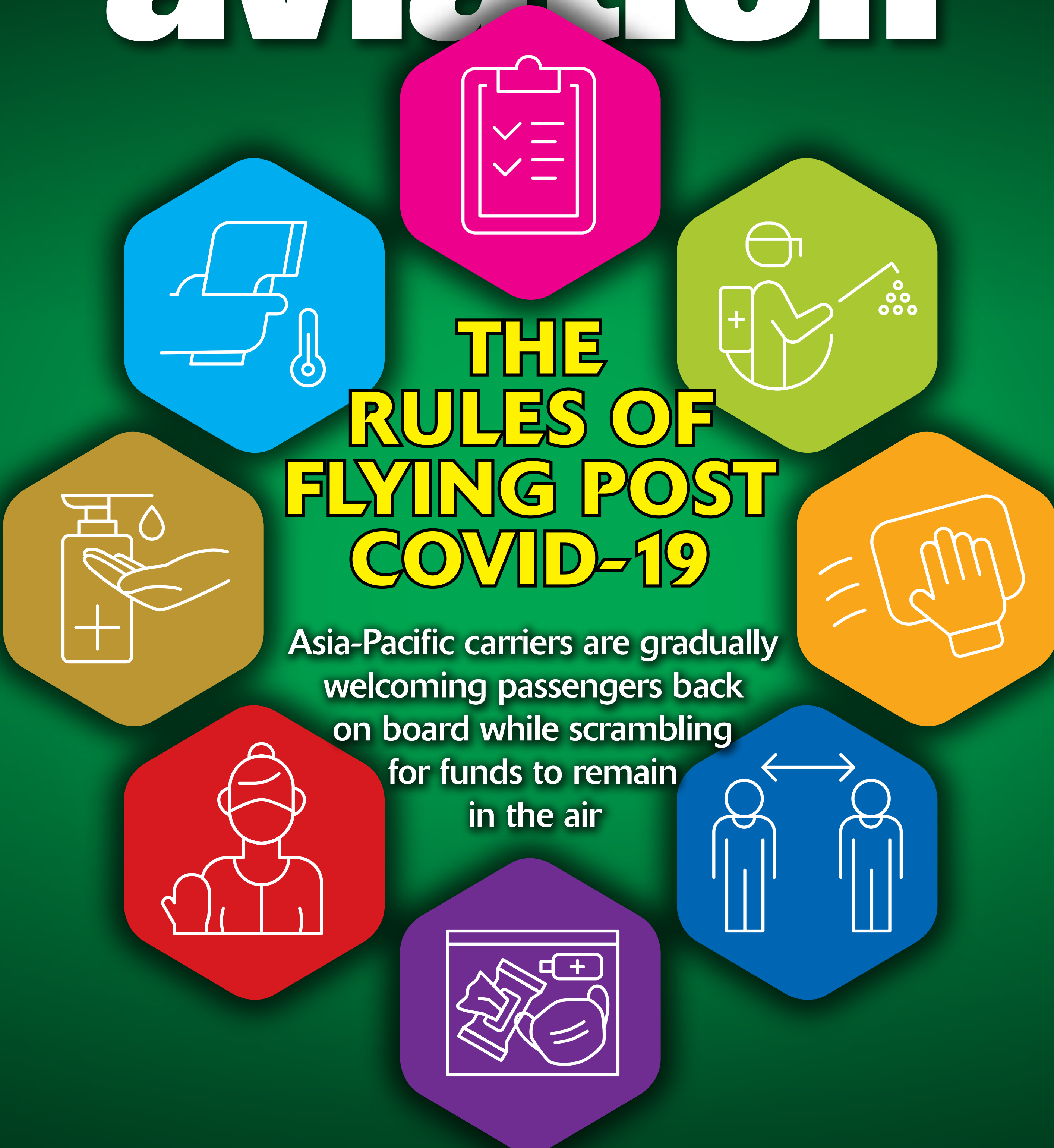
Orient aviation

Vol. 27 No. 5 June 2020

orientaviation.com



THE RULES OF FLYING POST COVID-19

Asia-Pacific carriers are gradually welcoming passengers back on board while scrambling for funds to remain in the air

Orient aviation 26 YEARS

THAI hauled back from financial precipice

Cyber assault at U.S. subsidiary of ST Engineering

Qantas Group stockpiles funds to December 2021 – and beyond

ORIENT AVIATION MEDIA GROUP
17/F Hang Wai Commercial Building,
231-233 Queen's Road East,
Wanchai, Hong Kong
Editorial (852) 2865 1013
E-mail: info@orientaviation.com
Website: www.orientaviation.com

Publisher & Editor-in-Chief
Christine McGee
E-mail: christine@orientaviation.com

Associate Editor & Chief Correspondent
Tom Ballantyne
Tel: (612) 9638 6895
Fax: (612) 9684 2776
E-mail: tomball@ozemail.com.au

North Asia Correspondent
Geoffrey Tudor
Tel: (813) 3373 8368
E-mail: tudorgeoffrey47@gmail.com

Photographers
Rob Finlayson, Graham Uden, Ryan Peters

Chief Designer
Chan Ping Kwan

Printing
Printing Station(2008)

ADMINISTRATION

General Manager
Shirley Ho
E-mail: shirley@orientaviation.com

ADVERTISING

Asia-Pacific, Europe & Middle East
Defne Alpay
Tel: +44 7712 829859
E-mail: defne@orientaviation.com

The Americas / Canada
Barnes Media Associates
Ray Barnes
Tel: +1 434 770 4108
Fax: +1 434 927 5101
E-mail: barnesrv@gmail.com
ray@orientaviation.com

Download our 2020 media planner at: orientaviation.com/advertising

Follow us on Twitter @orientaviation

CONTENTS

Volume 27, Issue 5

MAIN STORY

LIMITED-TIME OFFER

Get a free Bose SoundLink Revolve *Bluetooth*® speaker with your Bose aviation headset purchase.

For a limited time, get a free Bose SoundLink Revolve *Bluetooth* speaker – a $319.00 SGD value – when you purchase a Bose A20 or ProFlight Series 2 Aviation Headset.* Get yours soon – this offer ends 12 July.

Learn more at BoseAviation-APAC.aero/Promotion.

Offer valid with the purchase of a Bose ProFlight Series 2 Aviation Headset or Bose A20 Aviation Headset from participating Bose authorised retail resellers in the Asia Pacific region. The promotion is valid from 01 June to 12 July 2020 and is not to be combined with any other offers, promotions and programmes, or applied to previous purchases. Offer is subject to change without notice. Void where prohibited or otherwise restricted by law. Terms & Conditions available at boseaviation-APAC.aero/promotion.

*Bose SoundLink Revolve *Bluetooth*® speaker available for redemption at your Bose authorised reseller after the promotion ends.

Connect with us @BoseAviation

The *Bluetooth*® word mark and logos are registered trademarks owned by Bluetooth SIG, Inc. and any use of such marks by Bose Corporation is under license.

Dream of an aircraft defeated by market forces

As the COVID-19 pandemic wreaks havoc across the globe it will have one very sad outcome for the aviation industry. With passenger numbers forecast to remain well below pre-crisis levels for several years, a flagship commercial aircraft of the last two decades is set for a premature demise.

