vietravel. The airline began commercial flights in January and plans to operate services between Ho Chi Minh City and Hanoi, Da Nang, Phu Quoc, Nha Trang and between Hanoi and Da Nang, Phu Quoc and Hue. Vietravel has a fleet of three A321 aircraft configured to seat 220 in an all-economy layout and says it is positioning itself as a hybrid carrier, between LCC VietJet and the successful Bamboo Airways.

According to OAG Vietnam is the only country in the world top 10 domestic markets that has seen capacity recover beyond 2019/2020 levels. OAG also reported that the Hanoi-Ho Chi Minh route was the world’s second busiest domestic route in March with more than 977,000 seats on offer.

In January Hong Kong based start-up Greater Bay Airlines applied to regulators for the rights to operate scheduled services to more than 100 destinations, about half of which would be to Chinese mainland cities with the remainder to countries including Japan, Singapore, the Philippines, Taiwan, South Korea and Vietnam. The airline plans to launch with three B737s but says it’s aiming for a fleet of 30 aircraft by 2025.

Greater Bay is seizing on opportunities created by the closure of Cathay Dragon, the acquisition of HK Express by Cathay Pacific in mid-2019 and the cloudy future of Hong Kong Airlines following the bankruptcy of its parent HNA Group. Greater Bay Airlines CEO Alge- ron Yau Ying-wah was formerly CEO of Cathay Dragon and spent 40 years with the Cathay group.
Australia’s domestic market has supported two main carriers in a cosy duopoly for more than 50 years but now the market, which carried 61.4 million passengers in 2019, is under assault and on the verge of an all-out price war. With more than 60,000 annual flights, the Melbourne-Sydney route is regarded as the second busiest domestic route in the world. Thirty percent of domestic travel in Australia is along the eastern Melbourne-Sydney-Brisbane corridor, appropriately dubbed aviation’s Golden Triangle. In pre-COVID times the Qantas Group, including subsidiary Jetstar, held around 66 percent domestic market share with the balance operated by Virgin Australia.

Virgin was placed into administration in in April 2021 with debts estimated at A$7.1 billion (US$5.5 billion) and emerged in a slimmed-down version in November. Sensing an opportunity, regional airline Rex announced in May 2020 it was entering the attractive east-coast market and commenced Melbourne-Sydney services on 1 March. Flights from Melbourne to Adelaide and the Gold Coast will also start in March and Sydney-Gold Coast services in April. Rex has a fleet of more than 100 turboprop aircraft, including 60 SAAB 340 airplanes and its entry into the domestic market will be the first time it has operated jet aircraft. Rex deputy chairman John Sharp says the move into the domestic market is one the airline contemplated for some time but had not acted on due to financial, airport and pilot availability limitations.

“COVID solved the shortage of pilots and crew as both Qantas and Virgin made thousands of people redundant and so overnight one of our major inhibitors disappeared,” he says. “On the financial side we were successful in raising A$150 million though Hong Kong private equity firm PAG, so then we had the money and the people we needed.”

Rex has leased six B737s, formerly leased to Virgin Australia and Sharp says they are looking at adding four more later in 2021. “They’re all relatively young aircraft and with no-one really wanting them we’ve been able to access those at very competitive prices.”

When Virgin emerged from administration owned by Bain Capital, it had cut staff numbers by 30 percent, closed international operations, simplified its fleet to just B737s and secured concessions from unions and suppliers in order to reduce its cost base. New CEO Jayne Hrdlicka, formerly CEO of Jetstar Group, made it clear that Virgin Australia would be securing its 30 percent market share and use its reduced staff numbers and cost base to do so. “We’re well funded, we’ve got the strongest balance sheet in the market right now and this is a long game,” she said. “Virgin Australia will be a mid-market carrier appealing to customers who are after a great value airfare and better service.”

Speaking about the entry of Rex at a CAPA conference Hrdlicka said: “They should expect it’s going to be super competitive because we’re all rebuilding the market. Prices will be very sharp for a long time to ensure that everyone re-settles in the marketplace the way they intend.”

With no international flights happening anytime soon, Qantas CEO Alan Joyce has made it very clear he is not going to be giving up any domestic market share. More than 6,000 staff have already been laid off and by outsourcing ground handling services it will save A$100 million annually and cut a further 2,500 jobs. Joyce asserts cost-cutting results will “keep Qantas’ market share above 70 percent and that will be sustainable going forwards.”

