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August 2020

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Industry News

How Many Stored Aircraft

Association Update

Dear AFRA Members,

Greetings from the Board and AFRA team. We are here to support member companies during these challenging times. We'll be hosting more virtual events to dialogue about the latest industry insights.



In the meantime, I'd like to share some current data on Boeing's market outlook. This unprecedented situation is unique in many ways, with full effects yet to be revealed as dynamic conditions continue to unfold. As we all continue to navigate the changes we'll keep sharing information to inform scenario planning, and welcome your perspectives.

Overall aviation traffic:

- IATA is forecasting global traffic to drop 55% this year - leading to over \$80B in losses. We are seeing unprecedented demand shock in terms of depth as well as breadth for the industry. We hit bottom in April at ~20% of global operations and have since seen a steady, but slow recovery. Flights are still running at only about half of normal levels led by domestic and short-haul operations.
It's still early to call a specific trajectory for recovery due to high uncertainty around the virus and economic impacts. However, many baseline scenarios anticipate getting back to 2019 levels again in 2023.
In terms of traffic, short-haul typically leads long-haul in recoveries. That's no different this time, and may even be amplified due to health restrictions that are causing governments to limit cross border travel. Single aisle operations are running at ~55% of January levels while passenger twin aisle operations

### Will Return?

"Alongside cargo operators, one of the very few beneficiaries of the current crisis is likely to be aircraft storage and disassembly centers."

- Aviation Week

### Boeing Recognized for Sustainability Leadership

"Boeing received a 2020 Sustainability Leadership Award from the National Association of Manufacturers."

- AviationPros

### Coronavirus: How the travel downturn is sending jet planes to 'boneyards'

"Hit by the collapse in demand for flights due to Covid-19 commercial airlines have parked their grounded fleet in some of the most remote locations in the world."

- BBC

## AFRA Committees

Please email AFRA staff to get involved in AFRA's committees:

\*[BMP Development](#)

\*[Communications](#)

\*[Government Affairs](#)

\*[R&D](#)

## Upcoming Industry Events

### *Save The Date!*

#### ISTAT EMEA

October 4-6, 2020  
Istanbul, Turkey

#### MRO TransAtlantic 2020

October 27-29, 2020  
Virtual Event

## AFRA Advertising Opportunity

AFRA is offering the chance to

are retiring at ~40%.

*There are relative bright spots:*

- *Domestic markets have seen stronger recoveries in many countries. For example, China has returned to 80% of early 2020 operations.*
- *Air cargo markets have also seen relative resiliency. With roughly half of global air cargo capacity flying in the bellies of passenger airplanes, lost passenger widebody capacity has meant an overall decline in traffic of ~15% in the first half of 2020. Demand is outpacing available capacity, however, with main deck freighter operations running at 110% of normal and yields up ~35%. Several carriers with both major passenger and cargo flights earned operating profits in 2Q20 due to their cargo revenue, despite near shutdowns of their passenger businesses.*

*What might it all mean for retirements and fleet planning?*

- *Near term, airlines are keeping a portion of their fleet service ready to capture recovery. Roughly 75% of the single aisle passenger fleet operates weekly, and 60% of the twin aisle fleet is flying weekly, including passenger airplanes conducting cargo only missions.*
- *Longer term, airline emphasis will be on versatility, efficiency, and catch-up in pent-up replacement demand due to above average growth of the last decade.*
- *So how many airplanes might we expect to retire? One way to scope this is to look at older airplanes that were likely approaching retirement before COVID hit. About 4,000 airplanes were over 20 years old in service as we entered the pandemic.*
- *However, we know age isn't the only determinant. Elements such as fleet size, commonality, maintenance cycles, etc. also drive individual airline decisions. And, sometimes, older airplanes remain in the fleet due to network fit and unique value propositions. In addition, financing structures can also drive near-term airline decisions. Taking into account airline announcements to date, near-term lease renewals and bankruptcy filings, up to 2,500 airplanes could exit the fleet. Some will likely fly again with other operators as financiers find avenues to return the airplanes to service.*

*In past downturns, aviation has proven to be resilient over the long term. We can be proud of the critical role flying continues to play in airlifting supplies, medical teams and other transport aspects of the pandemic.*

*Please continue to reach out to us with your ideas and*

advertise your organization's products, news, and projects on the AFRA website and in these newsletters! Advertisement includes your company's information on a page of the AFRA website and the opportunity to showcase your organization in one of the monthly newsletters. Please contact [AFRA staff](#) for pricing and additional details.

### AFRA Members Only Website Resources

Don't forget to visit the [AFRA Website](#) to view the [Members Only](#) section, where you can find additional resources and updates offered only to members! Please [contact staff](#) with any questions regarding access or content.

### Growing Our Social Media Footprint

Please let us know about your company's Facebook, LinkedIn and/or Twitter profile. Follow AFRA and share our news that you think might be interesting for your followers - we will of course do the same with your messages!



suggestions.

Regards,

Amy Bann  
AFRA Vice President

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## Association News

### ASA-AFRA 2021 Annual Conference Announced!

While it was unfortunate that we could not all meet in person, for the 2020 ASA-AFRA Annual Conference, get ready to book July 18 - July 20, 2021 in your calendars. Planning is already under way by ASA and AFRA for the 2021 Annual Conference. For more information, please contact [AFRA staff](#).

### Membership Discount

Beginning in 2020, we are happy to announce new discounts for membership! Any current member of AFRA who refers a new paying member to AFRA will receive a 20% discount to their next year of membership. For membership information or questions please reach out to [AFRA staff](#).

### Remanufacturing Codes

As AFRA supports the the recycling and remanufacturing of decommissioned aircraft, we also support general remanufacturing in all industries. This is why we have joined a handful of other organizations in asking the Office of Management and Budget to consider adding codes specific to remanufacturing to the North American Industry Classification System code structure. Please see the letter [here](#).

### AFRA Webinar: COVID-19 Mid-Life, or now End-of-Life?

Did you you miss our panel discussion on the current state of the industry or want to view it again? AFRA has posted the video on its News & Events page for public viewing. See the page to view the video [here](#).

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## Committee Updates

### AFRA BMP Development Committee

The BMP version 4.0, which took effect on April 18, 2019, was shared with accredited members and can be found on AFRA's [website](#). To get involved with this Committee, please [contact staff](#).

### AFRA Communications Committee

The committee thanks everyone for their participation in the General Assembly. If you are interested in getting involved with the Communications Committee, please [contact staff](#).

### AFRA R&D Committee

The R&D committee is open to any AFRA member and all are welcome to participate in the next committee call on September 9. R&D Committee calls take place monthly, on the second Wednesday of every month. The committee is currently working to finalize the KPIs from the 2019 project into the AFRA BMP Guide. To get involved with the R&D Committee, please email [AFRA staff](#).

To continue to receive AFRA Announcements and to update your communication preferences, please do so by [clicking here](#).

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