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TURNING POINT

Alliances embrace digital technology to ensure member loyalty

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Global airports body supports private infrastructure investment

Struggling HNA Group in negotiations to sell LCC to Cathay Pacific

Will FAA category 1 rating result in non-stop Vietnam-U.S flights?

Orient aviation 25 YEARS

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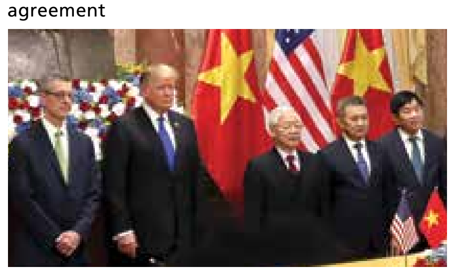

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Alliances act to stay relevant

The resignation of China Southern Airlines from SkyTeam and the questioning of the benefits of oneworld membership by Qatar Airways Group CEO, Akbar al Baker, have reignited debate about the value of airline alliances.

China Southern, 2.76% owned by oneworld's American Airlines (AA), has close ties with oneworld's Qantas Airways. It also has long been tipped it was heading to the oneworld fold, but oneworld CEO, Rob Gurney, told Orient Aviation last month there was no basis for the rumour. "We are not in dialogue with China Southern about oneworld. We have Cathay Pacific, which is a terrific carrier," he said.

In the meantime, Al Baker, whose airline is a oneworld member, has used the alliance as a platform to voice his displeasure with AA and Qantas.

Generally speaking, alliances are regarded as integral to airline operations. They provide immense network reach that delivers millions of passengers a year to alliance airlines by connecting global routes that otherwise would not be possible.

However, they have failings that refreshingly they admit. To varying degrees, they have imposed inflexible barriers to entry that have kept new carriers out of their reach. They also have been slower than they should have been in utilizing digital technology to improve their offerings to members and airline customers.

In our cover story this month, alliance leaders made it clear they understood they had fallen behind in the implementation of digital technology, and that they are intent on catching up fast.

"To be frank, airline alliances have failed to keep pace with the changes of their members, the industry at large and the marketplace," said Gurney last month. "At oneworld, we are making up for that. As we enter our third decade, we are undergoing a radical transformation to strengthen the relevance of the alliance for our member airlines and our customers."

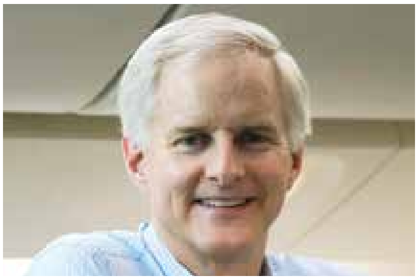
"To us, it was very clear that to build on the next stage of the alliance, we must focus very much on how we can leverage technology that will create greater loyalty with customers in the network we serve," Star Alliance CEO, Jeffrey Goh, told Orient Aviation.

In the next 12 months, initiatives alliances are rolling out include the Skyscammer system that allows potential customers to search, view and book flights on all Star airlines. At oneworld, its new digital platform, Carrierconnect, provides interline viewing for customers of all oneworld airlines. All alliances are intending to offer seat selection, baggage tracking, check-in and boarding pass issue and flight status across all member airlines.

Gurney told guests at oneworld's 20th anniversary gathering in London last month that "we are effectively relaunching oneworld". To a degree, so too are SkyTeam and Star. ■

TOM BALLANTYNE
Associate editor and chief correspondent
Orient Aviation Media Group

Cathay Pacific in talks for local LCC Hong Kong Express



Cathay Pacific Chairman John Slosar often talks about "irresistible propositions". His latest may be **HK Express**.

Cathay disclosed it is in talks to acquire an undisclosed stake in the HNA unit, saying the LCC is complementary. "We believe that HK Express captures a unique market segment," a spokesman says.

There are no active talks between Cathay and **Hong Kong Airlines**, the sister of HK Express. HNA is understood to have wanted to sell the two together, leveraging HK Express' appeal for the more challenged Hong Kong Airlines.

Combined, Cathay and HK Express flew 54% of passengers at Hong Kong airport in 2017. Their impact is even greater in short-haul markets, such as Japan, which accounts for about a fifth of all outbound Hong Kong travel.

Cathay appears to be seeking government support by arguing an acquisition will help Hong Kong. Cathay and HK Express "could multiply connection opportunities through Hong Kong, therefore further strengthening Hong Kong International Airport as a hub during a time of intense regional competition".

HK Express has mostly been a point-to-point airline. Shifting to transfer traffic could decrease options for Hong Kong taxpayers or incoming visitors who contribute to the economy.

More pragmatically, Cathay may be concerned HNA would reinvigorate HK Express or sell it to another group, either of which would mean more effective competition. Short-term growth opportunities are not the prime consideration. Cathay earlier this decade intentionally over-grew to amass a slot portfolio it would later optimise. Even without HK Express, Cathay's growth may be too high.

Longer term, HK Express gives Cathay a ready-made LCC in advance of Hong Kong's third runway opening around 2024. The additional runway will bring more competitors and perhaps a new home competitor.

HK Express could gain a sturdy shareholder. Yields could rise from Cathay cross-selling or offering some frequent flyer perks. HK Express does not have particularly valuable traffic rights while its slots are off-peak and scattered throughout the day. Yet Cathay and HK Express could benefit from slot trading.

Cathay would also gain macro positioning. The airline has increasingly felt out of touch with its home market as the expanding leisure market flies HK Express.

Cathay has long argued against establishing a LCC subsidiary since widebody aircraft with dense seating and cargo payload enable low fares. What has clearly changed is the availability of HK Express.

While Cathay has had weak finances in recent years, its reserves are significant and the opportunity extraordinary. ***By Will Horton.*** ■

IATA appoints North Asia boss

Ma Tao, who has spent almost a third of his career representing China at the **International Civil Aviation Organisation (ICAO)**, commenced work as the **International Air Transport Association's (IATA) regional vice president North Asia** on March 1. Based in Beijing, Ma's territory covers Greater China, Mongolia and North Korea where 36 of IATA's 290 member airlines are based. He is a member of the association's Strategic Leadership Team and reports directly to IATA director general, Alexandre de Juniac.

Ma most recently was head of the airworthiness certification centre of the Civil Aviation Administration of China (CAAC). His career spans more than 30 years in aviation and has included several positions with the CAAC.

From 2006-2017 he was the Permanent Representative of China to the Council of ICAO and held key posts, including Chair of the Technical Cooperation Committee, First Vice President of the Council and Chair of the Working Group on Governance and Efficiency of the Council, IATA said.

Ma brings deep knowledge of aviation, China and ICAO to his role, said de Juniac. "Under Ma's leadership, IATA can contribute to the region's success by

promoting global standards, efficient regulations and quality infrastructure," he said.

"China, already the world's second largest aviation market, looks to the industry to play a key role in its strategic development. The challenge is keeping pace with the phenomenal growth."

Ma holds an undergraduate degree, with a major in Aviation English, from the Civil Aviation University of China and a master's degree in aviation safety management in a joint program at his undergraduate university and Ecole Nationale de L'Aviation Civile. ■

Vietnam-US nonstop? Not so fast

By Will Horton

It will likely be politics and not business that ticks off the un-served route list and produces a non-stop flight from Vietnam to the United States. Ho Chi Minh-Los Angeles is the world's largest un-served route, which Vietnam's growing field of airlines could carry following the US FAA upgrading Vietnam to Category 1.

Americans are the fourth-largest source of visitors to Vietnam while flows in the other direction are strong despite needing a US visa. Vietnamese are the sixth-largest group of foreign students in the US.

The commercial case is not strong for a US-Vietnam non-stop service. But higher up in the government, a Vietnam-US non-stop flight appears to be a worthy matter of prestige. This could explain why listed VietJet and privately-owned Bamboo Airways are interested in US flights. Fulfilling high government priorities would curry substantial favour where there is government discretion, like slots and traffic rights.