It seems ironic that COVID has facilitated the opportunity for Rex to take the brave step into the Australian domestic market while at the same time the pandemic has given its competitors an equal opportunity to slash their own costs in ways not possible previously.

For both Rex and Virgin a comforting thought is that 11.3 million Australians embarked on a short-term overseas trip in 2019 and more than half of those went on holiday. With international borders firmly shut and pent-up demand building this may be the market they can capture a share of, but with prices already plummeting making any money seems a long way off.
‘New normal; new tech’
Honeywell Aerospace is a familiar name to everyone in aviation. The company has operations around the world and Asia is of particular interest. Asian Aviation Editor Matt Driskill sat down virtually to speak with Steve Lien, the company’s president for the Asia-Pacific region, who is based in Shanghai.

AAV: Everybody says last year was unprecedented with COVID-19. This year IATA said that 2021 is starting out worse than 2020. How has Honeywell Asia-Pacific dealt with things?
SL: I’ve been in the industry for over 20 years and as you know, we go through cycles...2008, 2009, that was a bit of a downturn. The 2003 downturn after SARS and then 9/11, so we’re very familiar with the cycle. But as you say, this one’s just been unprecedented, and really, I think difficult for the industry and as you point out, it’s not over yet. We had an interesting situation where in China domestically, things really started to come back in the second half of last year. The government had done a nice job controlling this and incentivising people to travel. But then we had some minor outbreaks here in China, in the northeast of the country in January. And we actually took a step back in January and February when it came to China traffic. But as you point out, now we’re getting the vaccines. We think the second half of the year, we should start getting back more toward normal.

AAV: Last month, the company reported a 13 percent drop in quarterly profit. But you actually said you expect sales to pick up this year. Are there areas that are looking better than other ones?
SL: The underlying air transport traffic won’t be completely back to 2019 levels, but it will be much better than 2020. So, we definitely anticipate year over year uptake, in Q2 through Q3 and Q4. And then there’s specific areas that you pointed out such as business aviation travel. We think that’s going to get back to 2019 levels by later in this year. That’s picked up more quickly than air transport travel, because people have been a little bit quicker to get back on business jets. It’s a more discreet way to travel, let’s say. And people who hadn’t previously accessed business jets are now accessing them. So we are seeing business jets pick up a little bit faster. And then things like cargo are doing better because there’s less cargo capacity in the bellies of passenger planes. So cargo is picking up and we’re very closely working with the cargo companies here in China and across the region. We do see things starting to pick back up, as we go through this year.

AAV: Recently you did an interview on TV and talked about a focus on hygiene. I know the company has developed some tools, the UV wands and the robots I think. Tell us a little bit about what the company is doing in this area.
SL: Within the past six months, I’d say people have a much keener focus on hygiene than they ever did before. Honeywell has done some surveys, many third parties have done some surveys, that say people are very concerned about hygiene in airport environments, on airplanes and in places like hotels. So, we think it will last. I don’t know about a decade from now, it probably won’t be the same as it is this year, but it’ll probably be more focused than it was say two years ago. I think people will adjust. Honeywell has historically been a leader in personal protective equipment. We make masks, we make for different environments, all sorts of personal protective equipment. So, this past year, we’ve seen a huge uptake in mask sales, and we’ve opened new capacity in Arizona and in different places in United States. We added a lot of capacity here in China. And in the aviation business we developed something called the UV disinfectant system. It looks like a beverage cart. Maybe you’ve seen some of the videos. It’s fast. It takes about 10 minutes to disinfectant the whole aircraft for a single aisle, and relatively inexpensive and easy to use.

AAV: Honeywell is basically a technology company and airports, airlines, manufacturers, the whole aviation chain seem to be accelerating tech adoption. Are your clients, your customers focused on technology and how is that going to help them adapt or be prepared for the future?
SL: We definitely see airlines and other operators and OEMs still very much focused on technology. In the short term they’ve pivoted where they’re investing. They have pivoted toward things that will help improve aircraft cleanliness and restore passenger confidence in travel. That’s not to say that they aren’t still focused on things like runway safety that has been an issue over the years. We have products that address different types of runway safety and runway incursions. And we continue to move forward with radar improvements. That’s weather situations as well as adoption of ADSB to improve overall coordination in the airspace. So I’d say in the short term, airlines have actually changed how they think about technology. They’re focused on the immediate issue, but they do continue, and we all as an industry, have a focus on what are the long-term needs, what will bring us improvements in terms of safety and efficiency in flight, and cost-effectiveness.