We already know deliveries of the giant A380 were scheduled to end in 2021. The decision was announced last year when Airbus was faced with non-existent new orders for the type. It would not have lasted that long without a final commitment fling from Emirates Airline. Now, as the industry fights to overcome COVID-19, the writing is on the wall for the very large passenger jet.

Although not officially announced, it is understood Emirates is seeking to scrap its last five A380 orders, but Emirates president, Sir Tim Clark, did say he was keeping the current fleet, all of which are now grounded only weeks after declaring “the A380 is over”.

Abu Dhabi’s Etihad Airways also is reportedly considering retirement of its 10 A380s. Singapore Airlines, first to enter the plane into service in October 2007, has several A380s parked at a storage facility in Central Australia. Qantas Airways has hinted strongly most, if not all, of its A380s may not return to service. Lufthansa has announced six of its 14 A380s will be retired and Air France is doing the same with nine of the type.

In reality, it is very likely not a single new A380 will be delivered to a customer and that Airbus will be left with half finished aircraft on its production line.

The A380 was an expensive program. It began life full of promise as a giant that would connect the world’s major hubs, carrying 500 or more passengers at a time. In the end, it was an expensive bet that went wrong. The plane became more costly to operate, especially when oil prices rocketed, and Airbus refused to invest in a neo version, or New Engine Option.

It fell victim to airline strategies dominated by the belief, rightly, that smaller new generation, fuel efficient and long-range wide-bodies, capable of circumventing hubs, was the future. For passengers, the story was often different. They loved to fly aboard the aircraft and reveled in its comfort levels, cabin and silence when in flight.

No doubt some A380s will fly for many years to come as the current crisis passes and travellers return to flying in substantial numbers. But COVID-19 will be seen as the final nail in the A380 coffin and one that prematurely ended the aircraft's reign as the flagship of many of the world’s major airlines. ■

TOM BALLANTYNE
Associate editor and chief correspondent
Orient Aviation Media Group

Cathay Pacific too important to fail decides Hong Kong government

A year ago, they would have been words a **Cathay Pacific chairman** would never have expected to utter. So it was a shock to many industry observers to hear the airline group's chairman, **Patrick Healy**, say on the public record on June 9 that a HK$39.billion (US$5 billion) recapitilisation "was basically the only plan available to Cathay Pacific".

"What would the alternative have been? Quite frankly, without this plan, the alternative would have been the collapse of the company," he said during a specially convened webinar to explain the Hong Kong government's support package for the airline group.

"The reality, given the extent of the global pandemic and its impact on the aviation industry worldwide, is that the commercial debt markets are effectively closed to airlines today that do not have extensive government and shareholder support," Healy said

Cathay Pacific Group CEO, Augustus Tang, added the airline had reached out to the Hong Kong government for support. "We asked for assistance from the government, so we made the request," he said.

Hong Kong's financial secretary, Paul Chan Mo-po, said: "Cathay Pacific took the initiative to seek the government's financial assistance.

"If this challenge is not properly addressed, it will harm Hong Kong's international hub status and adversely impact on other economic activities to the detriment of the overall interest of Hong Kong."

The proposed recapitalisation package involves the Hong Kong government taking equity in the airline group, providing a HK$7.8 billion bridging loan and a rights issue major shareholders have pledged to support.

In a regulatory filing to the Stock Exchange of Hong Kong on June 9, the company said recapitalisation was in response to a series of unexpected events, including COVID-19, and would ensure it had sufficient liquidity to weather the current crisis.

Terms of the proposed recapitalisation, which requires the approval of shareholders at an extraordinary general meeting (EGM) on July 13, would allow Cathay Pacific to raise HK$19.5 billion through the issuing of preference shares and HK$1.95 billion (subject to adjustments) through warrants to subscribe for shares to Aviation 2020 Ltd, wholly owned by Hong Kong's Financial Secretary Incorporated. Aviation 2020 Ltd also will provide the bridging loan facility to the group.

The government-backed entity would emerge with a 6.08% holding in Cathay Pacific and two "observer" positions on the board.

For the rights issue, Cathay Pacific shareholders would be offered seven rights shares for every 11 existing shares at a subscription price of HK$4.68 a share, a 47% discount to the last traded price of HK$8.81 a share, to raise HK$11.7 billion in fresh equity. Cathay Pacific major shareholders - Air China (29.99%), Swire Pacific (45%) and Qatar Airways (9.99%) - have committed to taking up all their available entitlements in the rights issue.

Cathay Pacific's regulatory filing also said longer term the airline group's business model would be "re-evaluated", with management to recommend to the board the "optimum size and shape" to meet the air travel needs of Hong Kong while keeping its financial status at a healthy level and meeting its responsibilities to shareholders.

More immediately, the board will bring in another round of executive pay cuts and a second voluntary special leave scheme for employees," the company said.

International Air Transport Association director general and CEO, Alexandre de Juniac, said on June 8 that "financially 2020 will go down as the worst year in the history of aviation".

"On average, every day of this year will add $230 million to industry losses, a total of $84.3 billion based on 2.2 billion passengers for 2020. Revenue will fall 50%, to $419 billion, from $838 billion in 2019," he said.

"It is why government financial relief was and remains crucial as airlines burn through cash."

IATA forecasts Asia-Pacific airlines, which were the first to feel the brunt of the COVID-19 outbreak, are expected to post the largest absolute losses worldwide in 2020. ■

Malaysia Airlines appoints oil and gas boss as non-executive chairman

A Petronas president and CEO, Tan Sri Wan Zulkiflee, is the **new non-executive chairman of Malaysian Aviation Group (MAG)**. He succeeds Tan Sri Md Nor Yusof, who resigned in March, 2019.

Until his MAG appointment Tan Sri Wan had spent his entire career, since 1983, at Malaysia's Petronas. He had been its president and CEO for five

years until he resigned earlier this month and accepted the chairmanship of the national airline.

Malaysia media recently reported the flag carrier, which has been financially stricken for more than a decade following the departure of Idris Jala to serve as a minister at large in the Malaysian government, needs US$5.15 billion to keep afloat until 2025.

MAG CEO, Captain Izham Ismail, said in a statement: "Tan Sri Wan's leadership and illustrious career at Petronas prove he is the most suitable candidate to lead MAG forward as a strong player in the aviation industry and a crucial enabler of national development."

The appointment is effective from July 1. ■

Star performer promoted to president Airbus Asia-Pacific

After less than two years with Airbus, **Anand Stanley, 43,** will take up the role of **president Airbus Asia-Pacific on July 1**, succeeding **Patrick de Castlebajac**.

Engineering graduate and MBA Stanley joined Airbus as president and managing director of Airbus India on October 1, 2018, after working in senior positions at aerospace companies UTC, Pratt & Whitney, Lockheed Martin and Sikorsky and industrial gas manufacturer, the Linde Group. He has more than two decades of experience in the region, including the M&A sector.

