



Glut

The number of airliners being ordered these days is nothing but good news for equipment manufacturers around the world. After suffering through years of constrained demand after the 9/11 terror attacks exacerbated the economic decline that began with the tech stock collapse at the start of the century, manufacturers are happy to see buyers taking delivery positions for years to come.

Steven Udvar-Hazy, chairman and CEO of International Lease Finance Corp., a company that owns more than 900 airplanes, noted in a recent interview that for the past three years lessors and airlines have ordered airplanes at twice the rate at which they are being built, and big U.S. carriers for the most part have yet to join the party.

While this order eruption is powered by the resurgence of older airlines, it is supercharged by a large number of new and rapidly expanding airlines that are taking advantage of relaxed barriers to market entry and controls over competition to stimulate the air travel market to a remarkable degree, most notably in areas of the world where a reasonably priced airline ticket is an exciting novelty.

Some elements of this order surge remind me of what the U.S. airline

industry went through in the early years of deregulation, when suddenly airlines could fly wherever and whenever they wanted. Orders swelled then, too. It was said that each airline ordered enough airplanes to single-handedly take care of all anticipated market growth. The result, of course, was too much capacity. When the next downturn hit, whole fleets of airliners were parked in the desert and put up for sale.

I think it is safe to expect something similar to happen in the future, but on a global scale. While the benefits of deregulation are undeniable, also undeniable is the fact that the industry becomes more volatile, more subject to economic damage as management both good and bad collides with inevitable economic fluctuations. And herein lurk two safety threats.

The first threat is that new airlines going through their first bout with lean times might, in the absence of diligent safety regulation, be tempted to work to the edges of the safety margin and beyond. For this problem, the answer is simple: Regulators need to step up their vigilance when their carriers are feeling the pain.

The second threat is more difficult to constrain. The classic result of

overcapacity and an economic downturn is that airplanes and spare parts get very cheap and very available. This opens the door for people with not too much money and little or no aviation experience to acquire a few airplanes and start operations in an area where safety regulation is lightly applied. Little attention is paid to maintenance and operating rules, and the result is unavoidable. This has been the fate not only of many Soviet-era airplanes flown without the necessary care in the developing world but also of the occasional Boeing or Airbus. No level of design and manufacturing magic can forever forestall the tragic consequences of an unsafe hand.

There is some breathing room before the next glut of cheap airplanes comes around, but it would be good to be thinking about solutions now rather than later.

A handwritten signature in black ink that reads "J.A. Donoghue". The signature is fluid and cursive.

J.A. Donoghue
 Editor-in-Chief
 AeroSafety World