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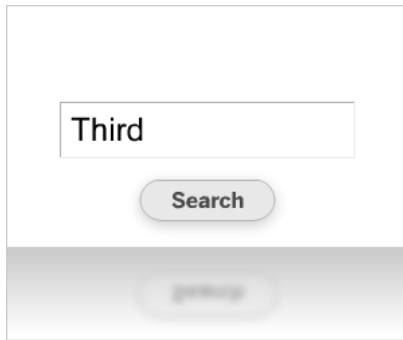
Slump could idle 13pc of aircraft by year-end

Charlotte So
Feb 26, 2009

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The economic slowdown is likely to hit the aviation sector as hard as the September 11, 2001 terror attacks, with an airline consultant forecasting that 13 per cent of aircraft will be grounded by the end of the year, matching the level after the attacks.

That would mean another 400 aircraft left idle worldwide this year as air traffic demand evaporated, according to research by aerospace consultant Ascend.



There are now 2,300 idled aircraft, more than 11 per cent of the global fleet of 20,293. About 1,167 of these planes were grounded last year.

"Taking into account future decommissioning, that figure may even rise to match the 13 per cent reached at the end of 2001, following the [September 11] attacks on the United States," Ascend said.

The prediction follows drastic changes announced by airlines in response to

slowing passenger traffic and falling cargo volumes.

In Asia-Pacific, Singapore Airlines will cut capacity by 11 per cent from April while Japan Airlines is considering cutting its international service by 10 per cent. Virgin Blue will cut domestic capacity by 8 per cent.

Virgin Atlantics Airlines also said it planned to cut services by 10 per cent.

"[The grounding] is having a negative effect on aircraft values and lease rates, although, as ever, this is creating opportunities for those who take advantage of the down cycle," said Chris Seymour, the head of market analysis at Ascend.

Regional breakdowns also suggest that most have felt the impact of a weakening global economy. North American carriers have announced fleet reductions of almost 800 aircraft since the middle of last year, while European carriers have parked more than 450 aircraft and Asia-Pacific airlines at least 230.

Aircraft boneyards, based mainly in the Arizona and Californian deserts, were a good indicator of the state of the industry.

"The fuller the boneyards, the tougher the market conditions," Mr Seymour said.

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