He will work closely with the head of region for Airbus Helicopters and Defence and Space at the manufacturer's regional headquarters in Singapore and report to Airbus chief commercial officer and head of international, Christian Scherer.

Stanley, who holds a post graduate degree from prestigious business school, IMI-Delhi, will be responsible for commercial aircraft sales and customer affairs, group-wide government affairs, industrial and joint venture partnerships and local operations at the company's sites across the Asia-Pacific, an Airbus statement said.

"Anand has brought a wealth of experience to Airbus and managed the company's operations in India with very positive results," Scherer said.

"His proven track record makes him the right choice to lead Airbus in the key Asia-Pacific market.

"We know we can count on him to focus on supporting our customers in these challenging times, while developing our position as the leading partner of the aerospace sector in the region." ■

THAI's most successful recent president returns as board director

Dr. Piyasvasti Amranand, a former energy minister, arrived at Thai Airways International in 2009 armed with a considerable reputation for mental toughness and political nous. Within months he had made a huge impact at the carrier which was confronted by superior Asian flag carriers and new competitors in the low-cost sector. A London School of Economics PhD and a first class honors graduate in mathematics from Oxford University, Piyasvasti brought clarity to THAI's operations as he attempted to untangle a large mismatched fleet and improve the productivity of a bloated workforce. He was making leaps and bounds in turning around the airline when he suddenly departed THAI because of "communications issues" with the airline's board.

Since then, THAI has had three presidents, most recently **Sumeth Damrongchaitham**. He took over in September 2018 and resigned in mid-March this year. Sumeth said he resigned because "those in power" told him "his mission was over", the Bangkok Post reported.

"Even if there was no COVID-19, THAI could not afford to continue as it was as the national carrier," he said. ■

At press time, **Australia's prime minister, Scott Morrison**, said the best medicine for **Virgin Australia's (VA)** revival was to restart flying, shifting the emphasis in the battle to keep the airline alive to Queensland, South Australia, Tasmania and Western Australia. "We need to open up these borders," he said.

The prime minister was responding to a letter written by VA's administrator, Vaughan Strawbridge, to lead members of Australia's cabinet that said the airline would run out of cash by June 30.

The Deloitte partner said the sale of the airline to either **Bain Capital** or **Cyrus Capital Partners** was in the balance and asked the Morrison government to guarantee tickets sold to date for the remaining period of the airline's voluntary administration.

Other requests in the letter, sent on June 9, included extensions of Australia's employment support scheme and slot protection measures and redressing the imbalance of government travel business between VA and the Qantas Group. ■

THE RULES OF FLYING POST COVID-19

The first shoots of airline regrowth are sprouting in the Asia-Pacific, but so too are the gnarly weeds of post pandemic debt. Associate editor and chief correspondent, Tom Ballantyne, reports on the staggering cost of the industry's battle to avoid destruction from COVID-19.

As an increasing number of Asia-Pacific airlines announce re-launches of domestic and international flights it is becoming clear the region where the coronavirus pandemic originated is leading the recovery charge. It engenders optimism, said International Air Transport Association (IATA) director general and CEO, Alexandre de Juniac, last month. "It shows a phased restart plan is the most reasonable approach to recovery. It's a restart plan by phase, starting with domestic, then regional then intercontinental. It's not surprising Asia, where the pandemic started a few weeks before other regions, is paving the way for the others," he said.

It is a view endorsed by Association of Asia Pacific Airlines (AAPA) director general, Subhas Menon. "Whilst severe travel restrictions continue to limit the early restart of aviation activity, there are some encouraging signs in the market," he said.

"A number of airlines are restoring domestic flights. A small number of international flights are still being operated with plans to operate additional services as border restrictions are progressively relaxed."

At the same time, Menon said patchy, uncoordinated measures across countries, including various screening protocols and often onerous quarantine requirements, are deterring passengers from flying and slowing the process of restarting aviation.

"Countries in the Asia-Pacific were the first to encounter COVID-19 and are the first to witness some stabilization and degree of control over the spread of the disease. Hopefully, the region can lead the much-needed recovery in air travel," he said.

The region's latest traffic statistics, for April, were released by the AAPA at press time. They confirmed the dismal traffic numbers being reported by individual Asia-Pacific airlines for the period.

International passenger numbers had plunged 98.8% year-on-year, to 368,000, compared with 31.9 million passengers in the same month last year. Average international passenger load factor slumped to a historical low of 28.0% for the month. Available seat capacity declined 94.6% in the reported 30 days over April 2019.

At the same time, there were signs the worst may be over. Several airlines have announced resumption of some services, both domestic and international, for June and July. Singapore's Changi airport and Hong Kong International Airport have opened their doors to transit traffic for the first time since the crisis began. Domestic flying, already resumed significantly in China, has restarted in India and is increasing in Korea and Japan.

But a return to significant long-haul flying remains years away, said IATA. Global airline RPKs (revenue passenger kilometres) in 2021 could be 32% to 41% lower than in 2019. By 2025 they could still be down 10%.

IATA chief economist, Brian Pearce, said in late May government aid to airlines in various forms, from loans to wage subsidies and cash injections, was $123 billion, far short of the $800 billion plus carriers earned in 2019.

Government financial aid to airlines is US$123 billion to date, equal to 14% of 2019 total airline revenues of $838 billion

	2019 Revenues ($ billion)	Aid promised ($ billion)	% of 2019 Revenues
Global	$838	$123	14%
North America	$264	$66	25%
Europe	$207	$30	15%
Asia-Pacific	$257	$26	10%
Latin America	$38	$0.3	0.8%
Africa and ME	$72	$0.8	1.1%

Several Asia-Pacific nations have failed local airlines in COVID-19 crisis

His analysis laid bare that some Asia-Pacific governments had failed to provide sufficient relief to their airlines even though the industry is a critical contributor to their economies.

U.S. carriers had received government aid as high as 25% of 2019 revenues. European airlines were given 15% of their 2019 revenues. Asia-Pacific carriers received 10%. Airlines in India, Thailand, the Philippines, Malaysia, Vietnam and Indonesia were virtually shunned by their governments. Australian airlines received 1.8% in government aid as a percentage of their 2019 ticket revenues. Japanese operators on the other hand, were allocated 22.1% and Korean carriers 11.6%, respectively, of their revenue last year. The best supported airline industry was in Singapore, where the airline group received 84.2% of its 2019 revenues in government aid.

"Many governments have stepped up with financial aid packages that provide a bridge over this most difficult situation, including cash to avoid bankruptcies," said de Juniac. "Where governments have not responded fast enough or with limited funds, we have seen bankruptcies. Examples include Australia, Italy, Thailand, Turkey and the UK. Connectivity will be important to the recovery.

"Meaningful financial aid to airlines makes economic sense. It will ensure they are ready to provide job supporting connectivity as economies re-open.

"For those governments that have not yet acted, the message is helping airlines raise equity levels with a focus on grants and subsidies will place them in a stronger position for the recovery.

"A tough future is ahead of us. Post-pandemic control measures will make operations more costly. Fixed costs will have to be spread over fewer travelers. Investments will be needed to meet our environmental targets. On top of all that, airlines will need to repay massively increased debts arising from the financial relief. After surviving the crisis, recovering to financial health will be the next challenge for many airlines," de Juniac said.

