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.

highlights-diehlaviation.com/en/flyagaintogether
MRO total spend will be less than half of the US$90 billion it was forecast to be pre-COVID-19 and engine shop visit demand will collapse for the next two to three years.

Honeywell Aerospace believes in the sector so much it started a new division recently to develop products and technologies for it.

For the world of aviation, there is at least one positive that has emerged from this pandemic, but it does little to outweigh the damage done to people’s lives and companies.

The Indian government is serious about developing a domestic aircraft financing and leasing capability as its absence can hamper the financing of domestically manufactured aircraft and will also raise the cost of commercial airline operations.

The aviation industry in recent years has been automating the commercial passenger process, mainly as a way to cut employment numbers at airports and move more of the “work” on to passengers. The COVID-19 pandemic has sped up the process.

COVID-19 has further set back any chance of recovery in the offshore oil and gas transportation industry this year.
Aviate, navigate, communicate

WHENEVER A PLANE RUNS INTO TROUBLE, pilots are trained to “aviate, navigate, and communicate” so they can first ensure they can control the plane, then head to the nearest airport for a safe landing and finally communicate to air controllers, crew and passengers so that people are informed and not panicking.

As the global aviation industry faces the COVID-19 pandemic that has already cost it billions of dollars in lost revenue, cost millions of people their livelihoods and threatens to shrink the industry down to a size almost unimaginable just a year ago, those rules that all pilots are taught are more important than ever and provide good guidance to the industry as a whole.

Aviate
Airlines are trying their best to keep planes in the air and people moving from place to place. It really is no fault of their own that a microscopic virus has torn the industry apart at the seams and grounded thousands of planes around the world. But aviate they are; airlines have turned to “freighters” — passenger planes converted to freighters by removing Economy Class seats — in order to keep their pilots flying and to keep at least some revenue coming in the door. Carriers also continue to operate repatriation flights to move foreign workers back to their home countries and some are even operating empty flights so that pilots and crew can keep their credentials current. Still others are reopening routes where and when they can.

But the news is still bad for airlines, according to just about every economic indicator available, although carriers in countries with domestic markets are faring somewhat better. One example is China, which is about 35.5 percent down compared to 2019 levels. The US domestic market is still down 80 percent from a year ago and international demand is still down more than 95 percent, according to the International Air Transport Association (IATA), which also forecast that aviation will not return to pre-COVID-19 levels before 2024 at the earliest. And the longer the virus continues to kill people and infect millions more, then the longer the recovery will take.

Navigate
This is the hard part for airlines, airports, MROs and everyone else not just in the aviation industry, but anyone or any business connected to the travel industry like hotels, car rental companies and the duty free industry. It’s nigh on impossible to navigate in these turbulent times when governments are constantly changing the ground rules. The International Civil Aviation Organisation (ICAO), IATA, and the various arms of Airports Council International (ACI World), have done yeoman work to try to convince governments that border closures and mandatory quarantines do little to stop the spread of the virus, but some evidence does exist that such closures do work to a certain extent. It’s also not just countries closing their borders, but states within countries, like Victoria in Australia, have closed down to prevent the spread of the virus.

But ICAO, IATA and ACI World are doing their best to guide the industry — and governments — and provide a route for the reopening of aviation. IATA said recently that “governments must look at a coordinated way to lift travel restrictions and find alternatives to quarantine requirements. International cooperation to isolate and precisely manage risks is critical to rebuilding confidence in travel. Of crucial importance is the layering of measures as an alternative to quarantine, including the universal implementation of the ICAO biosafety measures, comprehensive contact tracing, and the potential for testing regimes that are fast, accurate, scalable and affordable. As we learn to live with COVID-19, a stop-go-stop approach to lifting restrictions cannot be the answer.”

Communicate
Most of the industry gets top marks for communicating during this crisis. Airlines, airports, MROs, and especially trade bodies like IATA, ICAO, ACI World, and the Association of Asia-Pacific Airlines (AAPA), have all worked tirelessly to spread the word that aviation is safe. In fact, in the early days of the crisis, around March or April, which seems long ago indeed, one could accuse the industry of “over communicating” with the hundreds of online webinars and virtual meetings that crowded everyone’s calendars. The online meetings have waned somewhat, which is good in my humble opinion because everyone is getting “Zoom fatigue.” But the virtual conferences continue with shows like MRO Asia going online. I have my doubts about the efficacy and value of these virtual trade shows, but the show must go on as they say.

Whatever the future holds for aviation specifically and the world at large in this age of COVID-19, the industry must continue to aviate, navigate and communicate or, as in the immortal words of Winston Churchill, “Keep calm and keep buggering on.”

Matt Driskill
VP Marketing, China
May Liu
matt.driskill@asianaviation.com
Shannon Engine Support has the world’s largest leasing portfolio of CFM56 and LEAP engines strategically located across the globe. Short or long-term leases, our tailored solutions are created by people with unrivalled knowledge and expertise, who understand your business and the strength of partnership. In challenging times, that’s good to know.

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May Liu
VP Marketing, China
ExecuJet MRO Services Malaysia gets nod from Bermuda CAA

ExecuJet MRO Services Malaysia, a subsidiary of Dassault Aviation, has received Bermuda Civil Aviation Authority (BCAA) certification to perform line and heavy maintenance on Dassault Aviation business jets. The certification covers the Falcon 900EX up to and including the 12-month or 800 flight cycle (FC) inspection; Falcon 2000EX C-checks, which are equivalent to 72-month or 3,750FC; and Falcon 7X and Falcon 8X business jet C-checks, which are equivalent to 96-month or 4000FC. The new certification means ExecuJet’s maintenance, repair and overhaul facility at Subang Airport, Malaysia is now recognised by the Bermuda civil aviation regulator as an approved foreign repair station to carry out the above-mentioned maintenance work.

Textron has updated its popular Beechcraft King Air plane with its new King Air 360/360ER. The updated flagship turboprop offers technological advancements in the cockpit, a redesigned cabin, and enhancements to passenger comfort. The aircraft is currently in production with customer deliveries expected to begin in the autumn of 2020. A key feature of the King Air 360 cockpit is the addition of the Innovative Solutions & Support (IS&S) ThrustSense Autothrottle. The autothrottle supports pilots in their critical mission of delivering people or cargo safely by automatically managing engine power from the take-off roll through the climb, cruise, descent, go-around and landing phases of flight. This enhancement reduces pilot workload and supports them in their continuous vigilance to prevent overspeed or under-speed, over-temp and over-torque conditions.

Dassault Aviation has scored top marks for product support in two separate competitions. It was voted #1 in a competition at Aviation International News (AIN) and came in third in another produced by Professional Pilot. Dassault has steadily moved up the product support rankings in recent years. This year, it was voted #1 overall in the AIN survey and led the field for newer business jets in Parts Reliability, AOG Response and Warranty Fulfilment. Meanwhile, Dassault earned third-place honours in the Professional Pilot product support survey and tied or surpassed its scores in 2020 in the categories of Speed in AOG Service, Cost of Parts and Tech Manuals.
Tokyo’s metro government evaluating AW609

The Tokyo metropolitan government recently announced the intention to evaluate the Leonardo AW609 multirole commercial tiltrotor’s unique capabilities to deliver transport to Ogasawara island in the future. The commercial tiltrotor, combining turboprop-like performance (speed, range, altitude) and rotorcraft versatility (vertical take-off/landing and hovering) would deliver services to reach Ogasawara, approximately 1,000 km from Tokyo. Missions could be performed in all weather conditions and with limited infrastructural impact thanks to its helicopter-like footprint. The AW609 can fly at up to 275 knots with a 25,000 ft altitude and 1,000 nautical mile maximum range. It also has a pressurised cabin and ‘green’ technology features to reduce emissions and noise. The AW609 is suited to meet a range of operational requirements in Japan such as passenger transport, EMS, SAR, surveillance, electronic newsgathering and VVIP transport. With a fleet of over 130 helicopters of various models in Japan today performing a wide variety of civil, public service and military missions, Leonardo has a long-standing in-country presence with a comprehensive support service network. The AW609 will be the first civil certified tiltrotor aircraft and will be able to provide private and business travel, emergency medical service (EMS), search and rescue (SAR), offshore operations and patrol, among other uses. The AW609 carries up to nine passengers. The first two production AW609s are currently being assembled in Philadelphia. An advanced flight training device and the world’s first AW609 full flight simulator will be available for training later this year. — MATT DRISKILL

FOODPANDA TAKES TO THE SKIES WITH PANDAFLY

Foodpanda, a Singaporean delivery business, has tested food delivery via drone with pandaFly, which completed its delivery test flight recently. The company worked with engineering group ST Engineering for an order of five packets of Ayam Penyet (‘smashed’ fried chicken) that was delivered from Marina South Pier to PACC Offshore Services Holdings (POSH) Vessel, located 3km off the pier, in under 10 minutes. The latest flight test demonstrated by ST Engineering using its DroNet solution proves that it’s possible to simultaneously deliver longer distances and cut delivery times by half. — MATT DRISKILL

THC BUYS 10 AIRBUS H125S

The Helicopter Company (THC), which is fully owned by the Public Investment Fund (PIF) of Saudi Arabia, announced that it has signed a purchase agreement with Airbus Helicopters to purchase 10 H125 helicopters. The deal comes as part of THC’s commitment to further expand its fleet and introduce new services that fulfil market demand and support the development of the kingdom’s wider aviation sector. Financial terms were not disclosed. Considered a multi-task aircraft, the Airbus H125 can carry up to six passengers and be reconfigured to suit varying requirements. THC will utilise the new additions to its fleet to roll out new services related to scenic tourism and aerial work such as filming, banner towing, and surveying. — MATT DRISKILL