Vietnam is closer to the US than Singapore, which has non-stop US flights. The region often sights Singapore Airlines (SIA) as a leader to follow without recognising home market differences, which are substantial.

Singapore-US has higher-yielding traffic driven by substantial premium class demand. A global network helps retain passengers and corporate contracts. Vietnam Airlines has a small footprint outside Vietnam.

Vietnam Airlines has favoured the 777X, but this saddles it with a new fleet type (it retired 777-200s) and one that is maybe too large for the airline's other long-haul markets.

SIA's A340-500 non-stop flights were costly since SIA did not use the A340 elsewhere in the fleet. Vietnam says it could order the A350-1000, the sister to its A350-900s.

American Airlines in early 2019 said it had no plans to serve Southeast Asia; it has codeshares with Cathay and JAL. These third-country codeshares have been permitted (before FAA Category 1 clearance, it was codeshares between US and Vietnamese airlines that were restricted). American and Vietnam started codesharing in 2006, before American's JV with JAL and prior to Vietnam joining

SkyTeam in 2010; the codeshare is no longer active.

Delta operates fifth freedoms to Singapore and Manila but now appears focused on growing Asia with JV partner Korean Air, which has three daily flights to Ho Chi Minh well-timed for North American connections.

United ended a Hong Kong-Ho Chi Minh fifth freedom service in favour of routing traffic over Tokyo with JV partner ANA.

It would be interesting if the Delta-Korean JV limits opportunities for Vietnam Airlines and sees it cooperate with United; United is the JV partner of ANA, which has a minority stake in Vietnam Airlines.

JV participation is not possible until Vietnam has passenger open skies with the US (it currently has cargo-only open skies).

Vietnam Airlines does not codeshare on any ANA trans-pacific flight. United may be using JV rules to object to Vietnam Airlines codeshares. An ANA spokeswoman only says the Vietnam Airlines cooperation is focusing on the Vietnam-Japan market.

Vietnam Airlines' US codeshare access covers the largest Vietnamese areas: Los Angeles and San Francisco (China Airlines via Taipei) and Seattle (Delta via Tokyo). But options are limited and do not cover markets like Houston and San Jose, where ANA has a non-stop flight from Tokyo. New York and Dallas do not have a daily Vietnam Airlines codeshare while Washington DC has none at all.

Fortunately for prospective non-stop entrants, Vietnam's US traffic is concentrated in Ho Chi Minh rather than fragmented around the country. Unfortunately, Ho Chi Minh is in Vietnam's south, a further hour of flying than Hanoi in the north. The extra distance gives more challenge for a non-stop but an advantage to one-stop operators – and there are plenty of them.

Vietnam along with Indonesia and the Philippines form the "VIP" source markets that sustain flights from trans-pacific heavyweights like ANA, Cathay Pacific and EVA Air. New long-haul Chinese airlines play the sixth-freedom market, perhaps with a long layover or double connection but sometimes a fast and cheap ticket.

Asian hubs are favoured for US West Coast traffic, but Gulf airlines can have low fares, too. Vietnam-US is becoming more important for Qatar Airways, not only because of the blockade that shuts off key Saudi and UAE source markets, but as Qatar grows in Vietnam, adding a Da Nang service and de-linking Ho Chi Minh from Phnom Penh.

While foreign airlines would like more Vietnamese traffic rights, the existing and expanding portfolio enables strong one-stop US competition. Limited traffic rights see Asian airlines charge a premium on Vietnam-Asia O&D; they would rather sell Vietnam-US, which is lower yielding but gives higher system revenue in an over-capacity trans-pacific market.

If commercial planning does not produce a non-stop flight, then politics might. But business is often politics. ■

Feedback first priority says new Virgin Australia CEO

Paul Scurrah, the Asia-Pacific's newest airline CEO, is well aware that taking Virgin Australia to its next phase of development will be challenging, chief correspondent, Tom Ballantyne, reports.

As transport industry veteran, Paul Scurrah, prepared to take charge of Virgin Australia (VA) this month there was some good news to report to the carrier's international investors.

After six years of statutory losses that added up to US$1.1 billion, the six months ended December 31 returned a net profit of $38.3 million, up from a $7.1 million loss a year earlier.

Retiring CEO, John Borghetti, has lead VA for the last nine years in a long and costly transformation from low-cost carrier, Virgin Blue, to its present full-service model. He will step down on March 25.

But recent times at VA have not been all good news. While the group has reported overall profitability, losses at the carrier's long-haul international operations have blown out to $17.7 million, up from a $1.9 million deficit in the same six months a year ago. Major contributors to the result was the loss of a partnership with former shareholder, Air New Zealand, on Trans-Tasman routes and stiff competition on services between Australia and Hong Kong.

These loss-making routes could cost the carrier more if Qantas Airways wins approval from Australian competition authorities to code-share with Cathay Pacific Airways on the Australia-Hong Kong route that the two airlines already dominate.

Although critical to the carrier's future, the pending application is only one of the issues confronting the 50-year-old Scurrah, whose most recent position was CEO of stevedores, DP World Australia. He has never run an airline but he worked for Australian Airlines, the Government-owned domestic carrier that was merged with Qantas as well as privately owned Ansett Airlines.

In the last 17 years he has been a senior executive of travel agency, Flight Centre, Queensland Rail and Aurizon and was one of the founding directors of Australian regional airline, Regional Express (Rex).

"I've had a 28-year career in moving people and things around. In the time I've had outside aviation I've had a very frequent ticket on Virgin, so I've kept a close eye on what they're doing," he told local media following the announcement of his appointment.

He said his priority at VA would be to provide a service customers want in a good environment for staff while ensuring "shareholders actually get a return that they're happy with". That will be critical.

VA has a unique set of shareholders - Singapore Airlines, Etihad Airways, Chinese groups HNA and Nanshan, and Sir Richard Branson's Virgin Group. So far, they have seen very modest returns on their investments in the VA group.

Scurrah, however, said: "I clearly come into the role with some ideas about what I would like to do. What I really intend to do in the early days is get around and spend as much time as I can with the team and blend ideas with feedback I want to get from inside the business, before plotting the path forward."

As he prepares to go one to one with Qantas, Scurrah revealed that one of his family's heroes - his mother Bev worked at Qantas' domestic and international call centres for 25 years - was the late Qantas CEO, James Strong.

"I learnt so much from James in my formative years. He was someone who was admired by everyone for the humility he showed as he went about his role, his intellect and the way he galvanized people to work in the same direction." He wants to emulate Strong's model at VA.

It took the VA board more than seven months to decide Scurrah would be its new CEO. "His appointment is testament to his strong leadership credentials, which include more than 20 years' experience in transport, logistics, travel and aviation," said VA chairman, Elizabeth Bryan, in a statement.

"The board received enormous interest in the role both locally and internationally. Paul's highly relevant transport and logistics expertise and strong commercial background make him the ideal candidate to consolidate the Group's achievements and continue to build momentum into the future."

Bryan continued: "John [Borghetti] has made a significant mark on the aviation industry as a whole and Australian travellers have benefited because of his commitment and dedication to improving airline travel. The board and I are grateful for his leadership and transformation of the airline into the diversified group that it is today."

Scurrah said VA is halfway through it latest three-year transformation program which has resulted in the disposal of the Embraer E190 regional jets and some ATR turboprops, the transition of its budget subsidiary, Tigerair Australia, from an A320 to a B737-800 operator and capital raising efforts to boost the balance sheet. ■

Yearning for yield

US regulator deliberating allocation of Haneda slots

By Will Horton

US airlines are vying for a dozen new slots at Tokyo Haneda, whose convenient downtown location sees United command a 12% yield premium over Narita. But airlines mostly want to move existing Narita flights to Haneda instead of growing the market. They are obfuscating the regulator with its own outdated policy framework.