Korean carriers extend restart to regional destinations

Boosted by government support, South Korean carriers are leading the return to international and domestic flying. Hanjin-controlled Jin Air is commencing flights from Incheon Seoul to Bangkok, Hanoi, Taipei, Narita and Osaka this month, two months after the LCC suspended the routes when passenger traffic collapsed. Jin Air said the decision was made after considering demand from Korean residents living abroad, students and business travelers and increased air cargo volume to the destinations.

Korean Air (KAL) said it was resuming some services to preemptively react to an increase in passenger numbers as the pandemic spread slows. It will restart 13 of the 110 international routes it had operated pre-COVID-19. Next month, up to 32 international routes connecting Seoul to Washington D.C., Seattle, Amsterdam, Frankfurt, Kuala Lumpur, Yangon, Hanoi and Singapore will be available.

Rival Asiana Airlines will operate 27 of its 73 international routes from June, aimed mainly to recover routes to China including Beijing, Shanghai, Nanjing and Qingdao.

The major Gulf carriers, with their heavy reliance on transit traffic, are rapidly restoring their global networks. At the turn of the month, Emirates announced more flights will become available between Dubai and Amsterdam, Bahrain,

Global industry debt to hit US$550 billion this year

IATA's analysis showed the airline industry's global debt could rise to $550 billion by year-end, a $120 billion, or 28% increase, over January 2020. The $67 billion in new debt was made up of government loans ($50 billion), deferred taxes ($5 billion) and loan guarantees ($12 billion).

Approximately $52 billion of the support funding came from commercial sources, including commercial loans ($23 billion), capital market debt ($18 billion), debt from new operating leases ($5 billion) and access to existing credit facilities ($6 billion).

"More than half of the relief provided by governments creates new liabilities. Less than 10% will add to airline equity. It changes the financial picture of the industry completely. Paying off the debt owed to governments and private lenders will mean the crisis will last a lot longer than the time it takes for passenger demand to recover," said de Juniac.

Brisbane, Chicago, Copenhagen, Dublin, Frankfurt, Kuala Lumpur, Jakarta, London Heathrow, Madrid, Manila, Melbourne, Milan, Paris, Perth, Singapore and Vienna from June 15. Frequencies to Hong Kong are to be increased three a week. Travelers from the Asia-Pacific can transit through the Emirate to Europe and The Americas and bookings to Copenhagen, Manchester, Seoul and Taipei soon will be opened. Travellers must meet all immigration entry requirements of their destination countries.

Qatar Airways said the gradual rebuilding of its network is continuing with restoration of flights from Doha to Bangkok. Barcelona, Islamabad, Karachi, Lahore, Peshawar, Singapore and Vienna and services to Berlin, Dar es Salaam, New York, Tunis and Venice to soon follow. Flights from Doha to Dublin, Milan and Rome are to be increased or returned to daily.

Singapore and Hong Kong have been accepting transit passengers from June 1, but their feed is limited by the fact Australian and New Zealand carriers only are operating domestic networks and have not restarted international flights. ■

Asia-Pacific carriers are gradually welcoming passengers back on board while scrambling for funds to remain in the air

As they restart flying, airlines have launched an education campaign to convince regulators that filling every seat on aircraft will not transmit COVID-19. Not everybody is listening with some airlines open to keeping passengers happy by leaving the middle seats of aircraft empty.

The International Civil Aviation Organisation (ICAO) has unveiled Takeoff, its comprehensive blueprint for risk-based temporary measures for air transport operations during COVID-19 and the restarting of global flying. The next bit, persuading 192 countries and their airlines to adopt a universal set of guidelines to overcome passenger fears of contracting COVID-19 inflight, will be the hard part especially as the guidelines are not mandatory.

The International Air Transport Association (IATA) strongly supports Takeoff, but is concerned a worldwide patchwork of regulations will be introduced to the industry that will be onerous in application for carriers and irritating and inconvenient for passengers. The global airline body has urged governments to quickly and unilaterally adopt the new global framework for restoration of air connectivity.

Takeoff – ICAO Council approved Guidance for Air Travel through the COVID-19 Public Health Crisis – has delivered an important victory for airlines in the debate about the empty middle seat onboard. Takeoff said there should be "physical distancing to the extent feasible and implementation of adequate risk-based measures where distancing is not feasible, for example aircraft cabins".

Takeoff advocates a phased restart to aviation shaped by risk-based measures that "will mitigate the risk of transmission of COVID-19 during the travel process".

"This layering of measures should give travelers and crew the confidence they need to fly again. We are committed to working with our partners to continuously improve these measures as medical science, technology and the pandemic evolve," de Junaic said.

Takeoff is one element of the work of ICAO's COVID-19 Aviation Recovery Task force (CART). CART's team of aviation experts also urged governments "to avoid a global patchwork of incompatible health safety measures".

Whatever happens, argues the airline body as well as Airports Council International (ACI) World, governments must ensure measures introduced for their operations in the wake of COVID-19 are supported by scientific evidence and are consistent across the world.

CART is working with States and regional bodies on the industry's recovery from the coronavirus and is informed by advice from the World Health Organisation and supported by IATA, Airports Council International, the Civil Air Navigation Services Organisation and the International Coordinating Council of Aerospace Industries Associations.

Critical to the return to the "new normal" of flying will be social distancing on onboard, including empty middle seats. Empty middle seats reduce the maximum load factor for a flight to 62%, well below the average industry breakeven load factor of 77%.

With fewer seats to sell, unit costs would rise sharply. Compared with 2019, airfares would need to increase by 43% to 54% depending on the region to break even.

Already, in India, the Directorate General of Civil Aviation (DGCA) has ordered domestic and international airlines to keep the middle seat empty if passenger load factor and capacity allow it. Members of the same family can sit together but free masks and face coverings must be worn onboard, the DGCA said. If a seat between two passengers is occupied, the person in the seat must be provided with additional safety garments such as a "wraparound" gown.

IATA's medical advisor, New Zealander, Dr David Powell, said the association's stance against leaving the middle seat empty inflight is based on scientific evidence. Powell, a specialist occupational physician who was chief medical officer of Air New Zealand for 12 years, said the air circulated on passenger jets was not a cause for concern.

Recycled air on modern aircraft is treated by the same filtering system used in operating theatres, High Efficiency Particulate Air (HEPA). Dr Powell also pointed out air in an aircraft cabin does not flow horizontally along the cabin but vertically, from ceiling to floor, again reducing the chance of germs being spread.

Dr Powell is supported by Qantas Group medical director, Dr Ian Hosegood, who said data showed the risk of catching the coronavirus on an aircraft was already extremely low. "That's due to a combination of factors, including the cabin air filtration system, the fact people don't sit face-to-face and the high backs of aircraft seats acting as a physical barrier," Dr Hosegood said.

"As far as the virus goes, an aircraft cabin is a very different environment to other forms of public transport. Social distancing on an aircraft is not practical compared with on the ground. Given the low transmission risk on board, we don't believe it [empty middle seat] is necessary in order to be safe."