TWO MI-38 HELICOPTERS HEADED TO THE MINISTRY OF DEFENCE

Russian Helicopters said it has signed a contract with the Ministry of Defence to supply two Mi-38 helicopters. The first serial Mi-38 helicopter was introduced to the general public at MAKS-2019 International Aviation and Space Salon. In February 2020, the first serial Mi-38 helicopter with a highly comfortable cabin was handed over to Gazprombank Leasing. The design of Mi-38 is based on a single-rotor scheme and a twin-engine power plant. The helicopter is made by Kazan Helicopters. The rotorcraft has two TV7-117V engines made in Russia, which are equipped with devices that protect them from dust and ensure a high quality of air purification. The main structural elements of the Mi-38 fuselage are made of aluminium alloys, individual components and parts are made of steel, titanium and composite materials. An advanced six-blade main rotor provides high thrust and low vibration levels. The blades are equipped with an anti-icing system, and the X-shaped tail rotor gives the helicopter a low noise level. — MATT DRISKILL
Rolls-Royce consolidating operations in Singapore, closing some ops in Britain

Global engine maker Rolls-Royce reported that it lost £5.4 billion (US$7.12 billion) in what it called a “significant (first half) impact from the COVID-19 pandemic that has virtually shut down international commercial aviation and said the “shape of industry recovery remains uncertain”. As a result of its poor performance and the uncertainty facing the entire aviation industry, the company also announced a number of moves that will consolidate some operations in Singapore from the UK and close some UK operations. Rolls-Royce said earlier this year it planned to cut at least 9,000 jobs across its global workforce. In Singapore, Bicky Bhangu, Rolls-Royce’s president for Southeast Asia, the Pacific and South Korea said “today Rolls-Royce announced that we will be consolidating our advanced Wide Chord Fan Blade manufacturing volume in our Fan Blade Singapore facility at Rolls-Royce Seletar Campus. We also announced that our aero engine assembly and test volume in Singapore will be consolidated into Derby, UK. These decisions are driven by the significant and unprecedented impact of COVID-19 on the global aviation industry and on demand for our civil aerospace products and aftermarket services. We believe it will deliver an operationally effective and sustainable solution for the reduced level of demand in the commercial aerospace market that is expected to take several years to recover. We will now begin the detailed planning work to support the transition of engine assembly and test volume, which we anticipate will commence in Q3 2021. Our people have key skills and capabilities and we will proactively seek opportunities within the Rolls-Royce ecosystem in Singapore for our colleagues from assembly and test unit.” — MATT DRISKILL

PRATT & WHITNEY SINGAPORE CUTS JOBS

In what the company called a “workforce adjustment exercise”, engine maker Pratt & Whitney announced that its Singapore operations will be cutting about 20 percent of its 2,000-strong employees as the COVID-19 pandemic continues to wreak havoc on the global aviation industry. “Due to challenging economic situation as a result of the pandemic, Pratt & Whitney has had to adjust its workforce. This has been a difficult but necessary decision to continue the business and support the aviation industry in Singapore,” the company in announcing the job cuts. — MATT DRISKILL
**RECARO AIRCRAFT SEATING INKS DEAL WITH WIZZ AIR**

Recaro Aircraft Seating has secured a deal with Wizz Air for 31,767 passenger seats. The SL3710 Economy Class seat will be installed on 146 Airbus aircraft starting in 2021. This partnership is a part of a larger deal with the Indigo Partners portfolio of airlines for nearly 100,000 passenger seats, which is the largest order of seats in the history of Recaro. Recaro worked closely with Wizz Air to develop a sustainable seat for the carrier, as the airline already has numerous sustainable initiatives in place. Wizz Air has reduced its carbon footprint by utilising efficient Airbus aircraft and prioritising lightweight products for its cabins among all Airbus 320 family operators. The newest and lightest member of the Recaro Economy Class seat lineup, the SL3710 Economy Class seat weighs approximately eight kilograms. Its efficient design is comprised of durable and reliable parts, which makes it a cost-effective choice for airlines focused on minimising fuel and maintenance costs. — MATT DRISKILL

**NEW CATEGORIES FOR CRYSTAL CABIN AWARDS**

In 2021, in view of the global COVID-19 pandemic and its impact on global air travel, there will be two special categories for the Crystal Cabin Award, the leading global accolade for innovations in the field of aircraft cabin and on-board products: “Clean & Safe Air Travel” and the “Judges’ Choice Award”.

The two categories were developed by a task force of the Crystal Cabin Award Association, which is led by Hamburg Aviation, in collaboration with members of the expert jury, spread over four continents.

“Clean & Safe Air Travel” is targeted at innovations for aircraft in the areas of health, hygiene, safety, and cleanliness.

The “Judges’ Choice Award” has been designed for entries that would otherwise have been submitted in one of the eight regular categories, including Cabin Systems and In-Flight Entertainment and Connectivity.

The two special categories will also be open for student submissions, according to the Crystal Cabin Award organisers. — MATT DRISKILL

**Intelsat buying Gogo commercial aviation business**

Intelsat, operator of the world’s largest and most advanced satellite fleet and connectivity infrastructure, announced that it has entered into a definitive agreement to acquire the commercial aviation business of Gogo, the largest global provider of in-flight broadband connectivity, for US$400 million in cash. The transaction further propels Intelsat’s efforts in the growing commercial in-flight connectivity market, pairing its high-capacity global satellite and ground network with Gogo’s installed base of more than 3,000 commercial aircraft to redefine the connectivity experience. Gogo’s commercial aviation business provides Intelsat with key airline relationships and customer-facing capabilities, including a leading software platform, ISP and network management infrastructure. It currently serves 21 commercial airlines, including nine of the top 20 global carriers. The transaction will combine Intelsat’s next-generation high throughput space assets with Gogo’s 2Ku antenna to uniquely position Intelsat to deliver more cost-effective and advanced commercial aviation broadband connectivity services. Passengers will benefit from an enhanced in-flight connectivity experience that delivers fast and reliable video streaming, browsing and cloud-based applications from gate to gate. Airlines can expect a fully integrated platform offering high reliability, flexibility and passenger satisfaction. Intelsat, which filed for Chapter 11 reorganisation this year, intends to fund the transaction using its existing debtor-in-possession (DIP) financing facility and cash on hand. Intelsat’s DIP lenders have agreed to amend the DIP credit agreement to facilitate the transaction, and Intelsat’s key economic stakeholders support the transaction. On 31 August, the US Bankruptcy Court for the Eastern District of Virginia, Richmond Division, approved Intelsat’s consummation of the transaction. The transaction is expected to close before the end of the first quarter of 2021, subject to regulatory approvals and other customary closing conditions. — MATT DRISKILL

**HAECO XIAMEN JOINS THE CLUB WITH CABIN CONVERSIONS FOR CATHAY**

HAECO Xiamen, a member of the HAECO Group, announced it has provided Cathay Pacific Airways with a successful design engineering and certification solution that will allow the airline to utilise sections of its Boeing 777 passenger cabins in order to carry cargo. The modification is covered by a Supplemental Type Certificate and has been approved by the Hong Kong Civil Aviation Department.
AAR announced that Robert Leduc, retired president of Pratt & Whitney, has been elected to the company’s board of directors. Leduc recently retired as president of Pratt & Whitney, a role he had held since January 2016. He served in a number of senior executive roles for more than 38 years at United Technologies.

The AIR CHARTER ASSOCIATION (ACA) has named Glenn Hogben as joint deputy chair, sharing the role with existing deputy chair Julie Black, to help steer the association and its members through the litany of challenges currently faced by the charter industry. The two will have specific roles and responsibilities aligned with their skills and experience.

AIRPORTS COUNCIL INTERNATIONAL (ACI) WORLD announced that Thomas Romig, currently head of operations control and development at Geneva Airport, will succeed David Gamper as director for safety, operations, and technical affairs.

AIR NEW ZEALAND’S Chief Commercial and Customer Officer Cam Wallace has resigned from the airline. He will step away from Air New Zealand on 30 September and will provide consultancy support to Chief Executive Officer Greg Foran until the end of 2020.

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Embraer Commercial Aviation. Raul Villaron has been named vice president Asia-Pacific. Mark Neely has been appointed vice president of the Americas for Embraer Commercial Aviation. Simon Newitt was named vice president for Contracts & Asset Management, Embraer Commercial Aviation.

**FARSOUND AVIATION** has appointed Graham Mitchell as the company’s new quality director. He is a member of Farsound’s senior management team and is responsible for quality assurance, inspection and also health and safety within the business.

Dublin-based lessor **GENESIS** has appointed Adam Smyth to the position of chief financial officer. The appointment follows Cian Mackey’s departure from the company at the end of June 2020.

**GEODIS** has appointed news heads for Indonesia and Ireland. The global logistics provider said Tomy Sofhian has been named managing director of Indonesia and reports to Rene Bach-Larsen, sub-regional managing director ASEAN. Gary O’Connor was named managing director for Ireland.

The **GLOBAL BUSINESS TRAVEL ASSOCIATION (GBTA)** has named Dave Hilfman as its interim executive director. Hilfman, who retired from United Airlines as senior vice president of Worldwide Sales in 2018, will step into the interim role immediately.

**H+S AVIATION** has named Jim Payton to serve as the global strategic account executive for the company’s newly acquired CTS800 engine product line. H+S announced in April that it had been appointed the sole maintenance, repair and overhaul provider for the CTS800 engine by Light Helicopter Turbine Engine Company.

**NORTH AMERICAN AEROSPACE INDUSTRIES** has named Martin O’Boyle as business development manager for MRO. O’Boyle will have the responsibility for developing the company’s MRO business in North America.

