



DESPITE ECONOMIC HEADWINDS, CLEAR SKIES AHEAD FOR AVIATION: EXPERTS

News / Airlines



Asia is expected to account for one third of global passenger traffic in the coming years, with millions set to enter the middle class. And despite the current turbulent economy, Airshow organisers are confident that it's clear skies ahead.

For many, the biennial Singapore Airshow is a chance to see aerial acrobatics, and for those who come for the static displays at the Changi Exhibition Centre, a chance to play fighter pilot for a day.

However, for almost a week, it was also a place where the who's who in global aviation gathered, as they sought to get billion dollar deals off the ground.

"Singapore Airshow, or any major airshow, is really just like a melting pot of everybody around in the industry, it's like a big speed dating event for people in the industry," said Flightglobal's Asia Managing Editor Greg Waldron. "It's very driven around relationships and it's very driven around

networking. So that's where Singapore has been very effective at building a really special airshow that attracts this really high tier premium crowd to attend."

The fifth Singapore Airshow saw more aerial manoeuvres and static displays than in 2014, but it also saw fewer disclosed trade deals than before.

WEREN'T EXPECTING FIREWORKS: ANALYSTS

Amid low oil prices and a cloudy economic outlook, analysts say they weren't expecting fireworks at this year's show, especially on the back of November's Dubai Airshow, which saw only one major airline order - a US\$3.6 million (S\$5.05 million) deal by Vietnam's Vietjet.

"Fuel prices were still high, for example, and the interest rates low, so it was easy to finance, easy to get hold of planes," said ICF International's Vice President and Global Managing Director, David Stewart. "So (there were) lots of orders in that period of 2012, 2013, 2014. Whereas now the order book's full and fuel prices are low, so there's less incentive."

This year's show saw 11 deals worth US\$12.7 billion being cut, down from the 20 deals worth US\$32 billion previously. Only three billion-dollar aircraft deals were done, including one each to Airbus, Boeing and CFM International.

However, these are just the disclosed deals. Overall, there were more deals sealed than at the last show with 51 in total this year, up from 44 in 2014. There were also 40 deals with undisclosed values, up from 24 in 2014.

According to Mr Stewart, there's more than one way to measure a show's success.

"It's really kind of the ongoing presence of all the major companies," he said. "Even though frankly the manufacturers are all under very, very strong cost pressure in the industry at the moment, but they are all here, and I think that just reinforces the importance of the Asia Pacific region to their overall business, because it really has become the centre of aviation and the critical mass of air transport activity."

STAYING AT THE TOP

Singapore is one of the top 10 aviation hubs in the world, and local companies Channel NewsAsia spoke to say focusing on technology and innovation is one way to remain at the top.

"There's a lot of competition," said ST Aerospace's Chief Operating Officer Jeffrey Lam. "We're located in a very exciting part of the world, however many players also want to come to this part of the world, to leverage the lower cost resources. So we do face a very dramatic competition, we have to continue to innovate - new products, new services."

At the show, local firms like A*STAR and ST Aerospace unveiled the latest in commercial aviation and defence technology.

For example, ST Aerospace unveiled its new virtual reality goggles, which allows pilots to practice landing and taking off procedures. This simulation tool is the first of its kind in Singapore and is part of the ST Aerospace Academy's pilot training programme. More than 300 cadets have graduated from the programme so far, and it aims to train another 600 commercial pilots a year, for the next 10 years.

There was also a renewed focus on training and education at this year's airshow. Organisers

launched the inaugural Singapore Airshow Aerocampus this year, with about 3,000 students, full time national servicemen and young working professionals visiting the education and career booths.

"We're planting the seeds for growth," says Experia Events' Managing Director, Leck Chet Lam. "We can have the businesses there, we can have the equipment there, we can have the machines all ready to go, but really one part that we need to fill is the content, the software - and that's people."

These efforts come amid more tie-ups between local schools and the global aviation sector.

At the show, Nanyang Technological University announced a collaboration with Italian-based aerospace firm Finmeccanica to set up Singapore's first research centre for helicopter production and technology. The five-year deal aims to expose both NTU's undergraduate and post-graduate students to high-tech aerospace development and expand Singapore's research in the area.

American defence contractor Lockheed Martin also recently launched its "Girls Take Flight" programme, which aims to encourage secondary school students to pursue science, technology, engineering and mathematics. The programme is the first of its kind in Singapore.

"The Singapore Airshow is the biggest regional event in the airspace industry and it's given us the opportunity to reach out to many young students, in this case young women across the schools in Singapore, and try to inspire them to learn more about science, learn more about math, maybe become engineers," says Lockheed Martin's Asia Vice President, Doug Greenlaw. "I wanted to pick Singapore because I think the technology appetite in Singapore, the capability of the citizens in Singapore and the quality of the schools is perfect as a place to launch this."

"MORE NEEDS TO BE DONE TO MAINTAIN MRO MARKET POSITION"

Singapore is also the regional leader in the global maintenance, repair and overhaul (MRO) market. But experts say more needs to be done to maintain this position, such as moving from regular aircraft maintenance to VIP modifications.

"In the past we trained a lot of technicians and aircraft maintenance personnel to support the MRO," says Adjunct Associate Professor at NTU's School of Aerospace and Mechanical Engineering, Lim Yeow Khee. "But today the aircraft gets more reliable, in other words there are less maintenance activity, but higher level knowledge and experience required. So Singapore will have to move towards more high value added part of MRO."

These developments are in line with the Economic Development Board's overall vision for Singapore's aerospace sector. It aims for Singapore to become a "globally recognised aerospace nation that is capable of design, engineering, production, as well as aftermarket services".

"The Aerospace industry tends to be a lead adopter when it comes to innovation and technology," said EDB's Director of Transport Engineering, Tan Kong Hwee. "Many of the advanced technology that you would expect to be setting trends within the manufacturing world, such as additive layer manufacturing, industrial internet, data analytics - these are capabilities that are going to be important going forward. So it is important for us to do well within the aerospace industry, and use the industry as a means for us to gain these capabilities."

Asia is expected to account for one third of global passenger traffic in the coming years, with millions set to enter the middle class. And despite the current turbulent economy, Airshow

organisers are confident that it's clear skies ahead.

"Airbus and Boeing have predicted that over the next 20 years Asia Pacific will take on close to 40 per cent of the new aircraft purchase, and they are estimating this to be about US\$2 trillion," Mr Leck said. "So with such strong demand, very strong growth prospects, I think that sets us aside from other airshows because we are right here where the action is."

The 2018 Singapore Airshow will take place again at the Changi Exhibition Centre, from Feb 6 to 11. Organisers say that already about 70 per cent of exhibitors are set to return, and the show will focus on emerging technology and what Asian countries can bring to the table.

22 FEBRUARY 2016

SOURCE: CHANNELNEWSASIA

ARTICLE LINK:

<https://ids.50skyshades.com/news/airlines/despite-economic-headwinds-clear-skies-ahead-for-aviation-experts>