



# SIA COLLECTS FIRST AIRBUS A350-900 PLANE ON THURSDAY

News / Airlines, Manufacturer



The new model is said to be about 20 per cent more fuel efficient than existing models, and could help Singapore Airlines save costs amid heating competition with Gulf carriers.

Singapore Airlines (SIA) has successfully completed the first maiden test flight of its first Airbus A350-900 in Toulouse, France - home of aircraft maker Airbus - and is set to pick up the keys on Thursday (Mar 3).

SIA later announced that its service to Amsterdam on the new plane will start May 9, while a route to Düsseldorf will be added in July.

This A350-900 is part of the airline's gradual overhaul of its 777 fleet in the medium- to long-haul range. It is the fifth carrier worldwide to operate the new plane and has ordered 67 units, the most of any airline so far.

## SIA STRUGGLING AGAINST GULF CARRIERS: ANALYSTS

Analysts told Channel NewsAsia the move was an effort to consolidate SIA's growth strategy, even as competition from other legacy carriers like the Gulf airlines continued to heat up.

Mr Greg Waldron, Asia Managing Editor at aviation news site Flightglobal, said SIA is going to struggle against Gulf carriers, especially on routes to Europe, "because the economics of the industry make it easier to profit from flying somebody to Middle East, putting them through a hub and then sending them onwards to Europe".

He noted that Middle Eastern carriers have put a lot of capacity into these markets, presenting a challenge to not only SIA, but the other carriers in the region.

"These long haul 14-hour flights to Europe just are tough to make money on when you're fighting people from Qatar, Dubai, as well as Etihad," he said.

Aviation Analyst Paul Ng said Gulf carriers were also "extremely strong" in the India subcontinent.

"In fact, I think they in terms of overseas flights out of India, Emirates sort of leads that, ahead of Air India," he said.

While he added that it was "not so clear" whether the same would happen in East Asia and other regions, he pointed out that Gulf carriers had gained competitiveness by looking for joint-venture partners in new markets in Indo-China and have also struck strong alliances with Australian carriers like Qantas.

## **FUEL EFFICIENCY COULD SHARPEN SIA'S COMPETITIVE EDGE**

Strong passenger traffic growth in the Asia-Pacific region, particularly from China, makes the A350-900's higher capacity and lower seat-mile per cost attractive reasons to ink purchase deals.

The fuel efficient plane can seat up to 325 passengers, and is proving popular among the region's airlines - AirAsia X, Air China, Asiana Airlines, Cathay Pacific, Japan Airlines, Thai Airways International and Vietnam Airlines have all placed orders.

Mr Ng pointed out that the East Asia aviation sector has been hit by the devaluation of local currencies against the US dollar, which is a particular issue as a large proportion of airlines' costs and expenses is in the US currency.

Adding to this is the fact that many economies in the region have been hit by volatility due to lower fuel prices, Mr Ng said.

"There are fewer people flying, and fewer people flying premium ... carriers armed with low fuel prices have been able to be a bit more aggressive with predatory pricing, and SIA has to deal with that."

Mr Waldron said the A350 has about a 20 per cent lower fuel burn over SIA's existing models, and that fuel economy for the model and other new planes joining the SIA fleet is "a really key part of the SIA model in terms of saving money".

"It will definitely save SIA's fuel costs and reduce SIA's carbon footprint, and it'll also get a much more modern updated experience for those flying on the aircraft."

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