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Airlines: Performance for February 2012

On March 1st, 2012 the International Air Transport Association (IATA) published a report which underlined the performance of airlines worldwide. According to this report, profitability of airlines for the fourth quarter of 2011 was down 60% last year. Additionally, global airline share prices flattened in February 2012, in contradiction to other markets which grew by 5%. Despite the poor economic results of airlines, air travel experienced a growth of up to 5.7% in January compared to last year and passenger load factors improved significantly, mainly due to the rise in traffic and no growth in capacity over the month. In the contrary freight markets contracted by 8% in January compared to January of 2011.

As it is already mentioned, global airline shares remained flat during February 2012. Nevertheless, there were regions, such as Asia which showcased a solid growth compared to the previous month and regions, such as North America that displayed a decline in shares. In more details shares of Asian aircrafts grew by 3% whereas US airline shares contracted 7% in February compared to January. The main reason was that financial markets expected airline profit to weaken as rising fuel costs placed downward pressure on margins.

Actually, this was verified as jet fuel prices continue to rise. It is indicative that in February 2012 jet fuel prices rose 14% above levels a year ago. This was mainly caused from concerns over a possible EU embargo of oil imports from Iran.

High fuel prices were the main reason why global airlines experienced a pressure on profits for the fourth quarter of 2011 compared to the same quarter of the previous year. Globally, net profits have contracted by 60%, contrary, North American airlines performance improved from Q4 2010; a result of tight capacity controls.

As it is already mentioned 2012 began with strong performance in air travel demand, while air freight demand declined. Worldwide air travel was 5.7% higher in January than a year ago. Air freight markets were down 8% for the year. Middle East was the region with the best performance, experiencing a double-digit traffic growth of 14.5%, whereas airlines in the African region showcased the worst performance reporting a 3.6% decline in demand.

Kyriazis Vasileios,
Epicos Newsletter Head Editor

January 2012: Global Traffic Results

In January 2012, the global traffic results for aviation showed a 5.7% rise in passenger demand but an 8.0% decline in air freight compared to the same month in 2011, according to the International Air Transport Association (IATA). The 5.7% rise in passenger demand was a slight acceleration from the 5.6% year over year increase recorded for December 2011. Regarding the freight market, there was a 2.5% fall from December to January a fact that could be attributed to the impact of the reduced industrial activity of Chinese factories due to the Chinese New Year. The region with the biggest traffic growth was Middle East, where airlines recording showed a 14.5% increase. African airlines showcased the worst performance reporting a 3.6% decline in demand.

As it is already mentioned, Middle East was the region with the best performance, experiencing a double-digit traffic growth of 14.5%. Additionally, capacity rose to 10.6% making load factor to climb by 2.7 points to 78.5%. Latin American carriers experienced a traffic rose of 7.9% in January compared to the same month last year, becoming the second region in traffic growth. The region's capacity increased by 7.4% and the load factor was 79.9%. Actually Latin America showcased the biggest load factor of all regions.

Asia-Pacific airlines experience a 6% traffic rise in January compared to 2011. Capacity climbed by 6.4%, exceeded the traffic rise by 0.4 and made the load factor to slightly dip to 77.5%. Europe, once again paid the price of the persisting economic crisis. European carriers experienced a 5.3% gain in traffic versus January 2011, a result that is positive but they considerable drop from the 9.5% growth recorded in December. Capacity increased by 2.7% and the load factor was 75.7%.

North American and African airlines reported a decline in demand. North America had a 0.3% decrease in passenger traffic, but capacity dropped 0.9%, pushing load factor up to 77.6%. Finally, airlines in the African region reported a 3.6% decline in demand and a 0.8% decline in capacity, showcasing the lowest load factor of all regions by 64.8%.

Undoubtedly, the increase in passenger demand during January 2012 represented a positive sign for the new year and it remains to be seen if this trend will continue till the end of the year.

Kyriazis Vasileios,
Epicos Newsletter Head Editor

Epicos "Industrial Cooperation and Offset Projects"

Epicos "Industrial Cooperation and Offset Projects" provides a unique set of online tools enabling the structure, identification and implementation of comprehensive Offsets programs, through a searchable database.
By introducing different offset projects and ideas proposed by local A&D industry it ensures the optimum cost for Prime Contractors and reassures that the priorities of local industry are fully met…

For Further Information Press Here

Ruggedized TFT displays capability development for vetronics applications

A company is proposing the collaboration with a Prime Contractor or a third company for the development of fully-ruggedized TFT displays line in order to be utilized in vetronic systems development and installation.