Association of Asia Pacific Airlines (AAPA) director general, Subhas Menon, said: "Departure screening procedures to mitigate the spread of COVID-19 should preferably be applied before travellers board their flights. Other measures such as leaving the middle seat empty have been suggested, but would make air travel much more costly without any meaningful public benefit in terms of risk reduction."

Even before any globally harmonized rules have been decided, individual airlines are introducing their own health safety regulations to convince passengers it will be safe to travel once flights resume in a meaningful way.

Leading Asia-Pacific carriers, All Nippon Airways, Cathay Pacific Airways, Qantas Airways and Singapore Airlines have developed detailed procedures, digitally accessed if preferred, to inform passengers of new travel procedures while COVID-19 remains a threat to public health.

Generally similar, they included deeper disinfecting and cleaning of aircraft cabins, compulsory face masks and health self-declarations. ANA has gone as far as warning that anyone without a mask may be refused boarding.

In the meantime, IATA is strongly urging governments to find alternatives to maintaining or introducing arrival quarantine measures as part of post-pandemic travel restrictions. An April survey it conducted showed 86% of travelers were somewhat or very concerned about being quarantined while traveling and 69% of recent travelers would not consider travelling if it involved a 14-day quarantine period.

"We need a solution for safe travel that addresses two challenges. It must give passengers confidence to travel safely and without undue hassle. And it must give governments confidence that they are protected from importing the virus," the IATA boss said. ■

ICAO's commonsense COVID-19 management measures

The International Civil Aviation Organisation (ICAO) has produced a set of guidelines, Takeoff, to contain the risk of contracting COVID-19 inflight. Major measures are:

- **Wearing** of face coverings and masks by passengers and aviation workers
- **Routine** sanitation and disinfection of all areas with potential for human contact and transmission
- **Health** screening, which could include pre and post flights, self-declarations, temperature screening and visual observation "conducted by health professionals"
- **Contact** tracing for passengers and aviation employees with updated contact information requested in the self-declaration form and interaction between passengers and governments be done through government portals.
- **Passenger** health declarations be in line with relevant health authorities and electronic tools be encouraged for declarations
- **Testing** if and when real-time, rapid and reliable testing becomes available

No silver linings for India's airlines beyond the virus

By Anjuli Bhargava

This year opened on a grim note for India's airlines. As the Indian economy slowed in 2019, there was a sharp drop in passenger traffic for the year. After expanding by double digits for many years, 2019 was the first year of the previous decade when air traffic dropped into single figures. The only silver lining for many of the airlines was the closure of Jet Airways in April 2019, which provided some reprieve for all other carriers as the slots vacated by Jet were filled by the rest.

By January, airlines were hurting from the lower traffic numbers from April to December 2019. So the last thing they needed was the COVID-19 outbreak that brought flights to a halt by the end of March.

Last year was challenging for many individual Indian carriers in spite of Jet's collapse. In June-July 2019, the country's largest and most successful airline, IndiGo, was wracked by an internal fend between its founders, a spat ugly enough to batter its stock and distract management attention for a while, but a reasonably stable senior leadership ensured the carrier stayed more or less on course.

The year also was not particularly kind to the big elephant in the room - Air India. The airline's net loss for 2018-2019 was Rs 8,400 crore (US$111.11 million) against total revenue of Rs 26,400 crore. Throughout the year, the airline had 20 to 25 aircraft on the ground. At some stage during 2018 and after Jet's demise, Air India had hoped to lower its losses for the year and even post a small operating profit. It did not happen. At the same time, government efforts to sell off its flag carrier made no progress.

India's other major carriers, Vistara, GoAir, SpiceJet and Air Asia India continued to expand throughout 2019, buoyed by Jet's collapse. But none of them was able to strengthen their balance sheets, despite reasonable expansion, due to heavy pressure on fares and lower traffic as a result of the economic slowdown. Margins remained wafer thin and most of the country's carriers were unable to add to their surpluses.

It was against this shaky backdrop that India's airlines faced the unforeseen tsunami that 2020 had in store for them: a complete shut down of operations at midnight on March 24, 2020. Faced with parking 670 aircraft (40 aircraft are expected to be added to the country's fleet in the next two years), while paying more than 70,000 employees, the airlines sought support from the Indian government, petitions that so far have failed to result in any targeted cash relief for the industry.

Meanwhile, the problems faced by different airlines continued to grow with the passing weeks.

Perhaps the biggest challenge faced by the Indian authorities is how to keep Air India's head above water in the present circumstances of global aviation. The big elephant in the room has now become a noose around the government's neck. The airline needs almost Rs 10,000 crore to survive the next few months, according to Center for Asia Pacific Aviation (CAPA) India estimates and by analysts in the sector.

This situation has developed as pressure on government finances from the COVID-19 pandemic has been more severe. There is debate about a government using its funds to keep an airline going rather than supplying essentials and food to a large part of the country's population, many who run the risk of starvation.

Air India

The Air India sale, which has seen one failure in the BJP-led NDA's tenure, is also one of the "spotlight" sales in the country's disinvestment program. The government has upped the ante for the sale by putting key people in charge. According to a former aviation secretary: "This government has staked a lot on the sale by putting the country's second most important person in charge of the sale, the home minister Amit Shah". If the sale fails despite Mr Shah being in the cockpit, "the government will have egg all over its face".

In the absence of any buyers, the government has been exerting pressure on Tata group – which runs both Vistara and AirAsia India - to take it over. In fact this pressure has subtly been applied since 2014, when the then minister of state for civil aviation, Jayant Sinha, met Tata senior management in Mumbai and suggested they take charge of the national carrier.

GoAir

On May 25, when all Indian airlines resumed operations, Mumbai-headquartered GoAir decided to adopt a wait and watch policy. The airline has been reeling from its own woes for a while. Problems with the A320neo continued to persist as did its eternal difficulty of retaining talent.

But analysts feel that GoAir's crisis runs deeper with the promoters barely interested in

running the show. "While the father-son duo are keen to earn a return on their investment, time and effort, neither is particularly interested in running the airline", says a former CEO of the carrier, on condition of anonymity. With CEOs and HR heads of the airline changing with unerring regularity, the airline is rudderless. In the lockdown it stopped paying virtually all employees barring a few engineers required to keep its aircraft in running condition.

SpiceJet

In a relentless pursuit of growth post the demise of Jet Airways, SpiceJet's Ajay Singh finds himself with more aircraft than ever. SpiceJet has 112 planes in its fleet. The airline is living hand to mouth with cash balances running at all time lows. The airline also had its own share of problems with the MAX grounding pre-pandemic. Many argue the turnaround king is in serious trouble this time around and he too will find it hard to pull out rabbits from his magician's hat. During the lockdown and post it, SpiceJet has been relying more and more on cargo operations, some on behalf of the government and paid from the tax payer purse. It also has introduced pay cuts across grades. Industry observers however feel SpiceJet's chances of survival are higher than GoAir's, mainly on account of the committed of the management.

