

Support leasing through the crisis



Formed in 2018, Aircraft Leasing Ireland's (ALI) core objective is to act as a single, coordinated voice on behalf of aircraft leasing companies based in Ireland. Over the summer, ALI has been delivering on that objective by liaising with the Irish government with the Ireland's Taskforce for Aviation Recovery calling for a number of actions to restart aviation services in the country. ALI has also organised webinars for members to assist with operations through lockdown, as well as continuing to engage with the government on extending double taxation treaties.

Speaking to *Airline Economics* in November, the new chair of ALI, Declan Kelly said that now the association was a recognised voice for the leasing industry in Ireland, he intended on using that position to push ahead with its ongoing work to digitise the leasing industry and further its contribution toward a more sustainable aviation industry.

"Now that we are clearly where we want to be, we want to look to the future of the industry and focus on digitalisation and sustainability," says Kelly. "As an industry, we haven't really changed the way we do business for the past 20 years or so. We haven't embraced digitisation as an entire sector from how we operate aircraft to managing their aircraft transition to how they are parted out. So that remains a huge initiative for us. Likewise, decarbonising aviation and the whole sustainability initiative is something that the industry as a whole has been slow to get a grip on."

ALI has been a major proponent of the new digital aircraft trading platform, the Global Aircraft Trading System or GATS, which went live in June 2020, and the association is continuing to support the system as it is rolled out. "GATS is only one of the points where the benefit of having a more transparent system that works better for everybody from the owner of the buying group, but also the community it feeds, to the

law firms and ultimately the customer. We have learned a lot from GATS on the benefits of having a centralized system but it's just the beginning of the digitalisation journey."

Kelly laments the fragmentation of the industry's use of many different software and systems used throughout the lifecycle of an aircraft or engine. "Currently, there's no single system or no single method of managing an asset from cradle to grave," he says. "Every organisation involved in our industry uses different software, from the manufacturers of aircraft to the maintenance MRO'S, as well as the transition of aircraft, and aircraft portfolio management. All these different systems, don't talk to each other, which makes it a very laborious process that is time consuming and expensive."

Although many aviation firms had begun to embrace a more digital workflow, the pandemic crisis has caused many projects to be reprioritised



in a bid to remain competitive in a stressed environment with cost cutting at the forefront.

“Airlines and leasing companies are under financial pressure at the moment but I do think that there will be a focus on optimising productivity, which can be achieved through digitalisation. The world has changed, but it hasn’t changed permanently. The need for more efficiency has only been enhanced but it doesn’t make it any less painful to do it under pressure and with little budget.”

Central to ALI’s mission is to work to further develop Ireland’s aircraft leasing infrastructure, and the organisation is focusing on extending double tax treaties with countries such as Japan, Australia, Colombia and Indonesia, but Kelly notes that these negotiations always take time. “We’re leveraging where there has been double taxation treaties in the past, but these deals cannot be done overnight; you have to target and work with the politicians, with the department of finance in these different countries. We

find that a more direct approach works best. We are very comfortable with where we are right now and we hope to have three or four done in the next year, but they do take a lot of time.”

ALI’s infrastructure role also encompasses ensuring the continuation of the aviation industry with a more sustainable future.

“Sustainability is now part of our charter and for the next two years we will become more involved in the conversation,” says Kelly, who believes that the aviation industry as a whole has done a very poor job in communicating just how much the sector has changed and how much it is committed to improving its carbon footprint. “Aviation has gone through a series of step changes roughly every 15 to 20 years from lowering noise pollution to reducing emissions with more fuel efficient engines, but the next step change will need to be even more significant but the technology for all-electric flight just isn’t there yet but we need to be part of that

conversation and ALI is engaging with the EU on this discussion. The aviation industry cannot be on the defensive here, it needs to be part of the policy making effort and communicate, with a consistent message, all of the good work the industry has already done to pursue the sustainability agenda.”

Another of ALI’s core objectives is to encourage more skilled and more diverse personnel into the sector and to promote further education programmes. “The airline industry has done a better job of attracting diversity than the leasing sector,” observes Kelly. “The industry seems to have moved away from offering apprenticeships for engineering discipline graduates. I think we revisit that because one of our biggest challenges now is how we increase our pool of engineering talent. But what I am most concerned about in this stressed environment is maintaining the expertise we have in the industry today, because once you see a flight of expertise, it’s very hard to attract it back.”