AAV: Steve, you head up the Asia-Pacific region and we can’t talk about aviation here without talking about China. Do we see anything new from the Biden administration? Is there any chance that they’re going to get in the way of Honeywell’s business there?
SL: We haven’t seen any fundamental changes yet with the Biden administration. They’re continuing with policies that have been put in place over the past number of years by the Trump administration.
and administrations before that. So there is a keen eye on obviously military technology. There’s high standards on how we control that and don’t share what shouldn’t be shared. We have very strong processes for that, that involve with the rules. Not only US rules, but from other countries as well, including China.

AAV: Let me circle back to technology. I had the pleasure of speaking with your colleague who handles drones. We talked about electric engines. Honeywell is very active in this area, not just drones, but with the electric engines, urban air taxis. Is this a market that you deal with?

SL: What we’ve done is we’ve taken in many of our core technologies that have been aircraft technologies for many years, whether it be avionics or propulsion systems, and other things that go on an airplane. We’ve modified those to be specific for an urban air mobility environment or an unmanned environment. And we have had some early successes around the world applying those technologies, whether it be an avionics system or different types of propulsion, different types of engines...and it’s not only personal travel, but it’s parcel delivery. We see huge potential demand for parcel delivery in the urban environment, and in remote areas. So we see a huge potential for unmanned aerial vehicles, or different types of unmanned systems to serve the western parts of China. You look at places like Indonesia and Philippines. There’s huge potential for unmanned vehicles for delivery of goods and services in those countries as well. And there’s more to follow. We’re working on technology on the avionics side, as well as the propulsion side. It comes to cleaner more efficient engines, and keep watching Honeywell. We’re going to have some more announcements in both those spaces in the coming months.

AAV: Airbus came out the other day and announced they want to have a hydrogen-powered plane ready to go by 2035. Will that happen? I’m doubtful because you’ve got to change the entire infrastructure of the commercial aviation industry. Honeywell produces fuel cells. This may not be your area of expertise, but I mean, are we really going to see a hydrogen powered plane make it into the mainstream by 2035?

SL: I don’t know the timing. It’s a great question. And, if you look at electric cars, well speaking 30 years ago, electric cars didn’t make any sense then. But today they’re all over the place. Honeywell as a technology company is very interested in space. We’re investing in, as you pointed out, fuel cells in different types of hybrid technologies and we have partnerships with many OEMs on those types of technologies. Honestly the trick is the right mix. There’s trade-offs between power density, weight, cost, and efficiency. So it’s a high technology focus area for us. We know it will pay off in the long-term. We don’t know if that’s going to be 10 years, 20 years or 30 years, but it’s something we’re absolutely focused on investing in. Ultimately one of the key goals will be zero emissions. And that’s hugely supported as you know, by governments across the world. China has a huge focus on clean air in the 14th Five-Year Plan and is investing in it in many countries across the world. So, yeah, I don’t know exactly the date, but at some point we are going to see aircraft with completely different types of propulsion systems. I think it’s going to be interesting to watch, as it evolves over the next couple of decades.

AAV: Does Honeywell have a technology campus with a lot of mad scientists running around developing these things?

SL: Our legacy engineering workforce on propulsion systems is in that area and it’s in Phoenix. And as you can imagine, guys with decades and decades of experience in different types of propulsion systems, mostly gas turbines. But then we supplement that, or actually we’ve developed a workforce in India, and we have 300 aerospace engineers here in China. We have hundreds in many different places in Europe. Over the course of time, we’ve supplemented our core engineering workforce with different pockets of expertise around the world. So now we have Virtual Centres of Excellence. That’s where we can pull in the best people, whether they’re in China or India or Europe or in Phoenix. And in that way, we have core hubs, but then we supplement them. We’ve gotten smarter about working with universities and other types of partners. We want to avoid the ‘not invented here’ thing. If people have already done it, we can leverage it, put it in our toolkit. We’re going to do that.

AAV: As we’ve already said, 2020 was more than a rough year for the industry. Are there any bright spots for Honeywell? What are you looking forward to?