**SABRE** named Scott Wilson as president of Sabre Hospitality Solutions. Wilson joins Sabre from Great Wolf Resorts where he served as its chief commercial officer. Wilson has 25 years of experience leading strategic planning and key commercial activities for large global organisations.

**SITA** has reappointed three senior industry executives to its board. Dr Omar Jefri was reappointed and confirmed as SITA’s chairman. Elizabeth Haun, chief financial officer and board member of IAG Cargo, was also appointed to a further three-year term as a SITA board director, while A.T. (Srini) Srinivasan, an advisor on IT strategy and key initiatives reporting to Qatar Airways Group CEO, rejoins the SITA board as a director.

**SR TECHNICS** has appointed Caroline Vandedrinck as senior vice president sales. She will report directly to CEO Jean-Marc Lenz and will be leading the new sales organisation. Michael Sattler, chief commercial officer, left SR Technics at the end of August 2020.

**TIGERS** has appointed Jana Schebera as its new managing director for China based in Tigers’ Tsing Yi e-commerce fulfilment facility in Hong Kong. Schebera holds a Master’s Degree from Humboldt University of Berlin, Germany, in Economics and Chinese Studies.

**WESTERN SYDNEY AIRPORT** has named Simon Hickey as its new CEO. Hickey has held senior executive roles at Lendlease and was chief executive officer of Qantas International and Freight and Qantas Frequent Flyer.
Short-term survival on tap at CAPA virtual summit

CAPA — Centre for Aviation Chairman Emeritus Peter Harbison, speaking at the CAPA Australia Pacific Aviation Summit in early September, told those tuning in online that the current situation facing the global aviation industry is "unprecedented". He can be forgiven for ‘preaching to the choir’ because the message from other attendees, interviewees and panel members echoed the same sentiment with nearly all saying the key for airlines, MROs, airports, and anyone else in the industry was to survive the short-term fallout from COVID-19 and live to fight another day in a new form.

The ever-quotable Akbar al Baker, CEO of Qatar Airways, was also on hand via the miracle of the Internet and reiterated the same calls we’ve been hearing from the International Air Transport Association (IATA), Airports Council International (ACI World) and many others for aviation associations to come together to create uniform requirements so airports can open safely and efficiently. But those organisations have been working together for many months. The problem they face, al Baker himself pointed out, is that every country has different requirements with different health regimes and quarantine requirements and “passengers are lost” regarding the rules. Al Baker believes that a globally-recognised health certificate detailing a passenger’s exposure and immunity to the virus should be introduced.

The Qatar CEO also pointed the finger at Australia due to border restrictions and quotas on the number of international travellers that can arrive in the country each week. “We have massive amounts of Australians who want to go back to their country, but the quota is making it difficult,” al Baker said.

Meanwhile, Qantas CEO Alan Joyce told the virtually assembled audience that he believes his airline will survive, albeit in a slimmer version than before. He also said he was confident the airline’s ultra-long-haul “Project Sunrise” flights from Sydney to London and New York will also survive once travel curbs are eased. Joyce said he thinks Qantas could get a “better aircraft” than the A350-1000s it had its eyes on. Any move on the flights, however, will be years away Joyce added, because he, like IATA and other associations, believes the industry won’t recover to pre-COVID-19 levels any time before 2023-24.

CAPA officials and others also discussed CAPA data on so-called independent low-cost carriers (LCCs) that appear to be the most vulnerable to the pandemic shutdown. Asia-Pacific LCCs have some advantages and a broad range of disadvantages as they confront the post-COVID-19 industry environment, CAPA said in a recent analysis. Some of the LCC groups do benefit from being at least partially owned by major airline groups, meaning they can access funding from the parent company. Peach, Jin Air, Jetstar and Scoot fall in this category. But independent airlines such as AirAsia, Lion Air, Vietjet and Cebu Pacific do not have this advantage. Some of the region's smaller independent LCCs may not be able to raise enough funding to survive. — MATT DRISKILL

THAI AIRWAYS GETS GO-AHEAD FOR RESTRUCTURING

A court in Thailand has approved the restructuring of Thai Airways, which is billions of dollars in debt and struggling to survive the coronavirus tourism crash, according to media reports. The kingdom, once a majority shareholder in Thai, reduced its stake in May and went to the insolvency court to resolve the airline’s debt, which totalled about US$10.6 billion by the end of June.

“The problem that caused debtor’s financial situation is not from its business but from the rapid change in aviation, particularly the impact from COVID-19,” Bangkok’s Central Bankruptcy Court said. The court approved Thai’s request for a rehabilitation plan, which would see its debt and company organisation restructured. Thai said after the ruling that it would propose that plan by the end of the year. “More than half of creditors supported restructuring," the airline’s acting president, Chansin Treenuchagron, told reporters. “We will be in negotiations with creditors this quarter and a plan will be ready by the first quarter of next year.” After three hearings, some cr editors withdrew their opposition to the restructuring following negotiations with the airline. — MATT DRISKILL
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IATA, ACI World reiterate calls for open borders

International aviation organisations like the International Air Transport Association (IATA) and Airports Council International (ACI) World keep hammering home the message to governments the world over that closed borders are not helping in the fight against the COVID-19 pandemic but those pleas are falling on deaf ears. IATA in September said it wants governments to work together to find ways to re-establish global connectivity by re-opening borders and to continue with relief measures to sustain airlines during the COVID-19 crisis. The association said its call “reflects deep industry frustration as government policies such as closed borders, travel restrictions and quarantines continue to annihilate travel demand!” The association also said total July 2020 traffic was 79.8 percent below 2019 levels and international traffic in July 2020 was 91.9 percent below 2019 levels.

“As a participant in the ICAO CART, IATA will work with governments, medical experts and testing manufacturers to accelerate proposals specifically focused on using COVID-19 testing to re-build confidence, re-open borders, re-start aviation, re-charge demand and restore jobs. There is much at stake and no time to lose,” said de Juniac.

Meanwhile, Airports Council International (ACI) World has also called on governments to open their borders and to support the financial viability of the industry through direct financial support that benefits the entire aviation ecosystem — airports, airlines and their commercial partners — to protect essential operations and jobs. “As the airport sector, as an integral part of the global aviation ecosystem, has been among the industries most affected by the global COVID-19 pandemic and is confronted by a crisis of liquidity and existential uncertainty, financial support is urgently needed to support industry re-start and protect essential operations” ACI World Director General Luis Felipe de Oliveira said. “An efficient aviation industry is a key driver of economic and social development and the recovery of air transport, therefore, is indispensable to the recovery of the global economy. Airports generate 60 percent of direct employment in the aviation sector.”

“Airports are major supporters of United Nations Sustainable Development Goals 8, 9 and 10 concerning work and economic growth, industry, innovation and infrastructure, and reduced inequalities,” de Oliveira said. “Airports and aviation support other goals, such as reducing poverty, facilitating access to quality education, promoting gender equality, building sustainable cities and communities, and partnering for the goals with other industries. Unprecedented times require unprecedented measures, and timely and appropriate government action that will facilitate the recovery of the entire industry with coordinated and targeted assistance and policy support is urgently needed.” — MATT DRISKILL
ALL YOU NEED IS LESS

WHEELS AND BRAKES. IT'S THAT SIMPLE.
Singapore Airlines cuts 4,300 workers

Flag carrier Singapore Airlines announced in mid-September that it was cutting at least 4,300 positions across its group airlines because of the global impact of the COVID-19 pandemic that has virtually shut down international travel that particularly affects the airline because it has no domestic traffic to fall back on. The airline said “after taking into account a recruitment freeze, natural attrition, and the take up of voluntary departure schemes, the potential number of staff impacted will be reduced to about 2,400 in Singapore and in overseas stations”. The airline group said the decision was made because of the “debilitating impact of the COVID-19 pandemic, and the urgent need for the group’s airlines to adapt to an uncertain future”. Singapore Airlines also said the company’s group expects to operate under 50 percent of its capacity at the end of financial year 2020-21 versus pre-COVID levels. Industry groups like the International Air Transport Association have also forecast that passenger traffic will not return to previous levels until at least 2024. “Relative to most major airlines in the world, the SIA Group is in an even more vulnerable position as it does not have a domestic market,” the company said. — MATT DRISKILL

ROLLS-ROYCE WORKS ON LOW-EMISSIONS ENGINE TESTING

Rolls-Royce has started its latest phase of testing on its low-emissions technology for its next generation of engines. An ALECSys (Advanced Low Emissions Combustion System) demonstrator engine — with technology that features in both the Advance3 and UltraFan programmes - has resumed ground test runs in Derby UK. Reducing emissions from gas turbines is part of the wider Rolls-Royce sustainability strategy, which also involves support for the increased use of sustainable aviation fuels (SAF) and intensive research into disruptive propulsion architectures and technologies. The lean-burn combustion system improves the pre-mixing of fuel and air prior to ignition — delivering a more complete combustion of the fuel, resulting in lower NOX and particulate emissions. The first series of tests began in 2018 and this latest phase will focus on validating emissions performance, engine control system software and functional performance. — MATT DRISKILL

UNIVERSAL AVIONICS INTRODUCES NEW VOICE AND DATA RECORDERS

Universal Avionics (UA) has introduced its new KAPTURE line of cockpit voice and flight data recorders (CVR/FDR). The company’s sixth generation of recorders has received FAA Technical Standard Order (TSO) authorisation and meets all of the latest certifications and requirements, including ED-112A compliance, allowing operators to fly around the world. The KAPTURE product line includes five model options, offering a customized recording solution: CVFDR-1650 (Combined CVR and FDR unit); CVFDR-1650R (Combined CVR and FDR unit with embedded RIPS); CVR-1651 (Baseline CVR); CVR-1651R (CVR with embedded RIPS); FDR-1652 (Baseline FDR); The CVR and CVFDR models each offer a patented internal Recorder Independent Power Supply (RIPS) option. — MATT DRISKILL

CALC GETS AAA RATING

China Aircraft Leasing Group (CALC) announced the group has received a corporate credit rating of AAA by Dagong Global Credit Rating, one of the top credit rating agencies in China, confirming its positive outlook. This is the first time CALC received a corporate credit rating. It is also the first triple-A corporate rating Dagong Global has assigned to an operating aircraft lessor against a backdrop of the COVID-19 pandemic.

