

Jeremy's World: It's not over until it's over...

We have just entered into the Chinese Year of the Water Tiger. This denotes fast-paced action and change. It has been a long time coming. The Year of the Ox that just ended denoted preparation of the ground in anticipation of growth. Whatever credence you pay to the meanings of such things, as far as the airline catering and supply world is concerned, any change is better than what has been endured to date.

Lessons have been learned, realignment has happened, and new truths have emerged.

One of the key ones being that those institutions and systems we relied upon in the past for continuity, security and balance in business decision-making are all but gone. The travel rules are now so disruptive and rapidly changing, we have to adopt an entirely new short-term management method to navigate the events.

For example, the United States is not in a "united state" and the European Union is far from being a European union. Now, practically every state in the union and country in the EU - and indeed the world - still work to individual sets of rules and regulations.

These can range from the draconian and arcane, to the "virus-what-virus?" approach.

The constant likelihood that countries will change these rules at a moment's notice makes organizing travel challenging for an individual, nigh impossible for a family or group.

Supply problems compound the issue

It is this uncertainty that still makes the problem of supply to the travel business so difficult - a subject [covered in the last column](#) which highlighted the enormous rise in costs and reduction in capacity that results in expense and long lead times.

This means that especially for charter and holiday operators, planning and organizing is still not possible.

The US seems to be slowly regaining some semblance of cohesion domestically, but the EU is still a jumble of chaotic rules with no real vision on how they are going to go forward.

The UK, which has dropped almost all restrictions domestically, still maintains a labyrinthine set of rules on its government website that change almost daily.

Singapore, too, makes entering the country confusing and tops it all off with: Not all flights departing from [vaccinated travel lane](#) (VTL Air) countries/regions and operated by approved airlines are designated VTL flights. Travelers should consult their airlines to confirm the flight numbers and days of operation of the designated VTL (Air) flights.

I think this means you might think you are OK, but you are actually maybe not, but we are unsure.

Here in Asia, airlines from the rest of the world are closely watching the trials for beleaguered [Cathay Pacific](#), as the carrier faces new punitive action over a local omicron outbreak. While some governments around the world have attempted to make life easier for its airlines, Hong Kong has done little if anything to support Cathay Pacific.

The stats from [Statista](#) on global passenger numbers show a slow recovery down from 4.5 billion boarded in 2019 to 1.8 billion in 2020 and 2.2 billion in 2021. The estimate of 3.4 billion in 2022 is ambitious and the fact is that the majority of current growth is within the domestic US and China. This means that here in Asia, almost nothing has changed. A quick glance at any departures board in the major hubs here tells you that this is so.

As the narrative surrounding the pandemic changes, the situation has to ease. The problem of course is that it does not ease the same way in the same place or at the same pace. This really does not help international carriers much at all.

The last two years of devastation has left many holes in its wake. The travel landscape has changed and the question then will be who is ready to take up the slack. [Singapore Airlines](#) and [AirAsia](#) sit quietly ready to pounce as soon as demand raises. Other carriers like [Thai Airways](#), [Malaysia Airlines](#) and Cathay Pacific will be wondering just how to manage the recovery of long haul. Caterers and suppliers who have for so long re-engineered themselves to around 20 percent of previous demand will need to move fast to react. This might be hard, given the problems surrounding the shipment of resources currently costing 20 times 2019 costs and at 30 percent capacity.

The estimated growth of travel from some sources is based around the known number of new airlines emerging. The estimate is that around 130 new carriers are in the pipeline for 2021/2022, with 40 percent based in Europe, despite the lack of any real recovery in that region, and more than 23 percent in the Americas and around 22 percent in Asia Pacific.

The reality is that unless Europe either rationalizes or abandons its current regulations, these start-ups will be postponed or never happen. The Asia and US growth is largely domestic, so for the catering and supply businesses, this growth, if it happens, will not be reflected into their bottom lines.

For Asia, the slow growth is reflected well in AirAsia's numbers. They are the airline that reacts the fastest when changes occur. For them [AirAsia Newsroom](#) reports that aviation revenue declined 70 percent year on year and 37 percent quarter on quarter as travel demand was constrained by the continued lockdown imposed in Malaysia, since January 2021. That is starting to ease but return to norms are slow in coming.

At this point in the progress, one wonders what has to happen for the world to rebalance. Well, I don't think it is going to - not back to where we were in the teens. Some say this is a good thing and that the world was headed into an unstoppable consumption frenzy. I know that traveling in 2019 - which was my most-traveled year ever - was nothing but crowds, queues and congestion, so a thinning is probably needed.

The caterers and suppliers are ready for this new world. The survivors are leaner and fitter than before. In coming months I hope to speak to many of these and get insight into how they have seen through the worst, what lessons have been learned and how prepared they are for a bright future.

Meantime, keep your Lateral Flow Test Kits handy for a little while longer. The Tiger has been unleashed but it is not all over just yet.