For Further Information Contact our ICO Department

Mail at: g-menexis@epicos.com

Provision of external source for on-board equipment tests and turbine start-up

A company with international reference in the production and commercialization of GPUs is proposing the provision of its static Ground Power Unit (GPU), designed for airplanes, as external source for on-board equipment tests and turbine start-up to address the international market.

For Further Information Contact our ICO Department

Mail at: g-menexis@epicos.com

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FAR/AMT 2012: Federal Aviation Regulations for Aviation Maintenance Technicians (FAR/AIM series), by Federal Aviation Administration

As the most accurate and reliable regulatory reference on the market for aviation maintenance technicians (AMTs), this volume of the Federal Aviation Regulations (FAR) and relevant advisory circulars clearly marks all changes from the previous year. Additional AMT references from the FAA Advisory Circular publication makes this book the most comprehensive regulations book available for aviation technician and repair centers. All data is indexed by subject matter and features the regulations from the original government text. Reformatted for better legibility, this edition offers access to a free e-mail and downloads service that posts FAR updates throughout the year.

The Economics of Defence Spending: An International Survey, by Keith Hartley, Todd Sandler

First published in 1990, this is an authoritative account of defence spending and policy in both developing and developed countries. The book provides case-studies and comparitive materiel for policy-makers, civil servants, and military staffs throughout hte world. It will also be of great use to students of economics, politics, international relations, and policy studies.

Epicos Newsroom

Germany urges EU to negotiate over emissions fee outcry

The German government urged the European Commission on Friday to negotiate with countries opposed to the EU's airlines carbon emissions fee to "de-escalate" opposition and avoid trade disputes.

Germany's economics ministry "is viewing the international development at the moment with the EU emissions trade with concern", spokeswoman Tanja Kraus told reporters, adding international trade conflicts should be avoided.

Without referring to any specific cases, she told a regular news conference here that the economics ministry "expects the EU Commission to now quickly hold negotiations with the states involved".

"The goal of these negotiations must be a clear de-escalation of the situation," she added.

According to a report on Thursday, Hong Kong Airlines may cancel an order for 10 Airbus superjumbo A380 jets after Beijing banned its airlines from complying with the EU scheme, imposed from January 1.

China is among more than two dozen countries including India, Russia and the United States that are opposed to the EU scheme, which is imposed on airlines taking off or landing in Europe.

The EU has said the carbon tax will help the 27-nation EU bloc achieve its goal of cutting emissions by 20 percent by 2020 and that it will not back down, despite claims the charge violates international law.

EU climate commissioner Connie Hedegaard has called on countries fighting the fee to propose concrete action to fight climate change.

Source: 2012 AFP, Agence France-Presse (AFP)

Commercial Aircraft Corp. of China and Boeing Sign Collaboration Agreement to Partner in Areas Advancing Commercial Aviation Industry Growth

BEIJING, March 6, 2012 /PRNewswire/ -- Commercial Aircraft Corp. of China (COMAC) and Boeing (NYSE: BA) today announced a collaboration agreement to partner in areas that will enable commercial aviation industry growth in China and potentially around the world. This is the first collaboration agreement between COMAC, which is building the new C919 jet and ARJ21 regional jet, and Boeing, which this year celebrates its 40th anniversary of providing commercial aircraft and services to China's aviation industry.

As part of the agreement, the two companies will create the Boeing-COMAC Aviation Energy Conservation and Emissions Reductions Technology Center in Beijing. Funded by both companies, the Boeing-COMAC Center will support research projects to increase commercial aviation's fuel efficiency and reduce greenhouse-gas emissions. The aircraft manufacturers

also agreed to have annual leadership engagements and exchange commercial aviation market forecasts.

A signing ceremony in Beijing was attended by COMAC Chairman Jin Zhuanglong, COMAC President He Dongfeng and Boeing Commercial Airplanes President and CEO Jim Albaugh.

"Through this collaboration agreement, Boeing and COMAC will build our relationship and will further sustainable growth and fuel efficiency for China's fast-growing aviation market," said Albaugh. "Our new Technology Center shows that two companies in a competitive industry can partner to make progress on important challenges that cannot be solved by one company alone. That is good for customers and passengers, and it's the right thing to do."