IndiGo

While IndiGo remains the strongest player in terms of its deeper pockets and steadier management than most of its rivals, the airline has had the worst two years since its inception. The spat that erupted between the airline's two chief corporate pilots – Rahul Bhatia and its U.S. promoter, Rakesh Gangwal – continues to eat into the mind space of the founders at a time when international arbitration is underway. In addition, the airline lost one of its two wings so to speak, as Gangwal remains distanced from the running of the carrier.

The airline is in the hands of a competent but ageing team. CEO Rono Datta, primarily is a full service airline expert, with little hands on experience with low-fare carriers. In fact many argue the age of the top team reflects the inability of Indian carriers to find the right homegrown talent even today.

The other senior team members include president and chief operating officer, Wolfgang Prock-Schauer, and chief commercial officer, William Boulter. The Indian senior management is a bit younger, including a recently appointed chief financial officer, Aditya Pande, chief strategy and revenue officer, Sanjay Kumar, who recently returned to the airline after a short stint with AirAsia India and Sanjeev Ramdas, EVP, customer services, among a few others. IndiGo had put in place a robust international expansion plan pre-COVID, which will now have to be revised dramatically.

Vistara and AirAsia India

The two Tata ventures in the aviation space operate as chalk and cheese although they often end up competing in a domestic market that remains entirely fare driven. Within a few weeks of lockdown, rumours were rife that the Tatas may abandon the rockier of the two ships – AirAsia India – a venture that has appeared jinxed from the word go. Both airlines started flights on May 25, the day the resumption began and had also introduced graded pay cuts. Analysts have bet their money on Vistara over AirAsia India in terms of survival and success, based almost entirely on the maxim slow and steady wins the race. ■

Strength of numbers

Is there a masterplan for carriers to successfully navigate the COVID-19 crisis? In a frank briefing last month, Qantas Group CEO, Alan Joyce, outlined the company's strategy to return to corporate health post the pandemic. Associate editor and chief correspondent, Tom Ballantyne, reports.

In January, when the coronavirus pandemic began to spread beyond China, the International Air Transport Association (IATA) quickly warned that most airlines would run out of cash within two months. For many, that has become reality. Without government-backed aid or loans the industry would be littered with casualties. For some airlines, however, a solid balance sheet and clever planning bodes well for their future beyond COVID-19.

An example is the Qantas Group. Although CEO, Alan Joyce, said carriers under the company's umbrella would be burning through US$25.8 million a week until travel demand picked up, he added the group could sustain the cash drain until December next year. Joyce's forecast also included an optimistic assessment that domestic flying could gradually resume from July given Australia's success in combating the virus outbreak.

Joyce also sees an opportunity with New Zealand if both governments are comfortable with a proposed travel bubble. "It's a very big tourism market. It's the second largest tourism market into Australia and the largest tourism market into New Zealand," he said.

"It would be great if we got that by the end of the year, but with the rest of the operation it could be well into 2021 before we see substantial operations into the U.S. and into Europe the way things are at the moment."

An approved travel bubble between Australia and New Zealand could be closer to fruition than Joyce thought. Last month, New Zealand prime minister, Jacinda Ardern, said a cross-Tasman committee was working to open air travel between the two countries. A plan is expected to be completed this month with the aim of having a schedule in place by September, she said.

> We see the potential for operating 40%-50% of our pre-COVID-19 [domestic] network in July if demand is there. As long as all states are comfortable with opening their borders
>
> **Alan Joyce**
> Qantas Group CEO

At his webinar briefing in May, Joyce said the group's cash balance was in a very strong position. "Under the circumstances, we absolutely have to be. We don't know how long domestic and international travel restrictions will last or what demand will look like as they are gradually lifted. Our ability to withstand this crisis and its aftermath is only possible because we are tapping into a balance sheet that has taken years to build," he said.

Qantas is operating 5% of its pre-crisis domestic passenger network and around 1% of its international schedule, based on Available Seat Kilometres (ASK). At press time it had risen to 15%. As COVID-19 spread, 25,000 of the group's 30,000 employees were stood down without pay.

At the start of the crisis, the group quickly wound down cash burn, including a pause on virtually all capital and operating expenditure and a revision of agreements with key suppliers.

Joyce said a strong balance sheet and its aircraft assets had strengthened its bottom line. In March, it raised $678 million against seven wholly-owned B787-9s. In May, it secured another $355 million in funding against three B787-9s.

Additionally, the group has $1.74 billion in unencumbered aircraft assets that can be used to raise more funds if required.

> Pre-COVID-1, two-thirds of all Qantas frequent flyer points were earned on the ground, meaning opportunities for engaging the program's 13 million members remained high despite the pause in flying activity

With net debt in the middle of the target range, at $3.75 billion, Qantas has no financial covenants on any existing or new debt facilities and no significant debt maturities until June 2021. At close of business for May 2020, total short-term liquidity stood at $2.3 billion, including a $1 billion undrawn facility.

Fuel hedging positions revised

Qantas Group's fuel requirements are 100% hedged for most of fiscal year 2020. The strategy delivered significant benefits in the first half of the year, but has resulted in hedging losses as fuel consumption dropped and oil prices fell in recent months.

In early April, the group closed out its over-hedged position to September 2020. "This avoided the precipitous falls in oil prices that occurred in the second half of April and significantly lowered the group's exposure to further hedging losses," Qantas said.

The group's remaining Brent crude oil hedging, to September 2020, is in outright options with no risk of more hedge losses. The cash impact of all foreign exchange and fuel hedging between now and the end of September 2020 is a US$93.6 million cash outflow," said the company in a statement.

Another asset for the group is its loyalty program. It is a major contributor to profitability, with external billings flowing from Frequent Flyer partners that include financial services and retailers.

Qantas Freight has experienced high volume and strong revenue inflow in March and April. Its 12 dedicated freighters are heavily utilized and passenger A330s and 787s have been used to move cargo to Shanghai, Hong Kong and Tokyo, facilitating the export of Australian produce and import of medical supplies. The domestic freighter network has seen high volumes, due to e-commerce, with demand above the peak levels normally associated with Christmas.

Qantas has told Airbus and Boeing it won't accept new capacity until the crisis is over. Three B787-9s, due to arrive at the airline this year, have been deferred. Eighteen 18 A320neos, earmarked for LCC offshoot, Jetstar, and previously scheduled for arrival at Qantas between August this year and 2022, are to be delayed.

Project Sunrise on hold

Twelve A350s, earmarked for Qantas' ambitious Project Sunrise – non-stop flights from Sydney to London and New York – are in limbo. "We do think there is huge potential for Project Sunrise, but the time is not right, given the impact COVID-19 has had on world travel. But there still is a good business case for it and a good opportunity," Joyce said.

He has made it clear "the Qantas of 2021 and 2022 will not be the Qantas of 2019". While final decisions have yet to be made, it is likely it's remaining five B747s, due to be retired at the end of this year, will not fly again. The future of its A380 fleet also is being assessed. There will be a sweeping review of the entire international fleet as the industry enters the post-coronavirus period.

Like everyone else, Qantas has no idea when the crisis will end, but it is in a better position than most of its rivals to overcome the global pandemic. "Australia has done an amazing job of flattening the curve and we're optimistic domestic travel will start returning earlier than first thought, but we clearly won't be back to pre-coronavirus levels anytime soon," said Joyce.

