



LABOR SHORTAGE AMONG BIGGEST CHALLENGES IN FAST-GROWING ASIA-PACIFIC MRO MARKET

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Skilled labor **shortages** and land-space constraints are among the **biggest** difficulties facing the **MRO** industry in **Asia-Pacific** countries, a region that is forecast to become the world's largest in terms of fleet size and MRO market value.

Speaking on the keynote panel Wednesday at the Aviation Week Network MRO Asia-Pacific conference in Singapore, MRO experts from three different Asia-Pacific countries agreed that it would be very challenging to create the numbers of aviation mechanics and engineers needed to meet this fast-growing market.

Conference attendees heard the previous day that the Asia-Pacific region is expected to surpass others in airliner fleet size and MRO market value in a decade.

Chris Doan, a Cavok VP, forecast that the Asia-Pacific fleet will stand at 11,687 aircraft in 2025, far surpassing 8,142 aircraft in North America and 8,096 in Europe. Asia-Pacific's MRO market will have a value of \$34.8 billion in 2025, compared to \$21.3 billion in North America and \$24.9 billion

in Europe.

At Wednesday's keynote panel, GMF AeroAsia president and CEO Richard Budihadianto, ST Aerospace COO Jeffrey Lam and Cebu Pacific Air senior advisor engineering & fleet management Ian Wolfe flagged the labor problem this growth poses.

Indonesia-based Budihadianto said his country will need at least 1,000 new engineers and mechanics annually for the next 20 years.

"We are working with polytechnics and universities to produce aviation engineers and mechanics, but this is a very challenging problem for the industry," he said.

Singapore-based Lam agreed labor was a major challenge. "It's not a case of high-cost labor or unskilled labor; it's a question of no labor," he said. He noted that Singapore addressed this issue decades ago, creating specialist schools and a skilled MRO workforce. However, it was now having to compete with countries like Vietnam and India, which has lower labor costs. Lam noted that China, once seen as a resource for low-cost labor, now has high labor costs.

Other challenges for the region and raised by the panel were land constraints and customs bureaucracy.

Lam said that to address the need for more land space for MRO facilities, governments and the private sector should work together,

Budihadianto said work was going on with the Indonesian government to try and reduce the time it takes to process spare parts through the customs system.

Wolfe, whose airline is based in Manila, said lengthy customs procedures were "a constant battle in the region, certainly in the Philippines, that can become a real barrier to doing business if not properly dealt with."

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