NEXTANT AEROSPACE AND VERACITY TECHNOLOGY SOLUTIONS PARTNER ON SERVICES

Nextant Aerospace and Veracity Technology Solutions are partnering to expand their non-destructive testing (NDT) capabilities beyond the aviation industry. While the two companies will continue to focus on business and military aircraft inspections, they will share resources to grow their NDT services in outside markets ranging from power generation and industrial services to amusement park rides.

SABRE SIGNS CENTRAL RESERVATIONS DEAL WITH YUKAI RESORT

Sabre announced a new agreement with Yukai Resort in Japan, which is renowned for its Onsen Ryokan, or hot spring, properties. Yukai Resort will use Sabre’s SynXis Central Reservations system along with the SynXis Booking Engine with Channel Connect and Voice Agent across its 29 properties to control all reservations in real-time from one scalable platform while increasing geographic reach, boosting booking conversions and enhancing the guest experience.

CEBU PACIFIC ADDS EXCLUSIVE ATR 72-600 TRAINING DEAL TO CAE-CEBU JOINT VENTURE

CAE announced that Cebu Pacific Air has added pilot training for ATR 72-600 to an exclusive 15-year training agreement with its joint venture, Philippine Academy for Aviation Training (PAAT). Under the agreement, CAE instructors will deliver initial and recurrent training to Cebu’s pilots on a new CAE-built ATR 72-600 full-flight simulator (FFS). The device is deployed to CAE Clark training centre in the Philippines and is the first ATR 72-600 full-flight simulator to join CAE’s network in Asia.
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- Cabin Pressure Control (ATA 21)
- System Controllers (ATA 21)
- Flight Control Actuators (ATA 27)

- Hydraulic Equipment (ATA 29, 52)
- Landing Gear Accessories (ATA 32)
- Bleed (ATA 36)
Hong Kong Airport Authority extends aid

The Airport Authority of Hong Kong has extended its relief package for the airport community for another two months to the end of October 2020 in view of the ongoing impact of the COVID-19 pandemic. The waiver or reduction of various fees for the aviation industry announced in June this year will continue from September to October. The continuing relief measures include full waiver of parking charge for idle passenger aircraft and airbridge fees; reduction of passenger aircraft landing charges; fees reduction related to ramp handling, maintenance and airside vehicles; as well as rental reduction for terminal tenants covering lounges and offices; fees waiver for terminal licensees including ancillary passenger services, commercial services counters and cross-border transport operators; and concessions on franchise fees for aviation support services such as into-plane fuelling. The full waiver on fees in relation to aircraft maintenance charges and fixed charges for inflight catering services will continue until end of October. The rental relief for retail and catering tenants will also continue. Most of the shops and restaurants in the terminal have suspended business and their rental is waived. For those that remain open to provide essential services, the base rent is waived. — MATT DRISKILL

Qantas announces 2,500 more job cuts and changes to ground handling

Qantas Airways announced in September that it was shedding another 2,500 employees and making changes to its ground handling operations as it continues to struggle with the COVID-19 pandemic’s effects on international aviation. The company said it is proposing to outsource its ground handling operations at the 10 Australian airports where the work is currently done in-house and if it does decide to outsource, then at least 2,000 Qantas employees could find themselves out of work. The airline group also said it is looking to outsource its bus services for customers and employees in and around Sydney Airport and that if it decided to go ahead with that plan then about 50 employees would be out of a job. — MATT DRISKILL

SATS posts S$43.7 million quarterly net loss

Singapore aviation caterer and ground handler SATS said that strict lockdowns and travel restrictions around the world due to the COVID-19 pandemic that have decimated international air travel caused the company to post a net loss of S$43.7 million (US$31.90 million) for the company’s first quarter ended 30 June. Compared to a profit after tax and minority interests of S$54.7 million a year ago.

Istanbul and Incheon International get health accreditation

Airports Council International (ACI) announced that Incheon International Airport in Seoul is the first airport in the Asia-Pacific region to be accredited under the ACI Airport Health Accreditation programme and Istanbul Airport was the first airport in Europe to be accredited under the programme.

ASQ awards amended by ACI World in response to Covid-19

Airports Council International (ACI) World has changed its Airport Service Quality (ASQ) awards to reflect the changing landscape in customer experience introduced in response to COVID-19. The pandemic’s effects vary significantly between regions so ACI has adapted its global ASQ programme for the collection and measurement of data this year which informs the awards to be presented in 2021. ACI has amended some categories and temporarily removed the following awards: Most Improved, Best Airport Customer Service, Best Airport Environment and Ambiance, Best Airport Infrastructure and Facilitation, and the Arrivals Award. The Best Airports by Region and Size will remain. A new category will be introduced — called the Hygiene Award — which will be based on the score of three new safety and hygiene questions that will be added to the tablet version of the ASQ Departure Survey in the fourth quarter of this year. ACI is also introducing the Voice of the Customer to recognise airports that demonstrate significant efforts in gathering passenger feedback to help them better understand their customers during the pandemic. — MATT DRISKILL
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ACTS rebrands as MB Aerospace Taoyuan

Aero engine repair company ACTS is celebrating a quarter-century of growth and rebranding as MB Aerospace Taoyuan. Founded in 1995 as a joint venture by Pratt & Whitney, China Airlines and Singapore Airlines Engineering Company, ACTS was acquired by MB Aerospace in January 2018 and underwent a major expansion last year, doubling its footprint across two state-of-the-art facilities close to the logistics hub of Taipei Taoyuan International Airport. Over the last 15 years it has expanded to provide its technology and services to a global customer base of aero-engine OEMs, world leading airline MROs and an extensive network of brokers. The business now employs over 130 specialist and technical staff and is a leading provider of aero-engine component repair services to a range of industry leaders including Pratt & Whitney’s overhaul network, General Electric, Rolls-Royce, MTU, SRT, MHI, Korean Air, Delta Airlines and many others across the world. Unveiling the new brand, Craig Gallagher, MB Aerospace CEO, said “the strong performance of the business is based to a huge degree on the skill and dedication of the entire team locally, underpinned by the support of Taiwan’s Ministry of Economic Affairs. The rebranding to MB Aerospace Taoyuan is a mark of our firm commitment to further expansion and a tangible sign of the operation’s importance to the wider MB Aerospace group. Since acquisition, we have invested heavily to expand our capacity and capabilities.” — MATT DRISKILL

CHANGI CHAIRMAN RESIGNS POST

The chairman of Singapore’s award-winning Changi Airport, Liew Mun Leong, has stepped down from his post after a Singapore court overturned a conviction against a domestic worker who had been charged of stealing from his household. Liew said he would retire from Changi Airport Group and various public service and business roles with immediate effect. “I do not wish my current situation to be a distraction,” he said in media reports. Singapore’s High Court acquitted Parti Liyani, an Indonesian maid, with the justice saying the Liew family had an “improper motive” for accusing the helper of stealing S$34,000 (US$24,890) worth of items such as watches and clothes. The judge noted there was reason to believe the family filed a police report against her to prevent her lodging a complaint against them about her work arrangements. — MATT DRISKILL

CAD IN HONG KONG OPTS FOR AIREON’S ADS-B SYSTEM

The Civil Aviation Department (CAD) of Hong Kong has selected Aireon to provide space-based ADS-B for Air Traffic Service (ATS) surveillance services. CAD Hong Kong provides annual air traffic services for more than 400,000 aircraft landing and departing the Hong Kong International Airport, and manages overflights passing through the flight information region (FIR). — MATT DRISKILL

KERRY LOGISTICS WINS APAC AWARD

Kerry Logistics Network has been conferred the titles of the Frost & Sullivan Asia-Pacific Best Practices Awards for the fourth consecutive year, winning the “2020 Asia-Pacific Logistics Services Provider of the Year Award” and the “2020 Asia-Pacific Road Transportation Services Provider of the Year Award.” Organised annually by global business consulting firm Frost & Sullivan, the awards recognise outstanding achievements in the Asia-Pacific region covering various sectors.

