Brent crude oil and jet fuel prices are down 10%-12% compared with a year ago, having traded in a fairly tight range over the course of 2019. Despite having doubled from their low point in early 2016, oil prices are well below the $100/bbl average over the period 2011–2014.

The next six months look stable enough with oil futures valued at about $60. But this stability hides a range of influences in demand and supply, of which any could suddenly upset the status quo.

Over the past year, demand for air travel has softened and for air cargo has fallen. In its latest World Economic Outlook, the International Monetary Fund (IMF) revised down its forecasts for 2019 to 3.0%.

“This would be the slowest rate of growth since the 2008-2009 financial crisis,” says Andrew Matters, Deputy Chief Economist, IATA. “Going forward, the IMF expects to see an improvement in global economic activity in 2020 and beyond but notes that the outlook remains precarious.”

The outcome of ongoing trade talks between the United States and China could be a critical factor in shaping demand. A lack of agreement or the imposition of additional tariffs would place further downward pressure on oil demand.

Supply side restrictions are balancing out weaker demand. Sanctions on Iran and Venezuela are squeezing oil exports from these countries and OPEC+ nations continue to be committed to limiting oil production to support prices. The upsurge in production from US shale oil, which previously counteracted these restrictions, seems to have stalled recently, although it is a fluid situation.

It may be, however, that geopolitical tensions, especially in the Middle East, will be the biggest influence on future oil prices. The recent attack in the world’s biggest oil producer, Saudi Arabia, highlighted the vulnerability of oil supply although on this occasion there was a surprisingly negligible long-term impact on prices as output was quickly restored to pre-crisis levels.

Nevertheless, a “black swan” event could have an immediate and significant effect.
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“Defending against a cyber attack is not as simple as an enterprise protecting its network. It goes beyond that and requires very close cooperation”

Dave DeWalt, Managing Director, NightDragon Security

Cybersecurity – a perfect storm

As the fuel sector continues its digital transformation, it is running up against one of the biggest challenges facing the industry; cybersecurity.

There have been a number of attacks on airlines and oil companies in recent years, including British Airways, Cathay Pacific, and Delta Air Lines. An attack known as Black Energy was particularly virulent in the energy sector. It is estimated that by 2021 cyberattacks will cause $6 trillion in damage worldwide.

A keynote presentation by Dave DeWalt of NightDragon Security described the perfect cyber storm. To begin with, the speed of innovation is driving vulnerabilities. Though new technologies create many opportunities, they also necessarily create a greater exposure to threat.

“As a society we have been caught off guard,” said DeWalt. Large companies, he continued, face up to 100 patches a day and most major breaches are a result of an inability to keep up.

The number of attack types and attackers have risen enormously. So-called hacktivism, crime and espionage are all aims, using such techniques as spear-phishing—getting emails from a supposedly trusted source to obtain critical information—advanced persistent threats, and insider threats.

Geopolitical tensions and an overall lack of standards and governance further complicate the issue. The smallest geopolitical tension ripples across the cyber domain—which has become a conflict arena much like air, sea, and land—and soon gains in strength and diversity.

Internet anonymity, legacy providers unable to react quickly enough, and a mounting skills gap compound the problem, resulting in the perfect cyber storm. Fortunately, it is not all bad news.

The security sector is moving quickly too and picking up speed all the time. The goal, said DeWalt, must be to achieve best practice in teamwork, training, testing, and technology.

The fuel supply chain is only as good as the weakest link, for example. “It is not as simple as an enterprise protecting its network,” said DeWalt. “It requires very close cooperation.”

Every aspect of fuel supply needs to be examined carefully, especially network connections and understanding data distribution.

In short, when establishing digital connections, it is essential to think about the risk. Staying ahead of the curve means always anticipating the next problem.
Welcome Reception and Day 1 at the Fuel Forum
IATA to launch fueling training portal

Field testing of IATA’s Fueling Training Portal (IFTP) is underway in preparation for operational launch in Q1 2020.

In early November 2019, a trial was completed at London Gatwick and similar exercises are scheduled at Dayton and Minneapolis-St Paul. Participating airlines and into-plane service providers (ITP) include Delta, Lufthansa, United, Skywest, Swisssport and the Skytanking / Air BP joint venture, North Air.

ITP Training Coordinator functionality, airline access to training record information, and the standardized e-learning modules are all being tested. This will determine any remaining activity needed to ensure smooth adoption at launch.

The IFTP will streamline training activity in the fuel sector, delivering increasingly greater efficiency as more ITPs and airlines use the standardized solution.

“Though this training is based on aircraft manufacturers’ Aircraft Maintenance Manual (AMM), each airline has applied their own approach to training design and delivery,” says Michael Moosberger, IATA Project Manager.

“This has resulted in ITPs having to deal with a variety of fueling procedures and training materials for the same aircraft type.”

This causes problems and creates safety risks. Multiple sets of procedures to remember for the same aircraft type can create confusion, cause misinterpretation of procedures, and lead to mistakes by the fueling personnel. But it is also inefficient for airlines and ITPs, both of which are affected by the bespoke training methodology.

IFTP e-learning modules and assessments for Level 2 and 3 into-plane fueling operations will be based on IATA guidance material. The portal will also allow airlines to monitor the training status of ITP personnel trained through the e-learning platform. ITPs will validate that their personnel have undergone the necessary on-the-job training for practical proficiency.

The system has been developed in English but will be expanded to additional languages as demand dictates and aircraft types flying the majority of global operations will have training modules in the system.

Find out more about the IFTP at the IATA booth or online at www.iata.org/iftp
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