SL: There are many bright spots. People have a hypothesis that for the next 10 years we’ll do Zoom. We don’t believe that. We think that there actually might be pent-up demand for travel. So, whether it’s Q2, Q3, Q4, that’s going to vary by country, and it’s going to vary by type of travel. But we definitely believe over the next 18 months, fundamentally, air transport is going to come back and it’s going to be as good as it was a couple of years ago. We also see bright spots as we talked about in business and business aviation. Different types of markets like helicopter usage and oil and gas continues to be strong. So I’d say there are many, many bright spots in the aviation industry and this is just another cycle, right? You know that eventually we will come out of the cycle and it continues to be a great industry. So, that’s where we are, and Honeywell is also, we’re lucky to be part of a big Honeywell conglomerate that does, not only aviation, but really interesting things.

Editor’s Note: This is an edited version of the interview. To view the video, go to this link: https://asianaviation.com/aav-in-conversation-with-steven-lien-of-honeywell-aerospace-on-aviation-and-technology-in-asia/
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Leasing set for take-off in India

The domestic aircraft leasing business is set to take off in India after the government announced a slew of tax concessions and other benefits. But it remains a work in progress for now, despite a couple of firms announcing plans to set up shop. Shelley Vishwajeet reports.

DESPITE A ROBUST BANKING SECTOR and being one of the fastest-growing aviation markets in the world, aircraft leasing was, inexplicably, a non-permissible banking activity in India for years. India currently has a civilian fleet of around 638 aircraft, which after taking into account the retirement of over 400 aircraft is projected to grow to anywhere between 1,750 and 2,100 by 2038. Of course, the projections were made before the COVID pandemic.

But the fact remains that to acquire an aircraft, operators had to knock on the doors of international lessors. Ireland, Hong Kong, Singapore and lately Dubai have been favourite destinations. These countries have established mature and convenient aircraft leasing regimes but then it also meant a higher financing cost for Indian operators. Indian operators are also hit much harder because of a weak rupee which has been witnessing a periodic slide versus the US dollar. It is also a fact that most Indian airlines have struggled to be in the profit zone even before the COVID disruption and along with fuel, leasing rentals are among the top three costs to airlines. Indian carriers also have a higher than the global average of aircrafts acquired through leasing — nearly 80 percent according to the government.

When aviation growth returns, Indian carriers plan to acquire close to US$5 billion each year to finance the acquisition or leasing of aircraft, representing a profitable segment of the aviation value chain. Indian Aviation Secretary Pradeep Singh Kharola recently lamented that in the absence of a domestic leasing regime, “the foreign financiers and lessors were the biggest beneficiaries of India’s growing aviation strength.”

So, for the past few years, the Indian government has been working on the creation of a domestic aircraft leasing regime to bring down the cost of operations and enhance airlines’ commercial viability. Two years ago, a high-powered committee consisting of top names from the domestic and international aviation industry, banking and bureaucracy was set up by the Ministry of Civil Aviation and the ‘Project Rupee Raftaar’ came into being. The broad overall objectives were to sow the seeds of a domestic aircraft leasing regime whereby Indian operators could get a reasonable financing option in Indian rupee terms. An elaborate study of leading financial destinations was undertaken and a comprehensive report was submitted to the government, a road-map for the creation of domestic aircraft leasing industry.

The big shot in the arm came early this year, when Union Finance Minister Nirmala Sitharaman, in an otherwise lacklustre budget, announced a 10-year tax holiday for aircraft leasing operations and eased depreciation norms. This was done to bring about tax and other financial parity between competing nations.

For lessors to use the tax concessions, they have to set up shop in India’s Gujarat International Finance and Tec-City (GIFT City).
Budgetary concessions included: a tax holiday for capital gains incomes from aircraft leasing; tax exemptions for aircraft lease rentals or royalty paid to foreign lessors; tax incentives for re-location of foreign funds in the International Financial Services Centre (IFSC); and tax exemptions for investment divisions of the foreign banks located in the IFSC.

To avail themselves of the tax concessions, a firm or financial entity has to set up shop in India’s first IFSC which is also the administrator and regulator of Gujarat International Finance and Tec-City (GIFT City), an ambitious international finance hub visualised by Prime Minister Modi, located near his home state’s capital Gandhinagar. After the budget concessions were announced, the IFSC Authority announced a framework for setting up aircraft leasing operations at GIFT City.