HKIA AWARDS TERMINAL 2 EXPANSION DEAL

Balfour Beatty’s Gammon joint venture has won its largest single contract so far, after being awarded a four-year £1.27 billion (US$1.67 billion) contract for the expansion of Terminal 2 at Hong Kong International Airport. Gammon, a 50:50 joint venture between Balfour Beatty and Jardine Matheson, will be responsible for the expansion of the Terminal 2 building plus construction of interconnecting bridges, mechanical and electrical works and associated viaducts and roads.
GREATER CHINA-BASED AIRCRAFT LESSORS IN TOP 50 GROW

Despite being at the epicentre of the COVID-19 outbreak that triggered the airline industry’s worst-ever crisis, the number of Greater China-based aircraft lessors in the global Top 50 jumped by more than 40 percent by the end of the second quarter of 2020 compared with the fourth quarter of 2019. This is according to the latest Portfolio Tracker from the global travel and data analytics company Cirium. The shift, from nine in Q4 2019 to 13 in Q2 2020, means that Greater China-based lessors now make up more than a quarter of the Top 50 — rivalling the number of Ireland-based lessors (13) in the ranking, and surpassing the number of US-based lessors (12). However, in terms of portfolio value and fleet size, Greater China-based lessors account for just 19 percent and 15 percent of the global top 50 totals respectively. Ireland-based lessors have the largest total portfolio value (35 percent) while US-based lessors have the largest total fleet size (36 percent) in the global top 50 league table. “Some lessors, like Singapore-based BOC Aviation and Ireland-based Standard Chartered Aviation Finance, have used their parents’ financial backing to support customers and bolster their fleets by adding aircraft via large sale-and-leaseback deals. As a result, they have advanced their positions on the leader board,” Rob Morris, global head of Consultancy, Ascend by Cirium. “In order to cope with the strains on cash flows from struggling airlines unable to pay rent, many lessors have been building their liquidity and deferring orders. The top five global lessors alone have deferred over 75 aircraft orders and cancelled nearly 200 since the health crisis began,” Morris added.

— MATT DRISKILL

CHINA AIRSHOW TO GO ON AS PLANNED IN NOVEMBER

Organisers of China’s biggest airshow, the China’s International Aviation and Aerospace Exhibition in Zhuhai, scheduled for 10-15 November, backtracked on an earlier announcement that the show had been cancelled due to the COVID-19 pandemic and have now said the show will go on as scheduled.

“As of now, China’s 13th Zhuhai Airshow will still be held as scheduled. If there is any change, please refer to the official news and website,” a spokesman for the organisers told Reuters.

An email from the spokesman earlier on Wednesday had said the airshow had been cancelled, but he later said that statement was based on his own “prediction” and that he was in error. — MATT DRISKILL

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Managing through the crisis

In August, aviation data company IBA said the 2020 MRO total spend will be less than half of the US$90 billion it was forecast to be pre-COVID-19 and engine shop visit demand will collapse for the next two to three years. Michael Doran looks at the industry now.

IBA PRESIDENT PHIL SEYMOUR said the MRO Industry needs to take a more creative approach to maintenance solutions and he expects redundancies of 35-70 percent before a rebound in 2022. With such dire predictions, Asian Aviation spoke with leaders from airframe, engine and component MROs in Asia to get their views on how the industry has faced COVID-19 and where it is heading. Straddling dual roles as both OEM and owner of MRO Sepang Aircraft Engineering in Malaysia, Airbus is in a strong position to talk about returning the fleet to service and how COVID-19 has affected aircraft MRO in Southeast Asia. Senior Vice President of Customer Support Dr Valerie Manning says the Airbus Customer Services teams have been working to adapt maintenance recommendations
and support customers during this period in Asia-Pacific and around the world. “The current situation has called for exceptional measures and reactivity to provide support to operators during this difficult period, while keeping the highest levels of safety,” she says. “Airbus has been providing technical justifications and solutions for maintenance burden reduction, including extending calendar intervals for scheduled maintenance tasks and reducing the frequency of periodic ground checks from every week to every two weeks.

“As a first step the customer services team promptly organised webinars with all impacted operators as the crisis progressed, starting with the Chinese customers who were the first to face the crisis,” Manning said. “During these virtual meetings the team reminded operators of the parking and storage procedures and provided first-work alleviation recommendations with 100 to 150 customers connected to the webinar.”

Airbus has developed new Skywise-based apps cov-
ering aircraft parking management and return to service as well as a return to operation maintenance course. The Return to Operation programme is delivered remotely to airline and MRO maintenance staff and refreshes them on the procedures and the specific safety and technical items encountered to put an aircraft back into service after parking or storage.

The parking management app allows customers to tag their grounded aircraft in Skywise and by collecting data on location, MRO needs and storage procedures, the app gives fleet managers instant access to all the information they need to plan its return to service. The return to service app helps operators evaluate different utilization scenarios, taking into account age, outstanding maintenance and overall operating cost, to find the lowest cost combination of aircraft to return to service.

Looking to the future, Manning says that Airbus is adapting their services to meet the new challenges that airlines and lessors will have to face as a result of the COVID impact. “We are starting to see and are expecting increased demand for some types of MRO work and services related to aircraft storage, repossession, continuing airworthiness and lease transitions. Airbus remains present in the MRO sector in Asia-Pacific where we have Sepang Aircraft Engineering, 100 percent Airbus owned, that continues to work closely with our partners to provide the highest levels of support to airlines, including for the A380.”

When *Asian Aviation* spoke to him in December, Jaap Beijer was wrestling with not enough capacity to meet demand, even though he was extending his Zhuhai facility by 50 percent and adding capability. Fast forward to today and the CEO of MTU Maintenance China says the factory expansion will be completed by November and that the capacity at the Zhuhai site will grow to 450 shop visits a year, slowly ramping up as demand increases.

“While the circumstances currently affecting our industry are serious and felt by all, we are confident that an uptake will be seen again and as such we are contributing to helping our industry get back up on its feet,” he says. “As a narrowbody engine specialist we are well placed to emerge from the COVID crisis and continue serving customers with the excellent engine MRO they have come to expect from this company.”

MTU will have added full overhaul capability for the LEAP-1B, the 737 MAX engine this year and for the A320 -1A engine early in 2021 and will also continue with the project for a hybrid flow line production system to increase engine capacity. While the fleet grounding severely reduced shop visits, Beijer says that MTU has taken the initiative by expanding its on-site engine MRO activity, logging nearly 100 on-site MRO events since April.

“On-site events are not only becoming more and more important with the introduction of the newest generation engines which are designed to enable more on or near-wing repairs but also with regard to the impact of COVID on engine MRO,” he says. “Across the world an intensified trend towards budget-driven MRO decisions, including on-site and near-wing repairs and smaller workscopes is emerging.”

What is not so straightforward is the MRO landscape and Beijer says MTU’s initial focus is on supporting customers during their ramp-up phase but he expects a trend towards budget-driven decisions and smaller workscopes done at the customer’s site. “Based on the high financial pressure on our customers we are offering single engine solutions that include smart work-scoping, used parts management and quick-turn repairs,” he explains. “This guarantees the needed spare engine support for the ramp-up.

“A crisis of this dimension forces MRO providers to continuously innovate new service solutions, for instance there is certainly a lot of potential in digitalisation and predictive maintenance,” concludes Beijer. “The industry is reaching a point where developments could be called prescriptive, in that data gathered from operations is connected and helps to forecast remaining on-wing time and optimal engine and module removal points.”

Singapore Component Solutions, (SCS) a joint-venture of Sabena technics and Air France KLM E&M, provides a comprehensive portfolio of component repair services, including avionics, pneumatics, structures/composites, electromechanical and slide rafts for Airbus A320/A330, ATR and Fokker 100 aircraft. When fleets were grounded in March SCS CEO Thibaut Campion says their workload dropped more than 90 percent and the company implemented a shorter workweek and offered customers free-of-charge investigation and storage solutions to support them through the crisis period.

“Fleet grounding has also been a strong period to strengthen our partnerships with OEMs, such as Liebherr, Airbus and Safran, to develop innovative solutions for our common end customers,” he
Since June there is a slight increase in terms of aircraft coming back into service but the trend in Asia seems to be slower than in Europe and uncoordinated border-crossing restrictions are reducing the potential for recovery of the industry.

FREDERIC DUMONT, SABENA TECHNICS SINGAPORE

...says. “We also reinforced our partnership with Honeywell to become a global channel partner for the ATR Turbine cooling retrofit and there are other partnerships still in discussion.”

As parked aircraft are returned to operations there are some specific MRO services that need to be done and Campion says this is presenting opportunities for SCS. “Hard time components like masks, heat exchangers and batteries to name a few are components to be serviced after long storage and we can see now a higher activity for those workshops compared to unscheduled maintenance equipment such as avionics.”

SCS is also looking at expanding its services for Boeing aircraft, starting with the similar technologies from their existing portfolio, such as masks, oxygen bottles, batteries and cockpit printers. “Some Boeing operators in the region already trust SCS in the maintenance of their Boeing parts and further developments on both Boeing and other platforms are in preparation with more capabilities expected to be revealed by the end of the year,” explained Campion.

Frederic Dumont is CEO of Sabena technics Singapore and he says that MRO demand is slowly returning but is still down by 60 percent from volumes before the grounding. “Since June there is a slight increase in terms of aircraft coming back into service but the trend in Asia seems to be slower than in Europe and uncoordinated border-crossing restrictions are reducing the potential for recovery of the industry,” he says.

“Domestic flights seem to recover faster and newer and smaller aircraft like the ATR or A320neo are the ones engaging most of the recovery today in Asia but the recovery of countries highly dependent on tourism may be longer,” Dumont tells AAV. “We see that some countries are trying to open ‘green channels’ but I guess the aviation sector owes its salvation from a strong and well-coordinated recovery plan among the countries and not an isolated one and we are all looking for it.”

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New top man for Honeywell’s unmanned unit
Drones, unmanned aerial vehicles or systems, urban air taxis, pick a name and every company it seems is getting in on the act. Honeywell Aerospace believes in the sector so much it started a new division recently to develop products and technologies for it. Matt Driskill spoke to the new head of the unit, Stephane Fymat.