The larger Asia-North America market is impacted from JV growth, beyond-Tokyo traffic, and how the Delta-Korean Air JV responds.

Japan is expected to divide its 12 US slots evenly between ANA and JAL, which likely will announce routes after US DOT allocation so they can adjust destinations depending on their US partner's haul.

United tells US DOT that the US-Japan market "is highly competitive and growing". But expansion is not reflected in slot proposals. Of the 19 proposed flights, only three are confirmed new services from the continental US. It is unlikely all new flight proposals will be awarded slots. Airlines prioritised their requests, usually giving new flights a lower preference. United argues lesser-priorities should not be awarded until every airline has its top priority.

In allocating the 12 slots, there are two Godzillas in the room. First is the role of joint-ventures. DOT is tasked to evaluate the proposals individually without macro considerations. This appears to be in conflict with the goal of maximising public benefits.

Delta argues the US-Japan market will shift to an American-JAL and United-ANA stronghold since ANA and JAL will receive six slots. "Any allocation to ANA is effectively an award to United," Delta writes. To counter this, Delta requests six slots – half of the US allocation.

DOT previously made decisions independent of JV affiliation, and has rejected calls to treat same-alliance airlines as "single competitive entities". Yet the JVs are single businesses.

Seeking to reduce anti-competition concerns, United says that on overlapping routes, it and ANA have higher point of sale in their respective home markets: metal-neutral but passenger bias.

United turns allegations into a strength, saying it is explicitly because of the ANA JV that "only United is able to maximize consumer benefits".

The underlying problem is part of a global discussion how regulators should assess JVs – or even if they can, since DOT approval is indefinite. Adding to the challenge, the most effective solution would probably be reached by regulators working together.

The second problem with assessing routes individually is that the flights often have a majority share of connecting traffic since US airlines tend to structure international flights on hub power and not O&D strength, hence Dallas has three daily flights to Tokyo.

Consumers would benefit from stronger competition in the form of all-new flights and balance between airlines. But this would require broader DOT consideration.

This round of Haneda slots can improve domestic Japan transfers. On United's only Haneda service, from San Francisco, 20% of passengers make a domestic Japan connection. On its overlapping Narita-San Francisco service, 8% of passengers make a domestic connection.

No airline discusses international connections at Haneda, probably because using Haneda slots for international connections defeats the purpose. But growing Haneda sixth-freedom traffic is inevitable. United has said it now connects in Tokyo more passengers to ANA than it connected to itself when it had a large fifth freedom beyond-Tokyo hub. One-third of United passengers on San Francisco-Narita transfer beyond Japan.

Delta makes its request for four continental US-Haneda slots seem small, but DOT should adjust this high O&D profile to the ANA-United and JAL-American JVs, which may have more Haneda slots but also lower O&D (70-80%) due to higher connections.

One surprise was from American Airlines, proposing the only new city-pair with a Haneda service from Las Vegas.

Hawaiian requested three Haneda-Honolulu slots since Honolulu is the largest US market from Japan, but competitors said this would "balloon" the Haneda-Honolulu market.

Delta's application has surprising restraint compared to 2013 when then-CEO Richard Anderson held a combative press conference in Japan demanding 25 Haneda slots all for Delta – an unfathomable number, and an event that offended Japan. Delta's conciliatory approach may reflect the more dignified style of new CEO Ed Bastian.

American's application makes a poor showing at a time optics are against it, having recently reduced Chicago-Tokyo Narita as well as cancelling some China services. United mentioned American's previous Tokyo service fumbles and that American serves Japan from only three hubs whereas United serves Japan from all of its hubs. Even though some of American's hubs have low Tokyo demand, United argues that American should demonstrate Narita success from other hubs before receiving Haneda slots.

In that paradigm, United wants to graduate from Narita primary school to Haneda university while American needs remedial classes and Delta is the schoolyard bully.

DOT needs to find consumer balance between rewarding strength and enabling the weak. ■

Smarter regulation critical to global aviation growth

The International Air Transport Association (IATA) warns the lax regulatory oversight of some governments is having a negative impact on aviation's viability. Chief correspondent, Tom Ballantyne, reports.

Smarter Regulation, said IATA director general Alexandre de Juniac, is more common sense than rocket science. The problem, however, is some governments are not listening to the industry.

From slot allocation at crowded airports to legislation on passenger rights and aeropolitical issues, airlines are facing a host of challenges.

De Juniac told a CAPA Qatar Aviation Aeropolitical & Regulatory Summit in Doha last month that governments are not consulting with the industry and they are not keeping pace with industry developments.

He said slots, passenger rights and airport privatization illustrate why a Smarter Regulation approach, based on global standards, is critical to fostering aviation's future growth.

"The first example that comes to mind is the Worldwide Slot Guidelines (WSG)," said de Juniac. "This is a well-established global system for allocating airport slots. The problem is that more people want to fly than airports have the capacity to accommodate.

"The solution is to build more capacity, but it is not happening fast enough. So, we have a globally agreed system to allocate slots at capacity

constrained airports. Today, the WSG is being used at about 200 airports accounting for 43% of global traffic.

"Some governments have tried to tinker with the system. And we have fiercely resisted. Why? Because allocating a slot at Tokyo, for example, means nothing if there is not a corresponding slot available at the destination at the required time. The system will only work if the parties at both ends of a route are using the same rules. Tinkering by any participant messes it up for everybody."

Like any system, WSG can always be improved, he continued. IATA was working with Airports Council International (ACI) on optimization proposals. As a result of the collaboration, it has come to light that there is no standard methodology for airports to declare their capacity, he said.

"And it is becoming clear that under-declaration by airports is an artificial limit on capacity and a handicap in the system that must be remedied. We reject categorically, however, proposals for slot auctioning. An important principle of Smarter Regulation is that it creates value as measured by cost-benefit analysis. Auctioning does not create more capacity. It would, however, add costs to the industry. And it will be detrimental to competition as new capacity would only be available to those airlines with the deepest pockets," he said.

He also took aim at Passenger Rights legislation and the importance of consultation between authorities and the industry. "For nearly 15 years the industry has raised concerns about the European Passenger Rights Regulation - the infamous EU 261. It is a confusing, poorly worded regulation that is adding cost to the European industry," he said.

"Plus, it is not doing its best at protecting consumers. Even the European Commission sees the shortcomings of this regulation and has proposed important reforms. But these have been held hostage for years as a result of the implications of the Gibraltar dispute between the UK and Spain.

"It is absurd that a dispute dating from the early 1700s - over two centuries before the first airline took flight - is holding up reform of an airline regulation. But that is the reality. The point to be made is simple. Ample consultation must take place before a regulation becomes law because fixing mistakes can take a very long time."

De Juniac said airlines support protecting the rights of their passengers and pointed out a resolution of the association's 2013 AGM outlined principles to do just that. "We want a commonsense approach that includes good communication, respectful treatment and proportional compensation when needed," he said.

"The IATA resolution was taken into consideration when governments agreed the ICAO principles on passenger rights. Even though governments signed up to these principles, many persist in going it on their own. And too often they do so in a knee-jerk response to an incident."

The airline association boss said carriers this year will safely meet the transport needs of 4.6 billion travelers and power the global economy by transporting 66 million tonnes of cargo, which accounts for a third of the value of global trade.

"We could not, however, operate at the current level of safety, with the same level of efficiency or at the scale that we do without commonly understood and implemented rules of the game. Regulation is vitally important to aviation," he said.

"Many have the impression that trade associations 'fight' regulation. As the director general of IATA, it is true much of my time is focused on advocacy, but with the aim of achieving the regulatory structure needed for aviation's success.