To set up a leasing business at the IFSC campus, a firm or a company has to maintain a minimum capital of US$200,000 or its equivalent in a foreign currency, and be ready to pump in more capital depending on the scale of the business. The companies can conduct their business in Indian rupees or any freely convertible foreign currency. The operators at IFSC will be allowed to sell and lease back aircraft, transfer and renew contracts, or initiate similar transactions related to aircraft leasing. "The framework on aircraft operating leases would pave the way for offshore leasing entities to serve India’s hinterland demand from GIFT IFSC," Tapan Ray, managing director and group chief executive, GIFT City, had earlier stated via a press release.

And as it would appear many had been waiting in the wings to set up leasing operations. Two foreign entities, Ireland-based Acumen Aviation and London-based Investec Aviation Finance, and two Indian firms including aviation consultancy and asset management firm Vman Aero and private jet aggregator JetSetGo Aviation Services have announced plans to set up leasing outfits based at the IFSC.

Talking exclusively to Asian Aviation, Kanika Tekriwal, CEO and founder of JetSetGo Aviation, said that with the help of new tax reforms announced by the finance minister it will finally attract investments from Indian companies. "The move is also complementing the efforts of the Ministry of Civil Aviation in getting GIFT City to build in Gandhi Nagar wherein the government has already included aircraft operating and financial leasing as a financial product under the International Financial Services Centres Authority Act.

Tekriwal said JetSetGo will be among the first companies in India to become an aircraft and helicopter lessor and is in the process of acquiring about six pre-owned aircraft. "We are waiting for the final paperwork to come over. Our aircraft acquisition programme is already underway. We will be up and ready in almost in six weeks. The leasing arm will definitely bring down the cost due to the tax reforms and also forex dealings will now be limited."

Manish Singh, former vice president of Acumen Aviation and now a leading airline asset management consultant sounds a cautious note about the beginnings of the leasing sector. "It's a good and firm beginning but remains a work-in-progress." Singh says that it is early experimental days for the Indian aircraft leasing business and it will take a few years for a mature and robust leasing regime to develop. But India is firmly on that path. Singh says that there are many small but crucial holes to be filled. "First and foremost, we need a comprehensive website and one-stop digital destination from IFSC listing all answers to queries, all norms, which a lessee or a financial entity may have." Next, he says, India will always have to be on its toes as international competitors are going to up their game. "Nobody is going to let go of their business easily," he said.

He also points out that unless India’s leading public sector banks enter the fray, it will not really inspire confidence among other entities to enter this business. "Despite earlier reports, leading public sector banks have shied away from announcing aircraft leasing arms. This sends a signal about the soundness of leasing framework announced by IFSC," Singh said.

Rishikesh Mishra, secretary general of the Centre for Aviation Policy, Safety and Research (CAPSR), is, however, more optimistic about the future. “India is betting heavily on the development of regional connectivity and these routes will require smaller aircraft whereby financial exposure will be limited and more secure due to government incentives. So there is an opportunity while going up the learning curve. The new initiatives certainly pave the way for the eventual creation of a robust domestic aircraft leasing industry.”
GLOBAL BUSINESS AVIATION ACTIVITY was down by only 2 percent in early March according to the latest survey from WINGX with 94,625 sectors flown up to March 8. The business aviation industry now accounts for 19 percent of all fixed wing flights compared with 12 percent before March 2020. So far this year, global business aviation traffic is 8 percent below normal, much better than the 24 percent fall last year.

BizAv bouncing back

Business aviation, like its commercial cousin, was hit hard by the COVID-19 pandemic declared a little more than a year ago. The latest data shows the industry is faring much better though, as companies turn to fractional ownership and jet cards to move their teams around. Editor Matt Driskill looks at the latest data.

As expected, the recovery is being led by business aviation in the US with demand being driven by 12 states that are unlocking travel restrictions and where departures are up 11 percent in March year-on-year which compares with a 5 percent drop in January and February and a 25 percent decline in March to December, WINGX said. Midsize jets are flying most sectors and are up 30 percent year-on-year. Half the 15,000 sectors flown out of these states this month
has been out of Texas with demand rebounding from the big freeze as well as lockdown, driving a 14 percent year-on-year increase in business jet movements.

Europe is seeing an improvement in March after suffering a 26 percent drop in business aviation movements in January and February. But the UK continues to struggle with business aviation flights down 50 percent so far in March.