AAV: Everyone’s been talking about UAVs. We have Volocopter that recently did a trial here in Singapore. Amazon’s been talking about delivering packages by drones. What’s the reason Honeywell said, “Let’s get into that business”?
SF: Honeywell Aerospace has been in this kind of a business for a very, very long time. We were doing it, however, for traditional general aviation aircraft, business aircraft, and airlines. So when we saw this market developing about two-and-a-half years ago, when we really first identified it, we said, “Well, wait a minute. This is like a whole new sector that’s opening up within the field of aviation, and so we want to be there, right? We think this could be disruptive. We think this could be a new segment that’s not being done at all today. We have the know-how and the technologies that actually are a fit. So whether it’s propulsion, or avionics, or whatever, and we actually have things that are a fit for this market. That together with the fact that we really saw it as a big market said, “Okay. Yeah, this is something we wanted to do.”

AAV: You already contribute technology to the market. Give us a few specifics on what you’re talking about. The avionics side, for example.
SF: We’ve been working with a lot of the other innovators in this space, mostly the ones that are developing new aerial vehicles, and so one of the things that these vehicles are doing, they’re all
taking advantage of electric propulsion, and when you do that you can distribute your propulsion across the vehicle. It doesn’t have to be two engines hanging off the wings. The minute you start doing things like that, especially if they’re tilt-rotor, and these things require fly-by-wire technology, rather than having mechanical linkages, and so on. Honeywell has been doing a fly-by-wire for years, and so we have for several years been working with some of these companies around how to do compact, fly-by-wire systems that are appropriate for these kinds of vehicles. That would be one example.

AAV: Singapore has had some drone trials here, Volocopter did a test flight not too long ago. In terms of Asia, or Europe, or the US, where do you see unmanned aerial systems developing faster, and why?

SF: It’s hard to say that one geography is moving faster than the other. Interestingly enough, unlike in traditional aerospace where most manufacturers are either American or European. Here, we’re seeing both manufacturers as well as eventually consumers of the technology in all three of those geographies. So there’s a lot of innovation in urban air mobility vehicles coming out of Europe, but there’s also some innovation coming out of Asia as well. EHang for example is one of the two big, what we call two-person UAM vehicles, that’s out there, Volocopter being the other one that you mentioned. EHang is indigenous, born and raised, and grown up in China, and there’s nothing else quite like it other than the Volocopter. So there are some unique technologies that are coming out of Asia.

AAV: Let’s talk about the drones, and the urban taxis, and things like that. What do you see has the most potential, first of all, for the market in general, and then specifically for Honeywell as a business?

SF: When we think about urban air mobility, and those things, we spend 50 percent of our time thinking about the movement of people and 50 percent of our time about the movement of parcels and cargo. We see them as equal. I think small-drone delivery is already demonstrating, just by the trials that are going on, that that’s most likely going to go first. The trials in Asia, or actually in parts of Asia, it’s normal and now we have trials in the US, and in Europe. In fact, at the time that you and I are talking, COVID has actually accelerated the use of drone delivery. Because it is a perfect way to deliver things to people while they stay sheltered at home and without putting my own delivery employees at risk.

In fact, at the time that you and I are talking, COVID has actually accelerated the use of drone delivery. Because it is a perfect way to deliver things to people while they stay sheltered at home and without putting my own delivery employees at risk.

AAV: You’re obviously developing new products. You’re going to be selling to customers. But are you partnering with people like EHang, or Volocopter? I mean, do you have joint R&D projects going on with them?

SF: So in the case of Volocopter, we have done some research with them, some research programmes with them around: How do you land these things? How do you identify landing pads? Things like that. So we’ve done some work with them. We have submitted some proposals for various research activities. I can’t quite say who the partners are yet until we win, but we have submitted some proposals for this kind of research where we’ve collected a group of participants that include some of these top-leading vehicle developers, either start-up or established companies, as well as maybe some universities and things like that. To put together groups of, to do some research, to really sort of advance the state of the art here. Beyond that, a lot of these new vehicles, I mean, these are developmental programmes.

AAV: Let’s talk about the size of the market. We’re talking a US$120 billion market by 2030 for air taxis, drone cargo delivery, drone businesses. Are those figures about right?

SF: We compute that US$120 billion number by saying, “Okay. How many of these vehicles do we think are going to be either sold or put into flying use, into operation, in the year 2030? What do we think that that kind of a vehicle would cost if you were to purchase one.”
That's how we got to the size of the market. It's just on what's in the vehicle. Doesn't even include all the other stuff that goes around it. Then we compute, “Okay, so what percentage of that value do we think Honeywell has offerings for?” That's the 20 percent number that you see there...it would be a great day if we won everything, but there's always going to be multiple participants in the market.

**AAV:** Finally, I'm kind of a sceptic on unmanned urban taxis, package delivery, getting my pizza delivered by drone. Tell me why I'm wrong.

**SF:** The reason you're wrong is because we're already flying in airplanes that are completely software driven anyway. Every airliner that you fly in is controlled by software in the avionic system that flies that airplane. The software is already flying that airplane automatically pretty much from take-off to landing already.

There's a whole different level of software quality, software reliability, software testing and software assurance, complete system testing and assurance that has to go into these things because these are what we call safety-critical systems. You want them to have a level of reliability that is orders of magnitude higher than what you might need for your favourite social media application for example. So the reliability, and the safety, and the companies that can do that. I mean, Honeywell is obviously one of those companies that's been doing that for years. That level of quality and reliability is what you want when you're thinking about the safety of people. That's exactly the kind of quality of software that has to exist, and it is going to go into these new types of vehicles. Hey, companies like Honeywell would do this anyway. In addition, you've got regulation that's going to make sure that we all do it.

Outside of the consumer world, if you look inside campuses and hospitals and maybe in South Africa for delivery of medicine, it's already happening. I mean, this is not like the future. Here in the U.S., as you well know, we have hurricane season, and if the hurricanes are bad, then you can't travel by the roads. You've got disaster relief that has to happen. There's a lot of bacteria and everything that gets turned up from all the sewage, and everything else. So you have to get medicines in there really fast, and what better way than to use drones to deliver medicine, deliver food, aerial observation to find out where people, and even stranded pets are. There's all sorts of applications where you can't drive in. You can't land at an airport because it doesn't exist anymore. Drones are perfect solutions for those kinds of things.

Editor's Note: This story is a condensed version of the original video interview that can be viewed in its entirety at https://asianaviation.com/aav-in-conversation-with-stephane-fymat-of-honeywell/.
Any silver linings?

They, whomever “they” are, say that every cloud has a silver lining. “They” also say don’t let a crisis go to waste. For the world of aviation, there is at least one positive that has emerged from this pandemic, but it does little to outweigh the damage done to people’s lives and companies as Matt Driskill explains.

As the world waits for scientists to come up with a vaccine for the COVID-19 virus that as of 16 September has killed almost one million people around the world and led to massive job losses globally, it’s difficult to look for anything positive amid so much anguish. The leaders of aviation’s main trade associations: the International Air Transport Association (IATA), the Association of Asia-Pacific Airlines (AAPA), Airports Council International (ACI World) and the International Civil Aviation Organisation (ICAO), have all made it plain that the aviation industry is undergoing a fundamental and seismic shift that will reverberate for decades as it settles into whatever the “new normal” will be.

But there has been one silver lining that will ease the burden on the
The rules under the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) have been eased by ICAO. The UN division earlier this year announced that it would make the CORSIA aviation emissions standards a bit easier for global airlines by using 2019 as the base year for measuring CO2. Under the earlier standards, airlines would have had to use a combination of emissions output from 2019 and 2020, but since COVID-19 has basically shut down international flights, the much lower level would have cost carriers billions of dollars if they had to include 2020.

“The impact of COVID-19, significantly lowering international aviation operations, traffic and emissions in 2020, would lead to a consequential reduction in the CORSIA baseline, calculated as the average of 2019 and 2020 emissions from the sector. This, in turn, would create an inappropriate economic burden to aeroplane operators, due to the need to offset more emissions although they are flying less and generating less emissions,” ICAO said when it announced the change. ICAO said it recognised that the move would “disrespect the originally-agreed intention and objectives of ICAO’s 193 member states when they adopted CORSIA in October 2016”.

“Council states today have made a measured assessment and have come to the most reasonable solution available given our current and very extraordinary circumstances,” said ICAO Council President Salvatore Sciacchitano.

IATA officials said they welcomed the decision by ICAO Council to use 2019 as a baseline CORSIA. “Airlines are committed to carbon neutral growth through CORSIA. (The) decision to remove 2020 from the baseline calculation marks a pragmatic way forward that maintains the intent, spirit and impact of the CORSIA agreement. And it gives all stakeholders the confidence to focus on successfully delivering CORSIA and achieving our long-term emissions reduction goals, even in this time of crisis,” said Alexandre de Juniac, IATA’s director general and CEO. “Aviation was the first industry sector in the world for which governments agreed a global carbon offsetting measure. Airlines know that sustainability is their license to grow. They fully support CORSIA as the single global mechanism for offsetting aviation’s international emissions. Even with the financial hardship facing the industry as a result of COVID-19, the world’s airlines have not lost sight of their emission reduction goals,” said de Juniac.

More recently on the topic of CORSIA and aviation emissions, ICAO held a “stock taking” on aviation emissions with ICAO’s Sciacchitano stressing the need to seize the post-COVID-19 recovery as an opportunity for aviation to build back better through decarbonisation. “With public subsidies and bailouts playing a critical role in sustaining many airports and airline operators through this period, states could likely have a greater say over how the industry evolves post-pandemic,” he said. “This represents an opportunity to motivate and drive a greener recovery for the aviation sector and ICAO is committed to support and assist states and stakeholders in all related initiatives.”

Participants in the virtual seminar said they recognised that while hybrid and electric aircraft will first enter into service on shorter routes, they could also be providing longer range commercial and zero-emission services as early as the 2030s in light of recent and major commitments. Discussions also focused on the potential for clean energy and hydrogen to fuel a new generation of aircraft leading up to 2050. In the operational area, the importance of solar solutions to emissions and cost savings at airports was acknowledged, as was the possibility of new types of formation flight that could realize a further 10 percent fuel saving in commercial operations.