"On the one hand, that means working with governments directly and through the International Civil Aviation Organization (ICAO) to produce regulation that enables aviation to fulfill its mission as the Business of Freedom. On the other hand, it means rallying the airlines to agree to global standards that support the global system.

"To complete the metaphor, global standards and regulation work hand-in-hand to make flying safe, efficient and sustainable. And by sustainable, I mean both in terms of the environment and the industry's finances."

Regulation must keep pace with industry developments, said de Juniac. "While we disagree with punitive regulation, there are cases where stronger regulation is needed to keep pace with developing industry trends. Airport privatization is a case in point. Cash-strapped governments are increasingly looking to the private sector to help in the development of airport capacity. We believe that critical infrastructure capacity like airports must be developed in line with user needs". ■

> **Airline needs from airports are rather simple. We need adequate capacity, the facility must meet airline technical and commercial requirements and it must be affordable. We don't really care who owns the airport so long as it delivers against these goals. Achieving these will also serve the local community well by supporting growth in traffic and stimulating the economy**
>
> **Alexandre de Juniac**
> International Air Transport Association director general and CEO

World airport body supports private infrastructure investment

As leaders of the world's airports prepare to gather in Hong Kong next month for the annual Airports Council International (ACI) World Annual General Assembly, the council's director general, Angela Gittens, underscored the importance of investing in new and improved airport infrastructure to accommodate traffic growth and maintain the high levels of service passengers expect.

Addressing a "Build the Future" leadership conference, she said ACI Data forecasts global passenger traffic will exceed 20 billion by 2039 with a long-term Compounded Annual Growth Rate (CAGR) from 2017 to 2040 of 4.1%.

"Investing in new and improved infrastructure, as well as making the most of existing infrastructure, is the bedrock on which smooth airport operations and improved passenger experience is built. Catering to the changing needs of passengers will be pivotal to airports' success in an increasingly globalized and competitive environment," she said.

Gittens said airports face unprecedented challenges in securing essential financing for expansion. "At airports around the world, ACI has found private investment has provided a viable solution to global airport infrastructure gap, although it should be applied appropriately with specific regard to the local situation," she said.

"Globally, airport privatization has become an important investment vehicle for the development of infrastructure to accommodate airline demand, contribute to community and national economic vitality and to enhance the customer passenger experience. It has been applied in important aviation markets including Europe, Australia, Brazil, China and India."

The ACI's Policy Brief, Creating Fertile Grounds for Private Investment in Airports, said airports with private sector participation account for an estimated 14% of airports worldwide. They handle more than 40% of global traffic and invest 44% of global capital expenditure to develop both the aeronautical and non-aeronautical sectors of the business. ■

ALLIANCES PLAY CATCH UP WITH AIRLINE EXPECTATIONS

Airline alliances have been part of global aviation for two decades but recently their relevance has come under scrutiny. Chief correspondent, Tom Ballantyne, reports.

Not for the first time, the raison d'etre for airline alliances and their place in the global industry came into question in recent months with the exit of China Southern Airlines from SkyTeam and the displeasure oneworld member, Qatar Airways, publicly aired about the alliance.

The problem, said controversial Qatar Airways group chief executive, Akbar al Baker, was that alliances had become old-fashioned. "They were good 20 years ago, but they are not the way forward. The charm is about to go out of them," he declared at the recent launch of a Doha-Gothenburg service.

Not so, said the alliances. They were in the midst of a transformation, embracing digital technology and working hard to make sure alliances brought benefits to member airlines and their customers. But surprisingly, alliance leaders were far from miffed by al Baker's comments.

"He's not the only one who has said that. Questioning the relevance of alliances is entirely appropriate. It has driven our whole transformation program," oneworld alliance CEO, Rob Gurney, told Orient Aviation last month. "The way I respond to that is to say he is right to question the relevance.

"What we have done is pivot significantly and focus our efforts and energies on making a proposition relevant to our members and our customers. However, I don't think it's ever not been relevant to our customers. What we offer is highly valued."

Star Alliance CEO, Jeffrey Goh, holds a similar view. "I would say objectively customers continue to value alliances. We get feedback from customers in positive form that tells us

> This is the way in which technology has shaped social dynamics and the airline industry and us as an alliance need to move in that direction. "To us it was very clear that to build on the next phase of the alliance, we must focus very much on how we can leverage technology that will create greater loyalty with customers in the network that we have
>
> **Jeffrey Goh**
> Star Alliance CEO

Gurney said oneworld wanted Qatar Airways to stay in the alliance. 'We have made that clear to him. But when you have competitive tensions not everyone is always going to agree [on all matters]. Ultimately, Qatar has to decide what is best for its own business, but we hope the decision will be to stay in oneworld and we have conveyed that to Akbar. At the moment he is considering his position

Rob Gurney
oneworld CEO

alliances continue to be important to them," he said when speaking to Orient Aviation last month.

"I believe alliances continue to be important for the members too in terms of reach and synergy. It is important and a fair point made by Akbar that an alliance needs to shift or change its model to remain relevant."

The dedication to oneworld has not cooled for its governing board chairman and Qantas Group CEO, Alan Joyce. "Qantas was one of the airlines that founded oneworld 20 years ago. We have seen it evolve into the leading alliance in the sky. In some ways, oneworld represents a team of rivals given several members are direct competitors in various regions.

"For two decades, it has been able to bring together the best carriers, lounges, frequent flyer programs and networks to offer passengers a much smoother travel experience. As the alliance enters its third decade, we are stepping up that cooperation and modernizing how we work together to make oneworld even more relevant to international travellers and to its member airlines."

It was a commitment echoed by Cathay Pacific Airways CEO, Rupert Hogg, at the alliance's 20th anniversary on February 1. "Cathay Pacific was proud to play our part in founding oneworld 20 years ago and establishing it as the leading quality alliance.

"And we are proud today to be playing our part again in transforming the alliance, moving forward to deliver more benefits for our customers and our fellow member airlines as the alliance flies into its third decade and beyond."

At the anniversary gathering, Gurney said "we are effectively relaunching oneworld. Last year we had eight million passengers connect between different oneworld member airlines. It is a significant customer enhancement".

There is plenty of evidence alliances have received the message loud and clear that they need to modernize their models.

"In the two decades since oneworld was launched, industry and consumer behaviours have changed fundamentally," he said. "Most of our member airlines have undergone comprehensive restructuring. Some have merged. When oneworld was launched hardly any airline offered online bookings. Smartphones were the future. Social media did not exist. Airline fares included everything. Low-cost carriers were in their infancy," he said.

"In that same period, global alliances have expanded their airline mememberships, but to be frank they have failed to keep pace with the changes at their member airlines, the industry at large and the marketplace.

"At oneworld, we are making up for that. As we enter our third decade, we are undergoing a radical transformation with a host of fresh initiatives to strengthen the relevance of the alliance to our member airlines and our customers."

One initiative, the Carrierconnect digital platform, has been offered by oneworld members, Cathay Pacific and Qatar Airways, to passengers. It allows them to check in and secure boarding passes on the connecting flights of the two carriers.

Star has been undergoing a similar reformation. "The alliances have been around for the better part of twenty years and Star itself will be coming up to 22 in the middle of this year," said Goh.

"If you look back at what Star Alliance has done – I can't speak for the other alliances in this regard – we have built a comprehensive global network that provides not only for the members of the alliance but for customers of the alliance, the passengers.

"In those 20 years we have established that brand and that international reputation of what a global airline alliance stands for. But as we naval-gazed some two years ago, we asked the big question of where alliances were going.

"At Star the picture became clear fairly quickly about our focus for the coming decades. We recognized the positive asset we have, which is the global network. It is comprehensive and we need to preserve and to maintain that network. The question was how can you capitalize on the network in creating stickiness and loyalty from the customers to provide a better competitive proposition?"

The rapid development of IT systems and digital platforms has probably been the most profound change in the industry and alliances are well aware of the opportunities and the challenges they present.

