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SINGAPORE AVIATION: HIVE OF ACTIVITY

Buoyed by flourishing market sentiments, the aviation sector is seizing opportunities to expand operations, differentiate services and add value to stay competitive. Bridging Skies takes a look at what the aviation industry has in store in the year ahead.

Singapore's aviation industry documented steady progress and resilience in 2010. Its strong performance was driven predominantly by an increase in travel demand. A record 42 million passengers passed through Singapore last year, a performance underpinned by robust travel growth to and from Southeast and Northeast Asia. With the economy on the upswing, airfreight movements also exhibited strong growth in 2010.

GROWTH BRINGS OPPORTUNITIES

With growth in air travel, nine new airlines begun operations in Singapore in 2010, while existing airlines have expanded their operations by adding capacity, new services as well as adding new and enticing destinations to their networks to meet and further stimulate demand. In December last year, Jetstar Asia commenced Singapore's first value-based long-haul direct service to Melbourne. In March this year, Singapore Airlines (SIA) will be launching its thrice-weekly service to Sao Paulo in Brazil, via Barcelona, Spain. This will be SIA's first South American destination and a first for Southeast Asia.

Additionally, airlines are also differentiating their services to ensure that their offerings remain competitive. These include enhancing cabin comfort and in-flight entertainment, as well as putting more emphasis on customer service. SIA announced recently that they will feature a new first-class seat which converts into the largest full-flat bed in the sky, a 30-inch wide Business Class seat and unprecedented space offered by the new Economy Class seats in their 777-300ER aircraft. Jetstar Asia also launched the Customer Service Charter to raise customer service standards, the first value-based carrier to introduce such a service guarantee.

On the aerospace front, dominant international players are also in strong expansion mode. The buzz of activity is evident in this sector with major international players investing and establishing their regional hubs in Seletar Aerospace Park. Rolls-Royce is setting up a futuristic plant that will comprise a Trent aero engine assembly and test facility, a wide chord fan blade (WCFB) manufacturing facility as well as a regional training centre and Advanced

Technology Centre (ATC) for technology research. Pratt & Whitley is also establishing a Maintenance Repair Overhaul (MRO) campus at Seletar and homegrown ST Aerospace has opened new hangars for airframe maintenance and modifications, including passengerto-freighter conversions.

The air cargo and logistics sector is also expanding as growth is expected this year with the increase of trade in Asia. "The economy is set for robust growth which confirms that this will be a better year for the sector as compared to 2008. Moreover, the growth in intra-Asia trade will also make 2011 more exciting as this means more investments in freight-forwarding businesses," said Steven Lee, Deputy Chief Executive Officer, South Asia Pacific, DHL, and Chairman of the Singapore Aircargo Agents Association. The opening of new facilities, particularly FreePort and Coolport @ Changi, also expands Singapore's ability to manage a more diverse cargo mix including the fine art and pharmaceuticals respectively.

GROWING FOCUS ON TRAINING

With new services, new facilities and new technologies, the aviation industry needs a constant supply of well-trained and skilled manpower to meet industry growth demands. Tertiary-level institutions and training schools play a vital role in training and equipping students with industry knowledge and relevant skills that will aid the industry in filling the gap in employment. The industry has also put in place training and education programmes to attract and groom our next generation of aviation professionals.

To fill the gap in the resource pool for pilots, Temasek Polytechnic (TP) launched a new flying programme last year in which students can train for a private pilot license. "TP has also increased the school's intake of students for the Diploma in Aviation Management and Services course to boost the supply of trained aviation professionals to enter the workforce." said Paul Yap, Course Manager, TP.

Companies are also beefing up their training programmes to support their growth plans. The Jetstar Cadet Programme was launched in December 2010. "Such programmes are vital for us to create an additional stream of pilots to meet with growth demands," said Chong Phit Lian, Chief Executive Officer, Jetstar Asia Airways. Rolls-Royce has also engaged SIAEC, the Institute of Technical Education (ITE) and the Workforce Development Agency (WDA), to partner them in developing a series of new and specialist courses with a focus on technology to broaden and advance the existing skills base, to better meet the growth potential of the aerospace industry in the region.

Apart from skills- and knowledge-based training, there is a need to ensure that our workforce will also be ready to assume leadership positions in the industry eventually. Embry-Riddle Aeronautical University (ERAU), an internationally established institution, renowned for its knowledge and expertise across a broad range of aviation disciplines, collaborated with

several institutions to offer undergraduate to post-graduate programmes focused on aviation. One such programme is the Masters in Business Administration (Aviation) offered jointly by ERAU and the Singapore Aviation Academy. Such programmes will augment the overall development of aviation professionals, and prepare them to take on leadership positions to spearhead the industry.

Recognising the need to boost the manpower needs of the industry, the Civil Aviation Authority of Singapore (CAAS) launched the Aviation Manpower Programme (AMP) with a budget of S\$9 million for the period of 1 December 2010 to 31 March 2015. The AMP is the third programme under the S\$100 million Aviation Development Fund (ADF), which was launched on 1 April 2010 to promote and develop the aviation sector in Singapore.

Many in the industry welcomed this initiative. "In support of the aviation sector, Singapore understands the requirements of the industry and has created several programmes to assist companies like ours and new entrants," opined Jonathan Asherson, Regional Director, Rolls-Royce Singapore Pte Ltd.

THE JOURNEY AHEAD

Singapore's aviation industry may be enjoying good growth but the road ahead is not without its challenges.

The key challenge on most lips is the rising cost of doing business. "With the better economic outlook, historical trends have shown that the cost of manpower, facilities and general operations will increase in tandem," said Dr Aloysius Tay, Chief Executive, Association of Aerospace Industries Singapore (AAIS). Nicholas Ionides, Vice President, Public Affairs, SIA, concurs, "We will have to carefully manage two key challenges that will impact the bottomline – the continuing volatility in currency markets and volatile jet fuel prices that continue to escalate." While macro factors are beyond the industry's control, there are some internal measures companies can undertake to alleviate some cost burden. "To mitigate the increasing cost, companies can aim to improve productivity, enhance turnaround time, ensuring high quality products and services and protecting Intellectual property," explained Dr Tay.

Aside from rising cost, our growing aviation industry will need a robust workforce to sustain competitive advantage. Among the main manpower concerns are attracting and retaining talents like pilots, aerospace and MRO professionals. The main focus for the aviation industry this year is to further enhance productivity by galvanising and strengthening the aviation workforce.

Dr Tay observed that with the growth of aviation in Asia, many aerospace companies have emerged in the region, especially in India and China. "This trend is set to persist beyond 2011, creating further competition for local aerospace companies," he added. Tang Wai Yee, Jurong

Town Corporation, expects that competition will also become tougher for airline companies and with that, there will be greater pressure on suppliers and providers to provide competitive packages in terms of pricing and servicing.

“The growth in air traffic presents the region with more opportunities in MRO, pilot training and other growth services,” said Lim Kok Kiang, Director, Transport Engineering, Singapore Economic Development Board. He added, “We also expect that it will drive offshoring and outsourcing of the manufacturing and supply chain eastwards, as Western aerospace companies seek to be nearer to their customers in Asia Pacific. Hence, as the gateway to Asia, we need to show companies around the world that Singapore is well positioned to capture a share of the expected growth”.