

Aviation Suppliers Evaluate the Impact of SARS COV-2 that has Lasted Two Years

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COVID 19 brought the most profound crisis to the economy globally. After the vaccines were invented, operations slowly got normal. Currently, Airbus consignments are at their highest; Boeing 737 Max planes have started flying again; airport terminals in the United States are packed; Mediterranean beaches are once again busy. How aerospace suppliers got recovered from the pandemic blow will be discussed in the following sections.

Analysis

Sudden Shock of Covid but not much Loss to Suppliers

Considering this, perhaps the most striking result has been the deficient number of business fatalities. No big companies were affected suddenly, but the impact gradually worsened, and only a handful of small and medium-sized enterprises were at a loss. Companies like Airbus played a massive role in the Small, Medium-sized Enterprise' (SME) future.

The minimum loss occurred because of these three factors; otherwise, the impact would have been worse.

1. The government provided emergency loans, waivers, and employee furlough payments.
2. Airbus resumed production after the break.
3. Supplies to the military were not affected by the pandemic

Supplier Stability

The pandemic has caused chaos over the account of tier ones on both sides. The UK and Chinese aerospace companies' revenue had dropped by 45%, even the companies previously expanding rapidly sought support from France and UK governments.

On the other side, 1000 jobs were furloughed by the French biggest suppliers in the year 2020.

The repercussions could be severe without government intervention and the hedging provided by the defense, space, and helicopter sectors. Aviation Manufacturing Job Protection Act – offered payroll to employees of the affected companies, which gave considerable relief to the affected companies.

With the Max deliveries having resumed, the domestic air travel market bounced back strongly.

Government Support

European government took initiatives to help at-risk suppliers through loans which allowed the companies with cash shortages. The European government also helped companies retain the critical staff by funding part-time work. Suppliers also hope the industry boosts because the government pledges to create a net-zero economy by 2050. In the USA, both Trump and Biden administrations helped companies afloat with targeted schemes. With the max deliveries having resumed, the domestic travel is bouncing back to normal, and the government can see the recovery ahead. However, last November, a European trade body has highlighted risk in imply of revenues and profitability. Investors of other countries are expecting to expand the aerospace sector with the help of targeted government schemes. Some suppliers want more funds from the government to stabilize the aerospace supply chain industry.

Avoiding Disaster

After the pandemic, cash flow has almost hit rock bottom. Suppliers faced trouble purchasing the necessary machinery and raw materials. So, increasing production is not an option for companies. But some SME companies managed costs and were able to profit by 2021 with the current staff. As there was a considerable impact, the industry does not want to go back to pre-Covid times because there is gradual growth from 2020 through 2022. The sector is managing to come back to normal at a slow pace. Consequently, the impact of a pandemic on the industry was huge. Companies managed to remain on the profit side in the first three quarters of

the current financial year. All the employers are working five days, which is a good sign to the market.

Conclusion

The aerospace supply chain faced a severe downfall at the beginning of the year 2020. But as airliners resumed operations domestically and internationally, aerospace companies stabilized themselves from the destruction. However, the pandemic is not over; all the procedures are not standard yet. So, there is still a vast amount of uncertainty currently and for the upcoming future.

Reference

Morrison, M. (2021, July 22). Aerospace suppliers assess the impact of almost 18 months of crisis. <https://www.flightglobal.com/flight-international/aerospace-suppliers-assess-the-impact-of-almost-18-months-of-crisis/144547.article>