"One of the drivers, front and centre, is the current generation of travelers and the future generation of travelers. They are all mobile. They are always connected. They seek instant gratification and expect information on demand and services at their fingertips," said Goh.

"This is the way in which technology has shaped social dynamics and the airline industry and as an alliance we need to move in that direction. To us it was very clear that to build on the next phase of the alliance, we must concentrate very much on how we can leverage technology that will create greater loyalty from the customers we have."

All the alliances want to give passengers control of their travel experiences. One example, said Goh, was advance selection of seats in a multi-carrier itinerary. "If you fly from Sydney to London, for example, on two different airlines, I am pretty sure a passenger will not be able to select a seat in advance if you purchase a ticket on-line or through additional channels," he said.

"Star wants to enable passengers when reserving their flights to select their seats on the second or third leg of their journeys. You can't do that today even if you wanted to pay for it. You would expect that advanced seat selection is pretty much like the knife and the fork that you would expect in a restaurant when you walk into it. These are some of the basic propositions we will be able to offer customers using advanced technologies."

Advance seat allocation for Star passengers began with United Airlines last year and more than a dozen Star airlines have made their seat plans available on the alliance's digital platform for passengers to choose their seats.

In a major announcement last month, oneworld said as part of its digital upgrade, soon passengers flying on connecting flights of oneworld member airlines would be able to track baggage, receive flight updates and pay for additional services through their preferred airline's app or website. A co-branded lounge is in the works.

Alliances are working to improve management of disruption and connection issues between flights. Star is talking of digitalizing the system with connection centres set up across the globe. "Today, when you land on an aircraft coming in late and are at risk of missing your connection, we send staff to meet you at your arrival gate and take you to your departing gate. That's a very labour intensive exercise. If we could send a text message to your mobile device, to an app of your choice, we can use positioning and tracking in terminal buildings to guide you to where you have to go," Goh said.

"WiFi connectivity presents challenges at some airports. We are establishing a proof of concept and will roll out a minimum viable product before the end of the year."

The days of alliances competing with each other to sign up new members have gone. "We are very clear we are sufficiently large and don't require more members in the way we did in the past. At a certain point in our existence we were adding between two to three members every year. That era has passed. In the future we will be lot more selective about the value-added proposition a new member will bring to the alliance," Goh said.

This year, oneworld will acquire its first new member in more than five years when Air Maroc joins up. The carrier also is the first oneworld recruit from Africa. Alliances are actively recruiting smaller carriers, through Star's Connecting Partner Model (CPM) and oneworld connect. Shanghai-based Juneyao Airlines is a CPM.

"This year you can expect us to announce one if not two more connecting partners," said Goh. Oneworld connect's first member is Fiji Airways.

A dilemma alliances must resolve is that most of their members have LCC subsidiaries that are carrying passengers outside the alliance system. "After a strategic review, it became clear the Connecting Partner Model first and foremost should be focused on the subsidiaries, the regional or low-cost subsidiaries of our members," said Goh.

"Many of these customers used to be part of the Star Alliance network and are still flying within the groups of Star members but they are outside the Star network and are deprived of many alliance benefits.

"Our approach is to recapture this traffic that used to be within the network but now are flying on the LCC subsidiaries of our members. Having said that, we will consider any LCC as a connecting partner, not just those that are subsidiaries of alliance members."

Similarly, Gurney said oneworld connect aimed to significantly reduce the complexity airlines must overcome to join an alliance. "In the past, with the single category of membership, an airline joining oneworld had to form a commercial partnership with all airline members," he said.

"If you are Fiji Airways, some airlines are relevant but some are not so relevant. The connect program allows us to bring in airlines that would not have considered joining an alliance in the past. We are talking to at least one airline that you could put in the category of an LCC or Hybrid."

Another area where the alliances see big opportunities is the application of biometrics to smooth the airline passenger's journey. Biometrics is being trialed at several airports and airlines. Star plans to set up a biometric hub.

"We are working on a system that requires passengers to register their identities once in their journey and then have

that identity applied in multiple places at multiple times," said Goh. "Think about the ridiculous situation where you have registered your biometric identity with Singapore Airlines (SIA), fly from Sydney to Singapore and then connect to a LOT Polish flight to Warsaw.

"At Singapore Changi there are biometric applications and LOT Polish has biometric boarding and check-in and even entry into lounges by biometric facial recognition. You don't expect and don't want to register your biometric identity once again with LOT or Singapore Changi airport.

"In the era of current technology, you would think LOT and Singapore Changi, metaphorically speaking, could pull out your biometric identity from the database of SIA, with which you have registered.

"We are seeking to have your biometric identity that is registered with SIA reside in a Star Alliance biometric hub that can be called upon on the day of travel by Changi and LOT or whoever else in your journey.

"We are working with border and security authorities on this. There are challenges, but we are talking. Our aim is to complete development by year end and roll out the system at least by Q1 in 2020." Gurney said the biometrics issue was being debated among members and oneworld preferred not to talk about the issue publicly for now.

Alliances have become extremely flexible in allowing their members to co-operate with non-members. While oneworld always has accepted these relationships, at one stage Star was relatively strict about such partnerships.

Goh said the alliance model needs to evolve with the market dynamic. "We believe we still need a process by which we understand these co-operations outside the alliance, what they are and where they are," he said.

"We have governance surrounding it, an approval process. Star Alliance is much more of a network focused alliance. We try to have a solution within the alliance itself, but the reality is that sometimes another airline can provide better synergy than an alliance member can, for a variety of reasons. They can be operation synergies, scheduling synergies and even commercial synergies.

"We recognize many of these airlines in any of the alliances are competitors, with the exception of where you have investment or are committed to a joint venture. It is the way business models have evolved over time."

There has been constant speculation China Southern Airlines (CSA) will join oneworld because of the Guangzhou-headquartered carrier's close relationships with oneworld members, American Airlines and the Qantas group. Gurney said he expected a number of member airlines would be looking at bilateral arrangements with CSA.

Oneworld does not have a Chinese member airline. "The way we look at it is that our member airlines have relationships with all three of the major Chinese operators. Some work with Air China, some with China Eastern and some with China Southern," Gurney said.

"We are in quite a strong position because oneworld has been one of the more flexible alliances. We allow our members to be slightly promiscuous and engage with airlines outside our alliance. This has worked to our airlines' advantage with China."

It was difficult, he added, for a subset of airlines to meet all commercial demands of members, so it made sense to work outside those parameters. "With the capabilities we are building on the digital side, we are open to our member airlines using them with partners outside oneworld. At the end of the day, they are the shareholders. They have made the investment so it's up to them to decide how to use it," he said.

There is little doubt membership of an alliance provides airlines with significant benefits in network reach and operational efficiencies. Passengers value wide access to global flying on multiple airlines and are attracted to the reciprocal frequent flyer benefits between alliance members.

Oneworld said alliance contracts generate US$1 billion a year for member airlines. Since trials of its new processes began six months ago, revenue has risen 10%.

"Dozens of the world's biggest multinational corporations have signed corporate accounts with the alliance rather than a series of individual airline deals," oneworld said.

Skyteam Alliance CEO, Kristin Colville, was invited to contribute to this article. Orient Aviation was told she preferred to be interviewed at a later date. ■

A queen of the skies abdicates

It was the giant aircraft that was going to change air travel. It did bring new levels of comfort to its passengers, but the days of the A380 are numbered after its European manufacturer took the momentous decision to cease deliveries from 2021. Chief correspondent, Tom Ballantyne, reports on the reasons behind the decision.

For Airbus chief executive, Tom Enders, it was a heart-wrenching moment when he announced last month that deliveries of the flagship A380 would come to an end in 2021. Set to step down from the leadership of the European aerospace group at the annual shareholder meeting next month, his February announcement was an admission that the long battle to keep the A380 alive was lost. Just 12 years after the four engine aircraft entered into service, its fate was sealed.