Richard Koe, managing director of WINGX Advance, said, "business aviation in the US is remarkably buoyant, with clear growth on the pre-pandemic period in 2020," adding that "in Asia, especially China, flight activity is already reflecting the recovery from the lockdown in progress a year ago."

WINGX said business aviation has attracted new clients who want to avoid the risk of commercial air travel or who cannot find commercial flights since the industry has cut so many flights and so many routes, especially on international flights.

Joseph Carfagna Jr, president of Leading Edge Aviation Solutions, told a recent Corporate Jet Investor Town Hall online meeting: "The people who will travel first are a lot of us who are on this call. It will be people who run smaller businesses who have to go to press the flesh to make something happen. These folks are going to have to travel." Other participants in the Town Hall said charter, fractional and card schemes continue to prove popular entry points for those without the budget or the commitment for whole aircraft acquisition.

"Behaviours are changing. The buyers are no longer asking the questions that they would have normally asked about the aircraft in terms of performance," said Mike Amalfitano, chief executive of Embraer’s executive jets division, during an online briefing. "They’re focused on how clean it is. They’re focused on the air quality."

Highlighting the positive for business aviation was the recent acquisition of Apollo Jets in the US by Vista Global, which owns VistaJet. Thomas Flohr, Vista Global’s founder and chairman said: "The Apollo acquisition reinforces Vista Global’s unrivalled commitment to providing every business aviation client with the best value flying solutions around the world. I believe this is just the beginning of consolidation in our industry and Vista Global is leading this market transformation. We are excited to add the strongest independent team of client executives to our leading global infrastructure, to offer more and more clients the opportunity to access Vista Global’s worldwide flying solutions. Just as at Vista Global, Apollo’s company culture is centred around best-in-class client service through its extraordinary team, renowned personal trust and committed 24/7 availability. It is a hugely exciting time for Vista Global — this acquisition expands our global services to a rapidly growing membership and subscription base, and furthers our promise to new and current clients, anytime, anywhere."

The acquisition will strengthen Vista Global’s position and enhances the diversification of its offering in the business aviation market. Vista Global brands are now represented by a network of 20 offices across the US, Europe, Middle East and Asia, offering access to a global owned and managed fleet of over 160 aircraft, and a further 2,100 alliance aircraft.

Gary Dolski, CEO of Metrojet in Hong Kong, said the Apollo acquisition will "definitely increase the number of charter quotes that VistaJet will respond to and by default they will gain some additional work. The amount that will be gained internationally is the real question versus domestic US travel." Dolski said VistaJet does have a footprint in Asia and said he often sees a VistaJet plane parked in Hong Kong. "Based on the large fleet size these aircraft call home wherever they have landed until the next flight," adding that VistaJet’s "working model has been for a long time based upon reducing deadhead costs by having aircraft flying all over the world in a standard and very comfortable fleet configuration with exceptional cabin service."

Meanwhile, the lack of commercial flights has caused a boom in the world of private jets, according to a recent report from ZEDRA, a corporate services, funds and wealth services firm. "At the start of lockdown in March 2020, we saw all sectors slow dramatically, as it was not clear at that time how the new market reality would look. Now 12 months on, it is clear that commercial passenger aviation is likely to remain subdued for some time, even with the vaccine programme rolling out successfully in the UK but demand for private jet ownership has soared," Andrew Wilson, head of marine and aviation at ZEDRA said. "In particular, we are seeing increasing enquiries around new ownership structures as leasing companies move assets, i.e. aircraft, away from commercial airlines into the hands of high net worth and ultra-high net worth private clients. These groups may be buying distressed assets or repurposing an asset. Either way, we have seen a sustained increase in the level of enquiries and new business around the registration of private jets, the demand for advice on how best to hold this asset and of course jurisdictional registration questions," Wilson said.

"March saw almost unprecedented private jet usage. Jet lessors saw some repatriations, but other flights were related to business, as we saw a flux in companies hiring jets in order to close important deals," Wilson said. "With caution now the watchword in so many sectors, we think private jet purchases for personal use might slow down but at the same time, in order to maintain flexibility around travelling options, senior executives may well turn to leasing. That would suggest more demand for new jets for rental firms and structures to support these purchases."
Aircraft seat manufacturers are getting ready for an eventual upswing in business with new seat designs and developments in materials and technology as Emma Kelly reports.