The Boeing-COMAC Aviation Energy Conservation and Emissions Reductions Technology Center will be located at COMAC's Beijing Civil Aircraft Technology Research Center. The companies will collaborate with China-based universities and research institutions to expand knowledge of technologies – such as sustainable aviation biofuels, aviation connectivity infrastructure and other areas – that improve commercial aviation's energy efficiency or reduce the industry's carbon emissions. The companies will jointly select and fund each research project.

"This milestone agreement between Boeing and COMAC follows four decades of Boeing partnership with airlines, government agencies, suppliers and research institutions to support the development of China's aviation industry," said Marc Allen, President of Boeing China. "Our hope is that innovative emissions-reduction technologies developed through the Boeing-COMAC Center will advance aviation in China and around the world."

China is one of the world's fastest-growing aviation markets. The Civil Aviation Administration of China has forecast that passenger traffic in China will surpass 300 million this year and will reach 1.5 billion passengers in 2030. Boeing has estimated that Chinese airlines will need to buy 5,000 new airplanes by 2030 to meet this extraordinary demand.

About COMAC

The Commercial Aircraft Corporation of China, Ltd. (COMAC) is a state-owned company, which is formed with the approval of the State Council and jointly invested by the State-owned Assets Supervision and Administration Commission (SASAC) of the State Council, Shanghai Guosheng (Group) Co., Ltd., Aviation Industry Corporation of China (AVIC), China Aluminum Corporation (CHINALCO), Baosteel Group, and Sinochem Group. With a registered capital of RMB 19 billion. COMAC was held on May 11th, 2008. COMAC is headquartered in Shanghai. Mr Jin Zhuanglong serves as Chairman of the Board, and Mr He Dongfeng as President.

COMAC functions as the main vehicle in implementing large passenger aircraft programs in China. It is also mandated with the overall planning of developing trunk liner and regional jet programs and realizing the industrialization of civil aircraft in China. COMAC is engaged in the research, manufacture and flight tests of civil aircraft and related businesses such as marketing, servicing, leasing and operations of civil aircraft. The company has six member organizations: Shanghai Aircraft Design and Research Institute (SADRI), Shanghai Aircraft Manufacturing Co., Ltd. (SAMC), Shanghai Aircraft Customer Service Co., Ltd., Beijing Civil Aircraft Technology Research Center (BCATRC), Shanghai Aviation Industrial (Group) Co., Ltd. (SAIGC) and Shanghai Commercial Aircraft Magazine Co., Ltd.

COMAC adopts a "major manufacturer-suppliers" model, focusing on aircraft design, final assembly and manufacture of aircraft, marketing and customer service, and acquisition of certification. COMAC adheres to the principle of "developing with Chinese characteristics and representing the technical progress" and makes self-reliant advancement in the process of marketing, integration, localization and globalization. The company endeavors to manufacture large passenger aircraft that are safe, economical, comfortable and environmentally friendly. COMAC is determined to independently build large Chinese passenger aircraft that will soon be soaring through the blue skies.

About Boeing

Boeing is the world's largest aerospace company and leading manufacturer of commercial jetliners and defense, space and security systems. A top U.S. exporter, the company supports airlines and U.S. and allied government customers in 150 countries. Boeing products and tailored services include commercial and military aircraft, satellites, weapons, electronic and defense systems, launch systems, advanced information and communication systems, and performance-based logistics and training. For more information about Boeing please visit www.boeing.com http://www.boeing.com.

In 2012, Boeing celebrates the 40th anniversary of its partnership with China's aviation industry. Boeing is the single largest purchaser of made-in-China aviation parts, committing hundreds of millions of dollars annually to dozens of suppliers. Today, some 6,000 Boeing airplanes fly throughout the world with integrated China-built parts and assemblies.

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Source: Epicos, Boeing

Raytheon Awarded $79.2 Million US Army Contract to Counter Rockets

TUCSON, Ariz., March 5, 2012 /PRNewswire/ -- The U.S. Army awarded Raytheon Company (NYSE: RTN) a $79.2 million contract to develop a system that will detect and destroy incoming rockets. The solution is called the Accelerated Improved Intercept Initiative (AI3). Development will culminate in a demonstration in 18 months, followed by low rate initial production.

"Rocket attacks have cost many U.S. and allied warfighters their lives, which is why Raytheon is committed to getting this system developed and fielded as soon as possible," said Dr. Thomas R. Bussing, vice president of Raytheon Missile Systems' Advanced Missiles and Unmanned Systems product line. "Our goal is to save soldiers' lives."