"In 2000, when we took the decision to launch the A380, we did not know what the market would look like 20 years later," he said. "This is a painful decision for us. We have invested a lot of effort, a lot of resources and a lot of sweat. But obviously we need to be realistic."

Reality was that Airbus was manufacturing, at huge cost, an aircraft no airline, apart from Dubai's Emirates Airline now wanted. Existing A380 operators also had made it clear to Toulouse they would not acquire more of the type.

The end could have come a year earlier but for Emirates. In a program saving deal in January 2018, the Gulf carrier ordered 36 more A380s, for an estimated US$16 billion, which brought its commitment to the jet to 178 aircraft, at list prices of $60 billion.

In February, after months of unproductive talks, the final blow to the program was Emirates's decision to reduce its A380 order book by 39 aircraft and instead purchase 40 A330neo and 30 A350s.

The Gulf carrier will take delivery of 14 more A380s in the next two years. "As a result of this decision, we have no substantial A380 backlog and hence no basis to sustain production, despite all our sales efforts with other airlines in recent years. This leads to the end of A380 deliveries in 2021," Enders said.

Why has the A380 dream come to this? The jet was touted as the high-capacity, long-term replacement for the iconic 747 that also introduced unprecedented levels of comfort to airline passengers. Spearheaded by the company's aggressive sales chief, John Leahy, Airbus argued forcibly that airlines would have no choice but to buy it because increasingly congested airports and slot shortages meant they must carry more passengers in fewer planes. It reaped early orders from market leaders Singapore Airlines and Qantas Airways as well as Emirates.

Quickly it became clear a majority of airlines were reluctant to invest in the A380. In more than a decade, it only won 313 orders. Not a single U.S. airline wanted the plane. In China, the world's fastest growing airline market, only China Southern Airlines committed to the type with six orders.

Apart from the Emirates deal 14 months ago, All Nippon Airways recently ordered three of the type. The Japanese carrier will operate them exclusively on the heavily-trafficked leisure route from Japan to Hawaii.

Even existing A380 operators backed away from more sales. Shortly before the Airbus announcement of the program's closure, Qantas revealed it had formally cancelled a longstanding order, placed in 2006 for eight more A380s.

Singapore Airlines has long made it clear it did not need any more. Last June, it returned two to lessor, Dr. Peters Group. The

> The A380 is not only an outstanding engineering and industrial achievement. Passengers all over the world love to fly on this great aircraft. Hence today's announcement is painful for us and the A380 communities worldwide
>
> **Tom Enders**
> Airbus CEO

German investment company failed to find new customers for the aircraft and eventually decided to sell them for parts.

Malaysia Airlines Berhad has been trying to either offload its six A380s or transfer them to a new company, Project Amal, that is planned to operate Hajj flights to the Middle East. Last November, Air France reduced its A380 fleet by 50% when it did not renew leases on the aircraft.

At press time, there were 218 active, 11 parked and three stored A380s, consultancy IBA said last month. Emirates has a fleet of 66 owned and 43 leased of the type, which makes up 47% of the global fleet. SIA has 16 owned and three leased A380s. A majority of A380 operators are full service carriers.

Following the news that production of the A380 would cease, analysts were unanimous in their views that the decision was inevitable, given that no single aircraft can survive by relying on a single customer.

"In an industry characterized by razor thin margins, the A380's four-engine configuration, high fuel consumption and enormous weight made the plane expensive to run on top of its eye-watering average procurement cost of $445 million," said GlobalData head of travel & tourism, Nick Wyatt.

"The loss of the A380 is undoubtedly a setback for Airbus with the plane superseded by planes like the A350, the A330 and Boeing's 787. They all offer greater fuel efficiency, but can still carry large passenger numbers over a comparable range to exploit the trend for end-to-end flights.

"Airbus gambled on a continuation and maybe even an increase in hub-and-spoke flying. Although the 787 has not killed that model in the way many predicted, hub-and-spoke is unpopular in an era defined by

time poverty. Smaller jets flying direct showcase the limitations of hubs."

Others agreed. Airlines today are focusing on expanding their networks with non-stop point to point strategies rather than flying passengers via one-stop hubs. New generation twin-engine, twin-aisle long-haul aircraft such as the A350, 787 and 777 enable them to do that. In the same decade, Boeing took a defensive play against the A380 with the 747 Continental. In passenger terms, it also was a failure and is now only produced as a freighter.

The end of A380 deliveries presents other challenges. It is a blow to the European aerospace industry and a threat to as many as 3,500 jobs at Airbus. Airbus will start discussions with unions on this front, but it is understood the ramp-up in production its popular A320 and the new widebody order from Emirates will offer a significant number of "internal mobility" opportunities.

Lessors and owners of A380 investment funds will be unsettled by the decision because it may impact the resale value of the aircraft. IBA said "an aspect to consider in any remarketing situation is the high cost of transition that would be necessary to place it [an A380] into service with an alternative carrier". The transition alone presents numerous obstacles to LCC business models, it said.

Analysts pointed out the aircraft was not making money and accounted for only two per cent of the manufacturer's aircraft deliveries in 2018. The financial costs of the program look manageable. Airbus's full-year profit suffered a net $522 million hit from the cancellation, but said it expected a neutral impact on free cash flow in the next three years.

By announcing the decision now incoming chief executive, Guillaume Faury, can focus on the more profitable A320 and A350, which together make up about nine of every 10 Airbus deliveries.

None of this meant the A380 was a poor aircraft."Keep in mind A380s will roam the skies for many years to come and Airbus will continue to fully support A380 operators," said Enders. Faury said the A380 is Emirates' flagship and has contributed to the airline's success for more than 10 years.

"As much as we regret the airline's position, selecting the A330neo and A350 for future growth is a great endorsement of our very competitive widebody aircraft family. Going forward, we are fully committed to deliver on the longstanding confidence Emirates is placing in Airbus," Faury said.

Emirates Airline Group chairman and CEO, Sheikh Ahmed bin Saeed Al Maktoum, said the airline had been a staunch supporter of the A380 since its very inception. "While we are disappointed to have to give up our order and sad the program could not be sustained, we accept this is the reality of the situation," he said.

"For us, the A380 is a wonderful aircraft loved by our customers and our crew. It is a differentiator for Emirates. We have shown how people can truly fly better on the A380. Emirates has set the standard for that by introducing customer experiences unique to the A380 like our Shower Spas and Onboard Lounge.

"The A380 will remain a pillar of our fleet well into the 2030s and as we have always done, Emirates will continue to invest in our onboard product and services so our customers can be assured the Emirates A380 experience will always be top-notch."

The Emirates chairman said the decision to purchase A330neos and A350s was part of a fleet strategy to operate a young, modern and efficient all-wide body fleet that remained unchanged. "The 40 A330neos and 30 A350s we are ordering will complement Emirates' fleet mix, support our network growth and give us more flexibility to serve seasonal or opportunistic demand. Both the A330neos and A350s will play an important role in our future fleet and network plans."

The A330neos will fly Emirates' regional network and enable the airline to serve smaller airports that will open new routes and connectivity for its global network. The A350s will supplement Emirates' long-haul operations, providing the carrier with added flexibility in capacity deployment on eight to 12-hour flights from its Dubai hub. ■

INNOVATION

Lufthansa Innovation chooses Singapore for first foreign hub

Established in 2014, the **Lufthansa Innovation Hub (LIH)** is the aviation group's digitalization and innovation unit. **LIH Singapore** will explore the impact and application of digital technology in travel and mobility and seek strategic partners to work on specific projects.