AFTER YEARS OF BOOMING BUSINESS, aircraft seat manufacturers have been hit hard by the decimation of commercial aviation as a result of COVID-19. Confident that the good times will return, however, manufacturers are preparing themselves for the upswing. They have returned to the drawing board to design new seats and strive for further weight savings, at the same time as exploring new markets, materials, technologies and more efficient ways of doing business.

With the renewed focus on narrowbody operations rather than widebodies as the industry tries to recover, seat manufacturers are particularly focused on opportunities in this sector which is expected to grow substantially in a post-pandemic world. Long-haul narrowbody aircraft, such as the Airbus A321neo family’s A321LR and XLR and Boeing 737 MAX, are expected to play a major role in the recovery. With narrowbody aircraft likely to fly longer legs than ever before, lie-flat — or almost — and direct aisle access seats for narrowbodies are a focus for a number of manufacturers and designers. Adient Aerospace’s Aspect seat, Aviointeriors’ Adagio seat, JPA Design’s Cirrus, Stelia’s Opera seat and Thompson Aero Seating’s VantageSOLO are some of the seats set to benefit from this growing market.

Most recently, JetBlue launched a bespoke version of Thompson’s VantageSOLO as part of its redesigned Mint business class on its A321LRs which will operate London services from later this year.

The VantageSOLO, which was originally designed by Factorydesign, has been developed by Thompson specifically in response to the new medium- to long-range market now being served by new generation single-aisle aircraft. The VantageSOLO, in a herringbone configuration, is the world’s first fully-flat bed for single-aisle aircraft, according to the manufacturer.
JetBlue launched a bespoke version of Thompson’s VantageSOLO as part of its redesigned Mint business class on its A321LRs which will operate London services from later this year.

JetBlue’s bespoke version features all seats with suite doors, making it the first all-suite-door business class cabin on an A321. JetBlue’s A321LRs will feature 24 private suites, with the interior designed in partnership with Acumen Design Associates. The seat design is “truly a bed in the sky”, according to JetBlue. The aircraft also feature the new Mint Studio, designed by Acumen and developed with AIM Altitude. Each aircraft will feature two Mint Studios in the first row, including all of the features of Mint, but larger, with an extra side table for added productivity and a guest seat.

“The arrangement of the VantageSOLO is quite ground-breaking on this type of aircraft. From only a 33inch seat pitch, it offers a fully-horizontal flat bed with direct aisle access for every seat. For JetBlue’s reimagined Mint, we have configured this with a fully functioning suite door, offering an exclusive business class seating experience normally only the reserve of a widebody cabin,” says Neil Taggart, vice president and general manager, Thompson Aero Seating.

Factorydesign has developed a new offering for this market sector in the form of the Access seat, which offers direct aisle access, but not a lie-flat seat. Access is a lazy-Z, fixed back lounger which prioritises aisle access for all passengers over a lie-flat, and has a higher cabin density than lie-flat seats. Factorydesign believes that some airlines will prefer a denser product that still provides direct aisle access rather than a space-hungry fully lie-flat seat. The premium element of the product being the ability (or choice) to move without disturbing others, rather than a bed, particularly on routes where an aircraft may make up to four trips a day, three of which are daylight flights, it explains.

JPA Design, Williams Advanced Engineering and SWS Certification are looking at developing a narrowbody lie-flat seat as part of their AIRTEK programme. The consortium was established with an initial plan to focus on aircraft seats and interiors for widebody aircraft, but Richard D’Cruze, business development manager at JPA Design confirms that the pandemic has altered its thinking. “The initial designs focus on widebody aircraft and more specifically the Airbus A350. However, with the pandemic impact giving rise to a greater focus on ultra-long-range narrowbody operations, we are open to developing the technology to adapt to this market,” he says.

He adds: “AIRTEK is a flexible set of principles and technologies that can be adapted to various applications and airframe types.”

JPA Design itself already has considerable experience in the narrowbody market, with its patented Cirrus seat in a reverse
AIRTEK was established to develop a next generation of premium aircraft seating with sustainability at its heart. The UK Government-funded project brings together JPA’s design expertise with the F1-inspired lightweight materials expertise of Williams and SWS’ experience in certification with the aim of developing seats and interiors that reduce weight and emissions, at the same time as making greater use of cabin space, enhancing passenger comfort and allowing airlines to maximise revenue.