A panel including France’s Director General of Civil Aviation Patrick Gandin, oneworld airline alliance CEO Rob Gurney, the chair of the International Coordinating Council of Aerospace Industries Associations (ICCAIA), Eric Fanning, and UK climate action champion Nigel Topping, concluded the event, with the oneworld CEO taking advantage of the opportunity to announce the new and combined commitment of its 13 airlines to achieve net-zero operations by 2050.

Airlines are committed to carbon neutral growth through CORSIA. (The) decision to remove 2020 from the baseline calculation marks a pragmatic way forward that maintains the intent, spirit and impact of the CORSIA agreement.

ALEXANDRE DE JUNIAC, IATA

Safety
Because there are so few planes flying, either domestically or internationally, one could be forgiven for thinking 2020 would go down as one of the safest on record and score another silver lining award. But as you dig into the numbers, it turns out that fatalities are higher in 2020 compared to 2019. Fatalities involving commercial airliners stand at 315 compared to last year’s total of 283, according to Aviation Safety Network data.

The pandemic’s near total shutdown of aviation could be compounding the problem as pilots spend less time in the cockpit working on their fundamentals and the problem of experienced, and expensive, pilots being laid off by the hundreds continues. The pressure on costs, which the pandemic has only made worse as airlines struggle to conserve as much cash as possible, is also contributing to the problem.

Within Asia, safety concerns have led the US Federal Aviation Administration to keep Thailand and Malaysia in its Category 2 as not in compliance with ICAO safety standards. Airlines in Category 2 countries are not allowed to operate flights to the US.

Across the Asia-Pacific region, air traffic was 43 percent of the previous year’s level in late August, according to data from Cirium, an aviation analytics company. In Japan, domestic air traffic is down about 60 percent and international air traffic remains at 10 percent or less, but China has seen its domestic traffic recover well.
Big ambitions, small beginnings

The Indian government is serious about developing a domestic aircraft financing and leasing capability as its absence can hamper the financing of domestically manufactured aircraft and will also raise the cost of commercial airline operations as Shelley Vishwajeet explains.

As Per Various Industry Reports including several from CAPA, Boeing and Airbus, India’s fleet of 620 commercial aircraft in March 2018 could well go over 2,000 by 2040. In addition, the general aviation feet of about 750 at the close of 2018 is projected to rise to 6,100 aircraft by 2040.

According to CAPA fleet database, out of the 620 commercial aircraft in 2018, 531 were leased, which was 81 percent of the total. The Asian average of leased aircraft is 52 percent while the global average is 53 percent. The relative youth and financial fragility of the Indian aviation sector are cited as reasons for this high lease dependency. “As many of India’s largest airlines are either relatively new, or have fragile financial positions, or both, this implies limited financial capacity to own aircraft themselves, thereby they have developed a strong dependency on leasing,” according to a CAPA study.

Even by 2040, a government study has projected that against the global average of 41 percent, Indian carriers would be operating with over 70 percent of the fleet on a leased basis. And with an order book of 1,000 aircraft, Indian carriers would require financing of US$50 billion in the coming years. This will generate an annual lease revenue of US$5 billion and annual tax revenue of US$200 million.

However, and surprisingly, despite heading to become the third-largest aviation market in the world with one of the largest order books and a very evolved financial sector, India does not have a resident or indigenous aircraft financing and leasing firm. All aircraft are leased from foreign lessors. And it may come as a surprise to many that the financing and leasing of aircraft was not a permitted banking activity in India and remains so to this day, although the government is working on removing this impediment.

The problem of leasing really caught government’s attention when it launched the ambitious regional connectivity scheme “Udan”, which would typically require smaller aircraft. Now, foreign lessors are not really interested in financing them. Another issue that came to light was how will smaller aircraft being manufactured in India under the Modi government’s “Make in India” programme be financed as banking regulations prohibited direct financing and leasing of aircraft. The third issue was that of banks themselves being least interested to get into this problematic sector as they had burned through money when Kingfisher Airlines collapsed. But above all,
Indian financial professionals had very little understanding or exposure as to how aircraft leasing and financing worked.

These realisations led to the formation of a committee by the Ministry of Civil Aviation which had representatives from various government departments such as finance and also from the airlines and banking industry. The committee was tasked to examine and recommend comprehensive steps which will help the development of aircraft financing and leasing capability in India. The working group carried a 360-degree review of the legal and regulatory framework as well banking, taxation norms and other issues and came out with a very comprehensive recommendation. The expert group took Ireland as the primary benchmark against which it examined the gaps and lacunae in the Indian system.

Subsequently, in the Union Budget of 2019-20, Minister of Finance Nirmala Sitharaman stated that the government will undertake suitable policy interventions to make India a hub for aircraft leasing and financing.

The Road Ahead
So, is it all just talk or is the Indian government actually serious about the development of domestic aircraft financing and leasing capabilities? Kumar Manish Singh, co-founder and senior vice president of Acumen Aviation, an Indian start-up headquartered in Dublin, Ireland, and whose firm has been actively associated with the Indian civil aviation and other ministries for the creation of resident leasing capabilities, says that the government is quite serious on this front.

"The government is moving fast. Challenges and barriers have been identified and the government is moving fast to remove impediments. If the pace carries on, we may see the formation of a competent and competitive domestic financing and leasing capability within three to five years," points out Singh.

Singh added that his company has prepared a test project for financing of a few training aircraft and the government is likely to give a green signal to this project any day soon. "Once this happens, it will be a great learning curve," he said. In addition, he said that a team of select bankers and financial professionals have been sent to Ireland to get first hand training in aircraft financing and leasing. "So, India is preparing a pool of trained financial experts towards this objective," he said.

Rishikesh Mishra, director, Centre for Aviation Policy, Safety and Research (CAPSR), says that India doesn’t really have a choice but to develop domestic leasing capability. "The government has an ambitious regional connectivity program for which we would typically require 40-seaters. Now getting them financed or leased from the international market is difficult due to known issues with the Indian aviation environment. Also, HAL-Dornier and Mahendra’s small aircraft project can be successful only if we have domestic financing capabilities."

INDIAN AIRCRAFT LEASING: A SNAP SHOT
— Aircraft financing is still not a permitted activity for bank/ bank subsidiaries in India.
— 81 percent of commercial aircraft in India are leased, compared with 53 percent globally.
— Leased share of the Indian fleet has fallen from a high of 88 percent in 2011 but has remained at more than 80 percent for at least the past decade (since the end of 2007, it has oscillated between 81 percent and 88 percent).
— There are about 16 Indian operators of leased commercial aircraft.
— In total, there are 72 lessors managing aircraft that are operated by airlines based in India.
— The top 20 manage 374 aircraft (70 percent of the leased total in India), while the remaining 52 lessors manage 157 aircraft (30 percent).
— There are no lessors based in India.
— Leading global lessors have small exposure in India.
— Avolon, GECAS, BBAM, BOC Aviation and Dubai Aerospace Enterprise Capital are the biggest lessors to airlines in India.
Source: CAPA India and Project Rupee Raftaar, MoCA India

HIGH TAX BURDEN MAKES INDIA UNCOMPETITIVE AT PRESENT
— High indirect taxes make it cost prohibitive as compared to other jurisdictions such as Ireland or Singapore.
— High rate of direct taxes; non-exemption from withholding taxes.
— GST on multiple points of transaction; lack of clarity about applicability of GST on transactions by financiers/ lessors versus airlines.
— General Anti-Avoidance Rules (GAAR) prevent Indian financiers from taking advantage of other jurisdictions.
— Also, inadequate appreciation of aircraft financing by Indian financiers.

Mishra says that a good way forward will be to start small. “Benchmarking the Ireland model is good but then Ireland is the most evolved aircraft financing market in the world. It will take us years to be anywhere close to them. But to start with, the public sector banks should begin with small financial exposures. The government should also incentivise regional operators to get themselves financed or leased through domestic entities. Saving high risk lease rentals paid as foreign exchange is a desirable thing but exposure to finance large commercial planes is always a risky proposition and may be proved disastrous for beginners.”
Don’t touch

The aviation industry in recent years has been automating the commercial passenger process, mainly as a way to cut employment numbers at airports and move more of the “work” on to passengers. The COVID-19 pandemic has only sped up the process as Matt Driskill explains.

Airports and airlines around the world and especially in Asia are putting the COVID-19 pandemic crisis to good use as a way to continue their quest for a completely automated passenger process in which commercial travellers tag their own bags and use a self-check-in bag drop, use their smart phone for a boarding pass and scan their own passport to make it through immigration and security... all without physically touching another person or perhaps even interacting with another person unless a problem arises with the computers doing the work. At the heart of this is an effort by airports and airlines to first, cut costs by being able to reduce the number of employees involved in the check-in/boarding process and now as a way to minimise the exposure of remaining employees to potentially infected passengers.

AirAsia is one airline that is using the crisis to move operations online and announced in early September it would charge check-in fees in various countries for passengers that do not use its contactless check-in kiosks and mobile app. The airline said it would charge between US$5 for domestic flights and US$7 for international flights for passengers who opt to use a check-in desk.