"With the possible exception of New Zealand, international travel demand could take years to return to what it was.

"We are expecting demand recovery to be gradual. It will be some time before total demand reaches pre-crisis levels. That means we need to think about what the Qantas Group should look like on the other side of this crisis to succeed. Fleet, network and capital expenditure will have to be reviewed, but our commitment to serve communities across Australia will not change."

What may change, however, is the competitive landscape in Australia. Unless a deal intended to revitalize Virgin Australia is derailed in coming weeks, the rival carrier to Qantas will again be snapping at the heels of a dominant Qantas.

Elsewhere, in a surprise announcement, regional turboprop operator, REX, said it planned to lease 10 narrow-body jets - either B737s or A320s – to launch flights between the country's capital cities, probably early in 2021. If REX receives approval to extend its domestic network, Qantas will have two local rivals instead of one.

But right now, its biggest competitor is COVID-19. ■

New Zealand foreign minister says border closures in Australia delaying "travel bubble"

New Zealand foreign minister, Winston Peters, wants Australian states keeping their borders closed to change their minds so the proposed trans-Tasman travel bubble can go ahead.

"Basically, we are asking for the handbrake to come off, but it has to be organized out of Australia,"said Peters, who also is the country's deputy prime minister.

Australia's island of Tasmania, where tourism is a major source of employment, has been a keen supporter of a Tasmania-New Zealand travel bubble, but some other Australian states are keeping their borders shut.

New Zealand prime minister, Jacinda Ardern, said in early June "Australia must decide whether the proposed travel bubble would be with some states and New Zealand or if all internal restrictions had to be lifted first".

"We have said it is for Australia to determine. We are not necessarily here determining it has to be country-wide," she said.

Recommendations for the introduction of the travel bubble between the two Pacific nations have been submitted to both governments, with forecasts it could be operating from September. The travel bubble would remove the requirement for quarantine after qualified Australian and New Zealand travelers arrive in each other's countries.

THAI hauled back from financial precipice

It's what you do to avoid bankruptcy when you are on the verge of bankruptcy. Thai Airways International (THAI) could have been the second major victim of the COVID-19 crisis in the Asia-Pacific, but it refused to raise the white flag. Associate editor and chief correspondent, Tom Ballantyne, reports.

Lawyers representing Thai Airways International (THAI) will make their first appearance before Thailand's Bankruptcy Court on August 17 to plead the carrier's case for rehabilitation.

If the application is approved, the high profile team charged with keeping THAI alive could take up a to a year to formulate a transformation plan of the airline, a process already attempted, without success, several times in recent decades.

THAI's legal advisor, Kitipong Urapeepatanapong, told media in a briefing at press time it could take five months to a year to draw up the turnaround plan and from five to seven years to implement it.

Focuses for reform are major debt reconstruction, sweeping cost reductions, transformation of the company's operating structure and culture, flight network and fleet review and identification of new revenue sources.

Before the Bankruptcy Court option for THAI was announced, rumours had been circulating for months that THAI was about to go bankrupt and the speculation extended beyond Thailand.

The carrier's acting president, Chakkrit Parapuntakul, was quick to respond. "Thai Airways will not be dissolved or go into liquidation or be declared bankrupt," he declared.

He was right - in a manner of speaking.

Shortly afterwards, the country's cabinet approved a reform plan being implemented "through the business reorganization chapter under the auspices of the Central Bankruptcy Court of Thailand and the Bankruptcy Act", Chakkrit explained. Officially, it is not actually bankruptcy. Unofficially, it showed just how close THAI came to going under.

In essence, the solution is similar to regulations in the U.S., which allow a financially barren airline to enter Chapter 11, a bankruptcy clause that permits a carrier to continue operating while protecting it from creditors as it attempts recovery.

In THAI's case, under local bankruptcy laws, it will be able to strive for its reform objectives "even more effectively step by step as required by the law", the prime minister said.

"It will provide equitable protection to all relevant stakeholders while THAI conducts its normal business operations including passenger and cargo transportation. The business will be operated in parallel with the reform plan to increase efficiency and improve product and service quality," THAI said.

"It was a difficult decision," Thailand's prime minister, Prayut Chan-o-cha, told reporters at a news briefing last month.

The plan replaced THAI's request for a government guaranteed loan of US$1.5 billion to help it survive COVID-19.

"The government has reviewed all dimensions. We decided to petition for restructuring and not let Thai Airways go bankrupt. The airline will continue to operate," Prayut said.

THAI was in trouble long before COVID-19 imploded the global airline industry. Majority-owned by Thailand's Finance Ministry, it has posted losses every year since 2012, except for 2016.

Last year it lost US$377.3 million and is now carrying $3 billion in debt. Its debt-to-equity ratio rose to 21 times in 2019 from 12 in 2018 and 7.8 in 2017. Over the years, several rehabilitation plans have failed to turn around THAI's performance. The office of the president has seen a revolving door of aspirants who fell out of favour with the government especially when they delivered news the country's leadership did not want to hear.

Making significant capital decisions, such as fleet renewal, were hampered because clearance required the approval of several government committees that caused delays and often a readjustment of plans. Also inhibiting recovery efforts was THAI's board of directors and management who were heavily weighted towards air force officers inexperienced in commercial airline operations.

Prayut said THAI would be protected by the courts and "a professional" would be appointed to oversee the restructuring. The airline's 21,000 employees would keep their jobs, he added, despite overstaffing at the carrier clearly being an issue. THAI has 75 aircraft while Singapore Airlines, for example, has 136 aircraft and only 15,000 staff.

Chakkrit said: "This is an important step for THAI to change and become a stronger and more sustainable entity. THAI expressed its gratitude to all concerned in every sector of the economy, shareholders, partners, alliances, customers and in particular all THAI passengers for their continued support and confidence in the airline. THAI will resume full operations once the COVID-19 situation subsides."

In the meantime, the Civil Aviation Authority of Thailand (CAAT) last month announced the ban on international flights into Thailand would be extended to June 30 at the earliest, with more delays possible if the crisis persisted. At present, THAI can operate some domestic flights, but internationally it is limited to repatriation flights bringing Thais home from abroad. ■

AIR TRAFFIC MANAGEMENT

CANSO accepts complimentary access to Metron's Horizon flight prediction software

The **Civil Air Navigation Services Organisation (CANSO)** said **Metron's** commercial demand prediction tool, **Horizon**, will be offered free to Air Navigation Service Providers (ANSP) until October 31, this year.

Horizon is a web-based application offering demand predictions for arriving, departing and en route aircraft based on scheduled, planned and actual data.

CANSO said the system combines flight plan and surveillance feeds for tactical demand predictions for aircraft in operation.

"I am delighted Metron Aviation is making this tool available to our members at such a challenging time for our industry," **CANSO director general, Simon Hocquard**, said last month.

"This initiative will help improve ATM service delivery during the restart and recovery [post COVID-19 for the industry] by increasing predictability when we are likely to experience fluctuating travel levels."