Raytheon will develop and demonstrate the intercept of rockets in flight with the AI3 Battle Element, consisting of an interceptor, which Raytheon will develop, and a government furnished launcher, fire control system, and command and control system.

"By making extensive use of existing technology and weapon systems, Raytheon will keep down both cost and risk," said Rodger Elkins, director of advanced Army systems for Raytheon Missile Systems. "Our experience in developing missiles, combined with our expertise as a mission systems integrator, will help us provide the Army with an affordable, effective weapon system capability."

About AI3

-- Will protect warfighters by intercepting rockets in flight.
-- Raytheon will begin development immediately, and demonstrate the system in 18 months.
-- Raytheon will build the interceptor and serve as a mission systems integrator for the other elements of the system.

About Raytheon

Raytheon Company, with 2011 sales of $25 billion, is a technology and innovation leader specializing in defense, homeland security and other government markets throughout the world. With a history of innovation spanning 90 years, Raytheon provides state-of-the-art electronics, mission systems integration and other capabilities in the areas of sensing; effects; and command, control, communications and intelligence systems, as well as a broad range of mission support services. With headquarters in Waltham, Mass., Raytheon employs 71,000 people worldwide. For more about Raytheon, visit us at www.raytheon.com and follow us on Twitter at @raytheon.

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Source: Epicos, Raytheon Company

Singapore Airlines raises fuel surcharge

Singapore Airlines (SIA) said Friday it would raise fuel surcharges by up to $28 for each leg of a flight due to high oil prices, a persistent problem that has ravaged airline earnings worldwide.

It blamed "continued high fuel prices" for the hike, which it said would apply to all tickets issued on or after March 8.

It said in a statement that the new fuel surcharge, representing an increase of between $2 and $28 per sector of a flight depending on distance and class of travel, would apply to Singapore Airlines and its regional wing, SilkAir.

The surcharges "will offer only partial relief from the higher operating costs arising from increases in the price of jet fuel," SIA stated, adding that fuel accounted for 40 percent of the group's expenditure.

The price hike -- the airline's first this year after similar surcharge increases were imposed three times in 2011 -- comes a month after SIA announced that its third-quarter net profit had plunged 53 percent year-on-year due to soaring fuel costs.

Other regional airlines have also been hit by high oil prices, with Malaysia Airlines and Air New Zealand the two latest casualties to blame the cost of oil for their dismal earnings.

Brent crude for April delivery hit a four-year high Thursday, touching $128.40 a barrel before falling slightly.

New York's main contract, light sweet crude for delivery in April also hit nine-month highs Thursday. It was down 73 cents to $108.11 a barrel in Asian afternoon trade Friday.

Fears centred on Iran's nuclear programme will continue to push oil prices higher, said IG Markets strategist Justin Harper.

"The sticky black cloud on the horizon is rising oil prices... Already anxious over Iran, oil traders are as jumpy as a box of frogs as any threat or rumour of supply disruption leads to wide-scale panic," he said in a report.

Source: 2012 AFP, Agence France-Presse (AFP)

Singapore to open new airport terminal

Singapore's airport operator said Thursday it will demolish the city-state's terminal for budget airlines in September and replace it with a bigger facility amid surging travel demand.

The tiny but affluent city-state welcomed a record 13 million overseas visitors last year, boosted in part by a boom in low-cost air travel.

Construction of the new facility, called Terminal 4, will start next year, the Changi Airport Group said in a statement.

It will have the capacity to handle 16 million passengers a year when it opens in 2017, more than double the seven million capacity of the current budget terminal.

Singapore's three other airport terminals have a capacity to handle 66 million passengers a year.

"The (budget) terminal will be demolished to make way for the construction of a larger passenger building... to cater to the growth of air traffic at Changi Airport and further strengthen Singapore's air hub status," the airport operator said.

While the airport still had room to accommodate air traffic growth, the new terminal would "ensure there is capacity to handle further increase in traffic demand", it added.

Low-cost carriers currently operating out of the budget terminal will transfer to Changi's Terminal 2 from September 25, the airport operator said.

Singapore is a regional aviation hub and Changi Airport handled a total of 46.5 million international passengers last year, up 5.2 percent from 2010.

Changi Airport, which serves over a hundred airlines flying to more than 210 cities, was last week ranked the second best airport in the world in a survey conducted by Airports Council International.

Source: 2012 AFP, Agence France-Presse (AFP)