AIRTEK’s designs are based on the use of a unibody, composite and monocoque structure whereby the loads are supported by the skin and shell of the seat, resulting in reduced internal structure and less weight. JPA Design holds the patent for monocoque use in aircraft interiors, with its first seat design entering service with Singapore Airlines in the business class cabin of its A380s in 2017. Monocoque structures have been used in Formula 1 since the 1990s.

The resulting seat design will provide increased customer comfort through more living space and personal storage; improved sustainability through lower weight and resulting reduced fuel burn and carbon emissions; and increased reliability thanks to fewer moving parts, says the consortium. There will be a greater use of recycled materials in key structural components, as well as thermoplastic composite materials which will be recycled at their end of life. The seat will also feature COVID-19 measures from the outset, involving surface profiles, finishes and open areas to promote cabin vertical airflow and circulation; high vertical structures to promote the reduction in horizontal transmission; and seat doors to promote social distancing.

The partners have developed a 3D model of the seat, featuring a fully developed design language while composite structural analysis is well under way and structural materials selection is in the final stage. A digital experience to showcase the seat is scheduled for launch in April.

UK seat manufacturer Acro Aircraft Seating believes innovation is more important than ever before. “Cost efficiency has rarely been more important but, perhaps less obviously, innovation will also be vital. At Acro we recognise the power of fresh thinking to deliver enhanced lifetime value for our products and we’re stepping up to the post-COVID challenge with new design,” says CEO Neil Cairns.

Acro’s focus is on innovation at the same time as driving down weight. The manufacturer’s next-generation Series 6 seats will be lighter than ever before, including a possible lighter weight metal seatback version.

Acro has high hopes in particular for its Series 6ASP long-range economy class seat featuring an articulating seat pan, which had a virtual launch last year. “The unique comfort levels created by the seat’s high pivot point have proved perfect for A321XLR aircraft whose combination of smaller capacity and long-range capabilities are increasingly being harnessed post-COVID for long-haul,” says Cairns.

Acro is looking to add new options to this seat, including a footrest, six-way headrest, improved stowage and the choice of an in-arm recline mechanism or an automotive-inspired spar-mounted recline.

Acro is also continuing development of its redefined Series 7 Domestic Business Class seat, featuring a more luxurious look and feel, increased functionality and premium features. While Acro has suffered during the pandemic with a downturn in business, like every industry supplier, it has secured some new business for its Series 7, 6 and 3 products, including an order for the Series 7 Domestic Business Class seat from a new airline customer in the Asia-Pacific.

In the middle of the pandemic, Acro moved from London Gatwick to new premises in Crick, Northamptonshire, effectively doubling the size of its facility. As well as supporting growth, the move is allowing Acro to implement new processes aimed at enhancing the consistent quality of the product and overall efficiencies. The manufacturer is working with suppliers on lead time reduction initiatives and has already introduced a new off-the-shelf service for narrowbody aircraft, offering a pre-designed seat specification with an expedited eight-week lead time.

Recaro Aircraft Seating pioneered the short delivery product with its SPRINT programme promising eight weeks from order to delivery of the BL3530 economy class seat for A319s, A320s, A321s and 737s, with customers selecting from five pre-defined and pre-certified e-leather seat cover colours. The programme has been “extremely
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well received by the lessors’, says Mónica Fischer, Recaro’s director global marketing and communications, with Avolon and Air Lease Corporation early customers.

Recaro has been focusing on its own efficiency measures, with its revenues hit hard after years of enjoying 10-20 percent annual revenue growth. The manufacturer is expecting a revenue drop from approximately €716 million (US$853 million) in 2019 to €300 million, according to Fischer. Recaro expects no improvement in revenue this year, with the market unlikely to recover until 2022, but recover it will. “Business might be less in the years to come, yet mid- to long-term we see a positive development for the market — it could take four to five years to be back to our 2019 level,” Fischer predicts.

In the meantime, product development continues with three large business class programmes to be flying within the next two years. Economy seat innovation also continues. Overall, Recaro has a focus on sustainability. “Sustainability is becoming increasingly important for airlines. That’s why we strongly focus on our lightweight design and comfort. We offer the lightest economy class seat in its class with 8kg — the SL3710 — and the lightest business class seat with 80kg — our CL6710. As market leader, setting benchmarks is almost an obligation,” says Fischer.
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