Metron president, Chris Jordan, said access to accurate planning information in combination with increased predictability had never been so important. The system can be implemented with an ANSP without installation of additional equipment.

With air traffic in most regions of the world declining by more than 80%, there continues to be uncertainty about its restart and recovery, a CANSO statement said.

"When and with what conditions are in place are critical questions still to be determined. The restart of air traffic is likely to bring different traffic flows and aircraft mixtures. Much will depend on how fast traffic resumption occurs. It is why predictive tools like Horizon are so important. They enable richer and more informed data on expected demand." ■

AVIATION TECHNOLOGY

Baggage worries eased with new tracking system at Seoul Incheon airport

Members of **Korean Air's (KAL) SKYPASS** frequent flyer program can now learn when their baggage is loaded on their flights in real time using push notifications on the KAL mobile app.

Launched on June 1 for all international flights from Seoul Incheon airport, the technology gathers information from the baggage reconciliation system (BRS) that matches information scanned from check-in and loading processes, the airline said. The BRS delivers baggage tracking and ensures passengers' luggage is on the right aircraft. ■

GroundStar Optimization Software to update LCC IndiGo's equipment and resource management

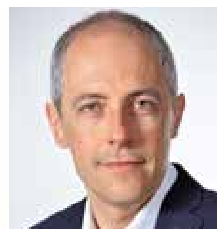
India's IndiGo Airlines has chosen **INFORM's GroundStar** software suite to "optimally plan, schedule and allocate its manpower and equipment resources", the German-headquartered company said last month.

"Our ability to provide real time agility to workforce and equipment challenges makes us a perfect match for IndiGo's fast-growing operations, " said **INFORM director business development aviation, Altay Fellah**.

"Many low-cost airlines see us as a supplier to mainly large flag carriers. I believe our partnership with IndiGo will change this perception." ■

SITA unveils new leadership team and renames SITAONAIR

Global IT provider to the airline industry, **SITA**, has moved **CEO SITA FOR AIRCRAFT, David Lavourel**, to the run the IT provider's **SITA AT AIRPORTS AND BORDERS**. SITA'S vice president airlines and airports, **Sebastien Fabre**, is Lavourel's successor. SITAONAR is now SITA FOR AIRCRAFT. The new appointments took effect on June 1.



For the remainder of 2020, SITA will be focused on solutions for new passenger processes to ensure the health and safety of passengers and support the re-engineering of the passenger journey, the company said when it announced the new leadership team. ■

Sabre axes more jobs as it completes a two-year restructuring of its global business

U.S. headquartered travel software and technology provider, **Sabre Corporation**, has announced approximately 800 employees at 43 of its offices worldwide will be made redundant as part of the company's "strategic realignment". Four hundred Sabre staff already have lost their jobs in the the organisation's 24-month restructuring.

Sabre also said team member furloughs would end on or before July 6, employee compensation would be restored to 100% of base pay by the same date and it would introduce a remote work program, "work from anywhere" where permitted by local laws.

Key elements of strategic realignment include the creation of solutions for LCCs to retail and distribution content through Sabre's recently acquired Radixx and transformation of Sabre's technology in a 10-year preferred partnership with Google.

Initiatives to be developed between Sabre and Google will be migration of Sabre's IT infrastructure to Google Cloud, utilization of Google's data analytics to enhance Sabre's products and "design a broader innovation framework with Google to optimize the talents of both companies". ■

FINANCE

SMBC Aviation Capital defers deliveries of 68 737MAXs to 2025-2027

SMBC Aviation Capital has reported a profit before tax of US$364.5 million for the fiscal year to March 31 and revealed it had deferred orders for 68 737MAXs to 2025-2027.

The lessor said its operating lease assets grew by 3.7%, to $10 billion; lower than forecast growth, for the year. It attributed the shortfall to the 737MAX grounding in March last year and delays in delivering the A320neo.

The Dublin-headquartered lessor reported EBITDA of US$1. 1 billion "with EBITDA to interest coverage remaining strong at 3.6 times", it said in a June 3 results statement.

"The pandemic will have a significant and potentially prolonged impact on the aviation industry. This period also has demonstrated the importance of air travel to the global economy," **SMBC Aviation Capital CEO, Peter Barrett**, said.

"We believe the sector will work together to address the current challenges to support economic recovery." ■

Investors add US$60 million to Nordic Aviation Capital war chest as lessor seeks debt "standstill"

When **Patrick de Castlejabac** joins the Ireland-headquartered **Nordic Aviation Capital (NAC)** as CEO on July 1, he will be immediately tested by his management of company's decision to seek a "possible debt standstill and deferral" of loan commitments to "counteract the negative impact COVID-19" has had on its business.

To support NAC, rated as the world's largest lessor of regional aircraft, several long-term shareholders have agreed to inject US$60 million of new equity into the company to support it through the pandemic.

"In light of these discussions with lenders, the company today [June 5] applied to the High Court in Dublin for launching a scheme of arrangement under the Irish Companies ACT", a NAC statement said.

'If approved, the scheme would be an agreement between NAC and its lenders to standstill and defer payments of interest and principal of its borrowings covering the next six to 12 months."

NAC owned 500 aircraft at January 1, 2020, but said COVID-19 had resulted "in a large number of lessees deferring lease payments". As a result, NAC "has been liaising with lenders concerning the standstill and deferral of debt".

Outgoing CEO, Soren M. Overgaard, said: "The anticipation of a prolonged recovery from COVID-19 drove the requirement to undertake this complex engagement process with our lenders."

The requested debt holiday requires "court approval and the agreement of lenders voting in classes of representing 75% by value and more than 50% by number", NAC said. ■

TRAINING

CPaT wins distance learning contract with Korean flag carrier

U.S. pilot distance learning specialist, **CPaT**, has won a contract to provide distance learning for Korean Air (KAL) flight crew.

The package includes tailored aircraft systems courses, more than 40 general subjects, interactive aircraft diagrams and a mobile learning management system.

Pilots can be trained across the entire KAL fleet of A220, A330, 737-800 and-900, 747-400, 777 and 787 aircraft.

CPaT president, Brian Bergeron, said: 'With more than 250 clients, CPaT's experienced team will assist Korean Air by designing and implementing a cost-reducing, tailored and in-depth distance learning solution."

KAL said "after an extensive review, we determined CPaT's courseware and services were an excellent solution to our distance learning training needs".

"We are looking forward to working closely with CPaT to provide our pilots with cutting edge, advanced mobile training courses giving them the flexibility to train anytime and anywhere," KAL said.

CPaT's client base is airlines, flight training academies, corporate flight companies, airline training organisations and universities. ■

ST Engineering U.S. subsidiary suffers cyber assault

At press time, **Singapore's ST Engineering** revealed its U.S subsidiary, **VT San Antonio Aerospace**, had been hacked by cyber security criminal ring, Maze group, which had gained unauthorised access to the aerospace conglomerate's IT network and instigated a ransom attack.

The Singapore headquartered group said on June 7 "the threat has been contained and believed to be isolated to a limited part of ST Engineering's commercial operations in the U.S.". ■

Orient aviation

26 YEARS