LIH and global business school, INSEAD, recently completed a research alliance, The Future of Work. Trend and Market Intelligence specialists at the two research centres will publish a White Paper on the transformation of business travel that will be test run in conjunction with the Lufthansa group. ■

Etihad Airways and Microsoft launch Gulf AI academy

As part of a digital transformation, Abu Dhabi's **Etihad Airways** and global technology titan, **Microsoft**, have established an in-house Artificial Intelligence (AI) academy, to optimize operations, broaden the technological skills of the group's employees and create new revenue streams for all of the Abu Dhabi-headquartered company's subsidiaries.

"There is a simple reason that we are long-term partners with Microsoft, we think alike," said **Etihad Aviation Group CEO, Tony Douglas**.

"Our people make us what we are. By upskilling them to use technology powered by AI we are future proofing our organization. We believe the human interaction augmented by technology delivers an enhanced experience for our guests that will give us a competitive edge."

Microsoft Gulf chief operating and marketing officer, Ihsan Anabtawi, said: "By building their own unique digital capabilities, Etihad is becoming a fast adopter of best-in-class technology on a company-wide level and our AI Academy is a key part of that objective. AI is one of the technologies that will transform every industry." ■

Vietnam Airlines and Sabre Inc. sign expanded agreement

Vietnam Airlines and **Sabre Inc.** have signed a significantly expanded Memorandum of Understanding (MoU), valued potentially at US$300 million, that includes the Sabre AirVision and AirCentre portfolio that will complement SabreSonic, the Passenger Service System of Vietnam Airlines that Sabre recently renewed with the carrier.

The MoU includes the option to adopt Sabre's catering management tool, In-Flight Solution, and Sabre's Global Distribution System for the carrier's long-term domestic content distribution.

The flag carrier said its expanding domestic subsidiary also would examine the potential of the SabreSonic PPS.

Vietnam Airlines president and CEO, Duong Tri Thanh, said: "Vietnam Airlines is please to build on the existing agreement with Sabre, our trusted, long-term technology provider, to include advanced solutions that will propel our business into the future. Our digital transformation program is essential for our continued success and onboarding these solutions from Sabre directly supports our efforts to achieve Skytrax 5-star status.

"We are well prepared for the industry 4.0 revolution and soon will embark on the ultimate digital journey, providing a seamless customer experience and improved operational efficiency."

Separately, Qantas has joined Sabre's Beyond NDC program to process NDC enabled travel solutions and Sabre has agreed to become an active participant the Australian airline group's Qantas Channel.

Planned to be launched in August 2019, the Qantas Channel in conjunction with Sabre, will offer a wider range of content from the airline and also allow the 425,000 Sabre-powered travel agencies to leverage high level content that will personalize offers for clients, Sabre said.

The digital environment has changed the way we need to work with our trade partners, the signatories said, such as the Qantas Channel new pathway to deliver seamless experiences for customers booking via agent reservations channels. ■

Toyota and ANA test autonomous towing trucks

Global leader in the manufacturing of lift trucks by market share, **Toyota Industry Corporation**, and **All Nippon Airways (ANA)** are conducting a trial of Japan's first autonomous towing tractors at Saga International Airport in the last two weeks of this month.

The trial tractor will operate over a distance of 100 metres, the same distance between the baggage sorting areas and landed aircraft at the southern Japan airport.

ANA senior vice president, Shigaru Hattori, said that "efficiency has long been one of ANA's main goals and these autonomous tractors are helping us achieve our targets."

The towing tractors use 2D/3D LiDAR squared sensors to automatically detect objects in their path and adjust their course. A road pattern matching system and a GPS system are housed in the tractors to calculate their location and assist in route guidance. ■

Korean Air completes Travelport intelligence solution integration

Korean Air has completed the integration of **Travelport's** data and business intelligence tool that will provide the carrier with access to Market Information Data Tapes (MIDT) data.

It delivers insights into the booking agent, booking date, flight number and date, booking class and origin and destination. It also covers bookings made through Global Distribution Systems.

The airline also is a customer for Travelport Airline Insight, which provides its airline network planning and revenue and sales clients with insights into market trends and new revenue opportunities.

"Travelport's platform captures six million travel related messages a day. It gives us valuable information to share with our customers," said **Travelport portfolio director air commerce and technologies, Chris Colaco**.

In November last year, Korean Air completed a major overhaul of its IT infrastructure which allows the airline to extract value from Big Data analytics, the Cloud, artificial intelligence, machine learning and the Internet of Things. ■

ASIA-PACIFIC MRO

ATR extends Type "A" MRO intervals

The **European Aviation Safety Agency (EASA)** has ruled turboprop manufacturer, **ATR**, can increase the time frames between Type A maintenance checks by 50% to 750 hours. The EASA decision will significantly reduce maintenance costs and add up an additional day every 1,500 hours for operators of the aircraft type.

ATR senior vice president programs and customers, Tom Anderson, said: "This certification reflects the robust maintenance policies and procedures we have worked to put in place. Every airline wants their aircraft flying as much as possible and by extending intervals between maintenance checks ATR is ensuring our aircraft spend more time in the air and less on the ground thereby generating more revenue.

"The next step is to target an escalation of the C Checks to provide even more value." ATR has a global fleet of more than 1,200 aircraft. In February, Bangkok Airways y signed for an additional four ATR-600s and in November last year South Pacific carrier, Air Vanuatu, commenced flying its first ATR-600. ■

Boeing and Safran name APU joint venture

Boeing and **Safran** have announced their Auxiliary Power Unit (APU) joint venture will be called **Initium Aerospace**, based on the Latin meaning "to start". It is what an APU does, Boeing and Safran said last month.

The agreement for the joint venture was reached in June last year and received anti-trust immunity clearance in November. The company, headed by **Etienne Boisseau**, will operate from San Diego, southern California in conjunction with Boeing and Safran sites elsewhere, with the goal of developing next generation in APUs. ■

Embraer signs pool agreement with Air Astana

Embraer has signed a multi-year flight hour pool program to support the component requirements of the Central Asian airline's new Embraer E2 jet fleet. The airline took delivery of its first E190 in 2011, when the carrier joined the Embraer pool program, and now has nine of the jet type in its fleet.

The airline took delivery of its first E190-E2 last December and will receive five more of the aircraft, all leased from **AerCap** by year-end.

The E2 Jet pool agreement will cover unlimited access and full repair availability of more than 325 components, Embraer said, with more than a third of the parts located at the airline's main base to ensure on demand availability. ■

British MRO establishes joint venture in Thailand's U-Tapao

The Thai government's Eastern Economic Corridor (EEC), based around a planned aerotropolis at U-Tapao Airport, has attracted a new joint venture, **BOSA-Thayaan Aircraft Services (BTAS)**. Establishment of the JV between the UK's BOS Aerospace Ltd and Thayaan Aviation Consultants Group was supported by the Thai government's incentives for the EEC, a development that already has attracted an **Airbus** and **Thai Airways International** partnership that is scheduled to open early next year.

Other projects planned for the U-Tapao Aeropolis are cargo logistics, aerospace manufacturing and flight training joint ventures.

BTAS will provide airline clients with A checks, ETOPS and night stops and line maintenance for all aircraft types except the A350 family. It is targeting non-Thai airlines in the region. ■

COMMUNICATIONS AND THE CABIN

Seamless Air Alliance attracts leading industry participation

In the 12 months since it was set up at the 2018 Mobile World Congress, the **Seamless Air Alliance** has grown to 23 members from the inflight communications industry, aerospace manufacturers and airlines.

The goal of the alliance, which had its inaugural meeting last June, is to enable any traveler, boarding any flight on any airline anywhere in the world to use their own devices to automatically connect to the Internet without complicated logins or paywalls to penetrate.

Seamless Air Alliance CEO, Jack Mandala, said that "the passenger experience with inflight connectivity remains one of the great technology challenges. From day one we have been determined to deliver our mission to bring industries and technologies together to make the inflight internet experience simple to access and a delight to use".