“We have seen a very high adoption of our self-check in services through our website, mobile app and airport kiosks over recent times,” said AirAsia Group Chief Operations Officer Javed Malik. “The implementation of the counter check-in fees is a way for us to further encourage guests to use these digital technologies, which we have invested enormously in, to promote and enhance operational efficiency and guest convenience. In view of the COVID-19 pandemic, these self-check in facilities have become very crucial in minimising physical contact between our guests and staff. In the past two months, thou-
Airports and airlines around the world and especially in Asia are putting the COVID-19 pandemic crisis to good use as a way to continue their quest for a completely automated passenger process.

sands of guests on essential travel have experienced our contactless travel procedures as we stepped up our safety and security measures for the health and safety of our guests and Allstars.

The airline said it would waive the fees for passengers with "reduced mobility, Premium Flex or Premium Flatbed guests, guests affected by flight disruptions or an airport kiosk outage as well as for some other exceptions".

AirAsia CEO Tony Fernandes said in a media report that the pandemic has opened up new business opportunities by accelerating digital transformation in the aviation industry. "One of the silver linings of the pandemic is that it gave us time to focus on our digital business divisions during the hiatus," he said. "Driving our non-airline revenues is now our key growth area ... We have invested in numerous technologies to make air travel more contactless and convenient."

He said AirAsia has invested not just in biometric technology but also in things like the AirAsia Virtual Allstar (AVA) artificial intelligence chatbot service that provides flight information to passengers and its FACeS facial recognition boarding system.

Beijing Capital International Airport (BCIA) is also getting into the biometric game and announced in late August it had installed biometric equipment developed by SITA. BCIA has automated the entire passenger journey using SITA technology — from check-in and bag drop through to immigration, security, and finally boarding. Passengers need to enrol once during check-in and then facial recognition will take over. The SITA Smart Path solution is the largest rollout of its kind, eliminating the need for physical touchpoints and minimising the risk of COVID-19 infection for passengers. The deployment included the implementation of about 600 biometric checkpoints through the airport including 250 lanes of automatic gates, 80 kiosks, and 30 self-bag drop stations which will process passengers from international flights.

The biometric technology is currently activated across multiple checkpoints at BCIA including manual check-in, self-service check-in, bag drop, restricted access, security, and boarding. From an airport efficiency view, the solutions have improved capacity and created a low-touch (paperless) environment for all while allowing staff to focus on passengers who need help with their travel, SITA said in announcing the installation. BCIA is the largest airport in China, with passenger volume exceeding 100 million between 2018 and 2020. It is positioned as the international hub airport in the overall design of the Jing-Jin-Ji airports group. To date, it serves 31 domestic airlines and 62 foreign airlines, with 133 international routes, and 161 domestic routes.

Sumesh Patel, SITA’s president for the Asia-Pacific region, said “automation is more important than ever in this COVID-19 environ-

can be completed in a matter of seconds with no need to present traditional boarding and identification documents. Air travellers simply step up to the camera for a facial match against the biometrics database then proceed.

In Japan, which has a historically tech-rich society, airports are going contactless as well. Technology company Red Hat announced that NEC has used Red Hat OpenShift as the foundation for Narita International Airport’s new “Check-in to boarding experience” known as “One ID” in Japan. One ID covers the entire passenger experience within an airport, from check-in to boarding, and uses Red Hat OpenShift to provide the scale and flexibility required to handle peak passenger volume at Narita. One ID extends biometric technology to provide a solution tailored to the growing need for “fast travel” in the airline industry.

The system requires a facial photo of a passenger to be registered when they initially check-in at an airport service desk or self-service kiosk at Narita Airport. From there, the passenger is able to move more through the airport, including screening, baggage storage and the boarding gate without having to show a boarding pass or passport. Biometric scanners at each phase of the travel process are able to confirm the individual’s identity, helping to improve traffic flow through the airport and the overall travel experience. One ID is expected to go live at Narita International Airport’s 1st and 2nd passenger terminals in the near future. 

One of the silver linings of the pandemic is that it gave us time to focus on our digital business divisions ... Driving our non-airline revenues is now our key growth area ... 

TONY FERNANDES, AIR ASIA
One step forward, two steps back

COVID-19 has further set back any chance of recovery in the offshore oil and gas transportation industry this year. Emma Kelly looks at prospects for operators and lessors in the sector.

AT THE BEGINNING OF THE YEAR, the first signs of a recovery started to emerge for the offshore oil and gas sector, with operators optimistic they would see their fortunes and outlook improve, having been in the doldrums since 2015. Then came the global COVID-19 pandemic which has impacted oil and gas operations worldwide and pushed back any chance of an immediate recovery.

Earlier this year, "the overwhelming majority" of industry stakeholders were expecting recovery in 2020, says Steve Robertson, director at London-based offshore aviation consultancy Air & Sea Analytics. "Indeed, the data up to that point (February) was very supportive of that view," he says.

Helicopter lessor Milestone Aviation agrees. "There were promising signs and indicators prior to COVID-19. However, given the evolving environment and associated uncertainty, many of the pro-
Oil companies have cancelled non-essential work and reduced manning offshore.

Projects, leading to incremental demand, which we had been tracking to come over the course of 2020 have been deferred some 12 to 18 months,” CEO Pat Sheedy told Asian Aviation. Milestone has a portfolio in excess of 300 helicopters, with approximately two-thirds of these configured for oil and gas operations. Milestone’s oil and gas fleet comprises heavy and medium types, such as the Leonardo AW139 and the workhorse of the oil and gas sector, the Sikorsky S-92, of which Milestone has the world’s largest fleet.

“Oil companies have cancelled non-essential work and reduced manning offshore. Some drilling campaigns were cancelled and some of those are now starting up again, but by no means all,” says Air & Sea Analytics’ Robertson. In addition, getting personnel across borders to undertake work offshore has proved a major challenge in itself, while operations in some parts of the world were shut down completely.

“Globally, at the worst point of the crisis, the number of flights was down year-on-year by nearly 40 percent for the heavy and super-medium rotorcraft,” says Robertson. By early August, that figure had improved to 25 percent. “Things are improving and they have been for a month or so now, but we are still way off where we were in terms of the number of flights and flight hours. The number of active aircraft is holding up remarkably well, for now. It seems the operators are spreading fewer flights over the same aircraft that were working previously,” he explained.

Some regions of the world are showing encouraging signs, with operations in China and Norway “doing well”, while Australia and Canada are both experiencing levels of activity above the average level of decline, albeit lower than what they were prior to COVID-19, Robertson adds.

While signs of recovery are beginning to emerge, they are not cause for widescale celebration just yet, according to Robertson. “The data suggests we are over the worst of it so that points to an improved outlook, albeit we are talking moving from being over a third down on activity to a quarter down — perhaps not enough improvement just yet to put up the bunting and crack open the wine,” he says.

Milestone’s Sheedy believes it is still too early to be confident about the timing or scale of any recovery in the sector. “We have not seen any significant differentiation between the regions, rather signs of tentative optimism for a global return of some demand for helicopter capacity across the oil and gas segments in Latin America, Europe, Africa and Australia,” he explains.

The offshore oil and gas transportation sector had already undergone significant restructuring and consolidation prior to COVID-19 to create leaner operators to cope with the downturn and remain viable. The big three helicopter services providers Bristow, CHC and PHI, have all undergone Chapter 11 bankruptcy restructuring.

In June, for example, Bristow Group completed its merger with Era Group, creating a financially stronger group with enhanced size and diversification. “The combination brings long-overdue consolidation in the industry, better prepares us to navigate today’s market challenges and ensures we remain the global leader in helicopter services with an outstanding culture focused on safety and providing excellent service to our valued customers,” Chris Bradshaw, president and CEO said on completion of the merger. The merger delivers a group with a combined fleet of more than 300 helicopters, creating the world’s largest operator of S-92s, AW189s and AW139s, with operations throughout the Americas, Australia, Nigeria, Norway and the United Kingdom. Some 74 percent of the group’s revenues come from the oil and gas industry. The merger is expected to deliver approximately US$35 million in savings through cost synergies.

Robertson suggests there could be further consolidation and restructuring among operators in the sector, despite its current lack of appeal. “The question is, who will do it? On the face of it, why would you want to buy an offshore helicopter, let alone a whole company operating them just now?” he asks. “The answer, I think, is that we may be at the bottom of this cycle and those with a long-term view and a steadfast belief in offshore oil and gas may view this as a unique entry point. Any deal will still have to be financed, however. You would need either a big private equity fund specialising in turnaround work/distressed assets or an incumbent with deep pockets,” he says.

Robertson believes the North Sea market in particular could benefit from having three players rather than four, with the sector particularly competitive at the moment, with each player “slogging it out over every contract”.

A case in point is the recent win by Babcock of two contracts in the North Sea. In early August, oil company Total announced the award of two offshore transportation contracts in Aberdeen, Scotland and Esbjerg, Denmark to Babcock over incumbent operators CHC Scotia and NHV, respectively. Babcock is currently not established in Denmark and will need to apply for an air operators certificate, as well as establish a base — both very costly tasks, its competitors point out.

NHV and CHC have both questioned Babcock’s action and particularly its pricing. NHV CEO Steffen Bay told Air & Sea Analytics that Babcock’s action does not make sense financially. “Of course, I cannot be sure about their cost structure, but I have participated in enough tenders around the world to know what makes sense financially. In my view this doesn’t,” he says. “NVH will not participate in a race to the bottom. We will be very selective. We would rather lose a contract than ‘win the right to lose money,” he told the consultancy.

Bay warns that oil companies might even have to finance helicopters themselves in the future if the situation continues.

CHC, meanwhile, warns that such unsustainable pricing, as displayed by Babcock in the latest wins, could have an even more detrimental impact on the industry as a whole, including the end of future industry investment in “technology, safety improvements and the next generation of engineers and pilots.”

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KNF (KOREA NON-FERROUS METALS),
Biggest Domestic Aluminum distributor in Korea

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