



SOUTHEAST ASIA'S RECORD JET ORDERS SEEN AT RISK: IATA

News / Airlines



Record plane orders placed by ambitious Southeast Asian airlines could be at risk in an environment of intense competition, low profitability and turmoil in financial markets, the head of the International Air Transport Association (IATA) said on Sunday.

"The budget carriers have captured a lot of market share but one has to ask how profitable are they and are the growth plans that some of them have realistic," IATA Director General Tony Tyler told journalists ahead of the Singapore Airshow.

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IATA represents almost 260 airlines accounting for 83 percent of global air traffic, nearly all of whom are legacy flag carriers rather than purely low-cost operators.

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Southeast Asian budget carriers have ordered hundreds of jets from Airbus and Boeing in recent years, turning the region into one of the biggest markets for airplane manufacturers.

"It's easy to place these orders when times are looking good," Tyler said, adding that he would not be surprised if some of the deliveries were pushed back. "And I'm sure that the planning departments of all these airlines are now studying their orders in the context of what the market is telling them."

Tyler said turbulence in financial markets had impacted global premium traffic.

He said that while the overall Chinese economy had slowed down, air travel in the country remained robust as the country seeks to shift its economy away from capital investment and towards consumer spending. "We are seeing still reasonably strong traffic within and into and out of China," he said.

In December, IATA forecast that low oil prices and healthy demand for travel would boost global airline profits again in 2016.

15 FEBRUARY 2016

SOURCE: REUTERS

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