Founding members of the alliance are Airbus, Artel, Delta Air Lines, OneWeb and Sprint. The other 17 members are Air France KLM, Aeromexico, Etihad Airways, GOL, Linhas Aereas Inteligentes, Astronics, Collins Aerospace, Comtech, Cyient, iDirect, Inmarsat, Intelsat, Latecoere, Nokia, Panasonic, Adaptive Channel, GlobalReach Technology, Safran and SITAONAIR. ■

SilkAir chooses Thompson seating for business bed upgrade

Singapore Airlines (SIA) subsidiary, SilkAir, has chosen **Thompson Aero Seating** to supply business class flatbed seating on its B737-Max 8 fleet.

Upgrading of the cabins of the regional full service carrier will commence in May 2020 as the carrier progresses to full integration with parent airline, SIA.

SilkAir operates five B737 MAXs, which will be retrofitted with the new seat, and has 32 of the type on order. ■

Inmarsat extends contract with Garuda Indonesia

More than 175 aircraft in the **Garuda Group** are to be equipped with the **Inmarsat GX** inflight broadband solution, including A320s, A330s, B737s and B777s.

The agreement is an extension of a 10-year contract between Inmarsat, Indonesian wireless technology provider **Mahata Aero Teknologi, Lufthansa Technik** and **Lufthansa Systems** with Garuda subsidiary, **Citilink**. The service went live with the domestic carrier in January to be followed by its launch with Garuda later this year.

Lufthansa Technik will manage the hardware, engineering, installation design and certification of the project. Lufthansa Systems will facilitate the software platform and integration based on its **BoardConnect** open architecture.

Inmarsat Aviation president, Philip Balaam, said the Asia-Pacific has become one of the largest markets for GX Aviation. "The fact Indonesia's national airline and its low-cost carrier have selected the service within months of each other is testament to GX Aviation's status as the global benchmark for inflight broadband," he said. ■

More than 1,000 aircraft fitted with FlightPath3D IFE maps

FlightPath 3D passed a major milestone last month with the fitting of its 3D Moving Map on more than 1,000 aircraft. The system delivers its map on any IFE platform or device to allow users to explore destinations and acquire local knowledge.

"Our use of personalization and new artificial intelligence will enable passengers to travel globally like a local, the company's **president, Duncan Jackson**. "We have analyzed hundreds of millions of traveler data points to recommend hyper local attractions in every town and back corner of the world and even sorted them by popularity.

"We want to help airlines drive revenue by allowing passengers to explore flight times and destinations to promote ticket sales and estimate journey times from aircraft to hotel to promote ground transport." ■

LEASING

IndiGo leases five ATRs from TrueNoord

TrueNoord last month announced it had commenced the delivery cycle of the five new ATR 72 600s it had leased to **InterGlobe**

Aviation. The conglomerate owns Indian LCC, **IndiGo**.

The first two of the leased aircraft arrived at the Delhi-based carrier in December with the remaining three airliners to be delivered later this year.

TrueNoord CEO, Anne-Bart Tieleman, said: "These brand new ATRs are the first regional aircraft delivered into India by TrueNoord so it is an important milestone for us. They bring our portfolio of new ATRs to nine and increase our fleet of regional aircraft to 34.

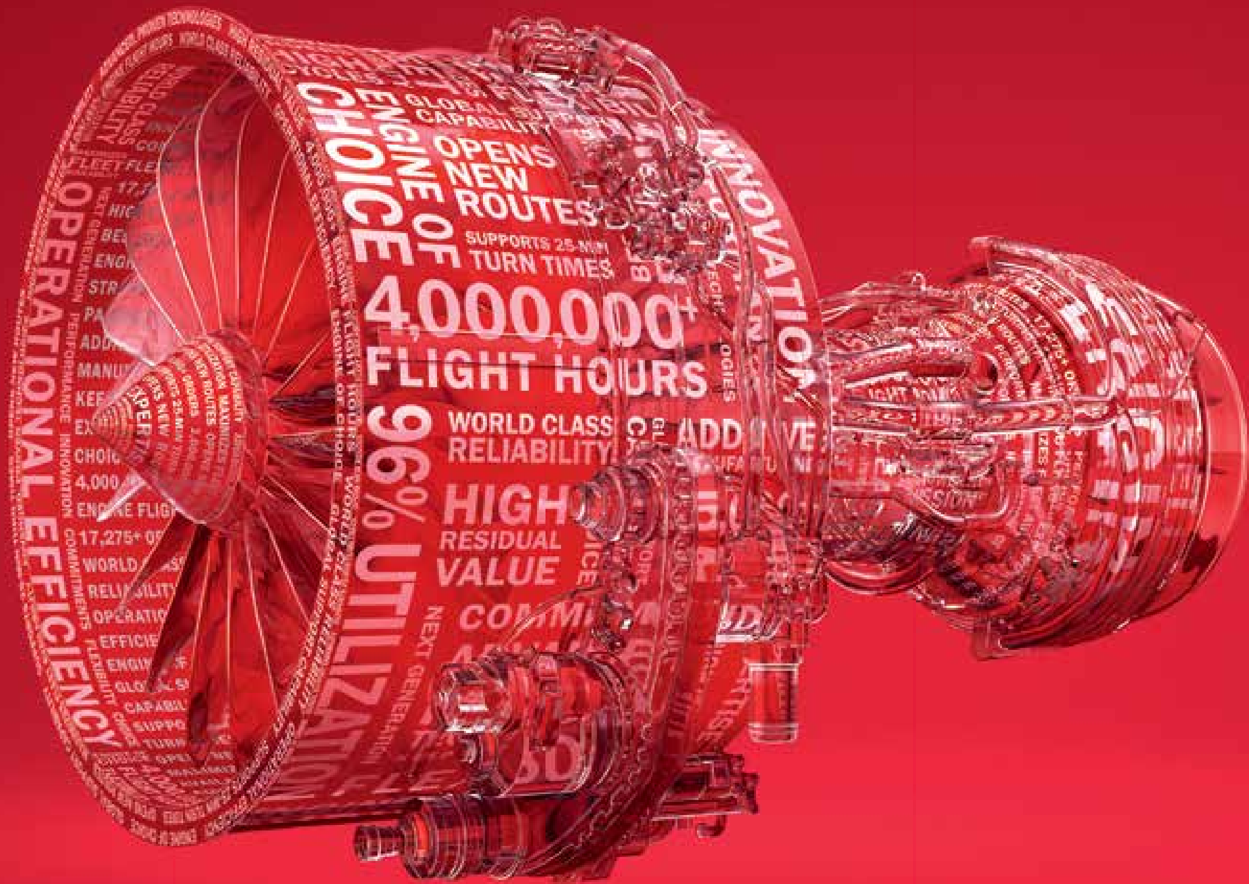
"We are very proud to support IndiGo's domestic operation which is going from strength to strength." The lessor recently purchased and leased four ATR 72 600s to Indonesia's **Wings Air** and two Embraer e10s to **Mandarin Airlines** last May. ■

BOC Aviation promotes in-house for U.S. roles

Singapore headquartered **BOC Aviation** has announced its former head of sales, **Graham Lees**, is now a director of the board of BOC Aviation (USA) Corporation, based in New York.

He heads the airline leasing and sales activities for the lessor in North and Central America and is responsible for managing senior relationships with airframe and engine manufacturers in all revenue related areas, BOC Aviation said.

Andrew Taylor has succeeded Lees as head of Aircraft Sales at the company's Singapore headquarters in Singapore. He most recently was executive vice president aircraft sales in the U.S. ■


ENGINE OF CHOICE
OPENS NEW ROUTES
SUPPORTS 25-MIN TURN TIMES
4,000,000+ FLIGHT HOURS
WORLD CLASS RELIABILITY
HIGH RESIDUAL VALUE
OPERATIONAL EFFICIENCY
INNOVATION