Indonesian plane crash follows years of reforms

Archipelago is one of world's fastest-growing aviation markets

SINGAPORE: The mystery plunge of a passenger jet into the sea is another dark chapter in Indonesia's horror aviation history, although safety standards have improved in recent years, analysts say. The Southeast Asian archipelago is one of the world's fastest-growing aviation markets, with air transport vital in connecting its thousands of islands. But the industry is notorious for ill-maintained runways, a lack of trained pilots and a wide range of other safety issues.

More than 700 people have died in a plane crashes over the past decade, according to the Aviation Safety Network. The latest occurred on Saturday, when a Sriwijaya Air Boeing passenger jet carrying 62 people suddenly dropped into the sea just minutes after take-off from the capital, Jakarta. No explanation has yet been given for the crash of the 26-year-old plane, with investigators still trying to retrieve one of the black boxes and identify all off the victims.

If the tragedy is due to problems over safety, there will be a renewed focus on whether efforts to overhaul the industry had succeeded as well as thought, according to analysts. "We had made good progress in our aviation sector," Chappy Hakim, former chief of staff of the Indonesian air force and now an independent analyst, told AFP.

'Broken system'

The nadir for the industry came in 2007, when the European Union and United Sates banned Indonesian carriers from flying into their airspace over safety concerns. At that time, "the system was broken," Gerry Soejatman, a Jakarta-based independent aviation analyst, told AFP. "The audit system wasn't working, the surveillance wasn't working - nothing was working."

On New Year's Day in 2007, an Adam Air plane plunged into the sea off Sulawesi island, killing all 102 people on board. The airline was later banned from flying. Indonesian authorities said the pilots lost control after becoming preoccupied with malfunctioning navigational equipment. The worst disaster in Indonesia's aviation history came a decade earlier, when an Airbus A-300B4 operated by national carrier Garuda Indonesia crashed in a smog-shrouded ravine. The tragedy left 234 dead.

Overhaul

The industry overhaul began in 2009, when the government enacted a major new aviation law that sought to better regulate the sector and improve safety standards, a key move. This was followed by a flood of investment to meet new standards, and the situation started to improve. Indonesian authorities and airlines "worked very hard to improve training facilities, they bought new aircraft from Airbus and Boeing," said Shukor Yusof, an analyst with aviation consultancy Endau Analytics.

In addition, the sector's exponential growth - which had left carriers struggling to hire enough trained pilots for their new jets - slowed a few a years ago, said Soejatman. "That gave the airlines more breathing space to get more people, to spend time on training," he said. This did not solve all problems.

In 2014, an AirAsia jet crashed, killing 162 people. The following year, a Trigana Air plane went down in the remote east of Indonesia with the loss of 54 lives. Still, the efforts bore fruit, with the US lifting its ban on Indonesian carriers in 2016, followed two years later by the EU. Indonesia had one major accident after the lifting of the bans - a 2018 crash of a Lion Air Boeing 737 MAX aircraft off Jakarta that claimed 189 lives. But that was blamed on a faulty anti-stall system in the new jet. A crash of the same model in Ethiopia six months later prompted a worldwide grounding of the MAX. —AFP

Divers bringing up a bag filled with body parts to a search and rescue boat off the coast north of Jakarta yesterday. —AFP

News in brief

Xi pens letter to Starbucks tycoon

BEIJING: China's President Xi Jinping has asked former Starbucks chairman Howard Schultz to help promote trade between Washington and Beijing in a rare missive to a foreign business figure, state media reported yesterday. Xi, responding to an earlier message from Schultz, urged the multi-billionaire to "continue to play an active role in promoting China-US economic and trade cooperation", the official Xinhua news agency said. China will "provide a broader space for companies from all over the world, including Starbucks and other American companies, to develop in China", Xi wrote in his letter. —AFP

South Korean chatbot suspended

SEOUL: A popular South Korean artificial-intelligence-driven chatbot with the persona of a 20-year-old female student was taken down this week after it was accused of bigotry towards sexual minorities, the #MeToo movement and the disabled. Lee Luda, developed by Seoul-based startup Scatter Lab to operate within Facebook Messenger, became an instant sensation for her spontaneous and natural reactions, attracting more than 750,000 users after its launch late last month. Luda's AI algorithms learned from data collected from 10 billion conversations on Kakao Talk, the country's top messenger app. —AFP

Spotty report card on climate for top asset managers

PARIS: The world's top 30 fund managers, collectively holding $50 trillion in assets, get mixed marks on steering the global economy into alignment with Paris climate targets, according to a report released yesterday. The annual assessment from London-based think tank InfluenceMap graded investment giants across three criteria: support for climate-related shareholder resolutions, the greenness of portfolios, and engagement with the companies in those portfolios.

"Given the huge influence these asset managers have over the global economy, it is vital they take action to ensure the world can meet the climate goals of the Paris Agreement," said InfluenceMap executive director Dylan Tanner. The 2015 climate treaty enjoins nations to cap global warming at "well below" two degrees Celsius compared to pre-industrial levels, and 1.5C if possible. On current trends, the planet will heat up at least 3C.

With 1.1C of warming so far, the world has seen a crescendo of deadly extreme weather, including superstorms made more destructive by rising seas. When it comes to public encouragement for companies to green their business models and lobbying practices, European asset managers continued to outperform their US counterparts, the report showed.

Among the top 10 firms, each with at least $1.5 trillion under management, Legal & General IM, AllianzGI/PIMCO and Amundi all got top marks. Fidelity Investments, Capital Group and Goldman Sachs AM - all US-based - were at the bottom of the class. BlackRock, the world's biggest asset manager with more than $7 trillion under management, improved it's grade in 2020 after announcing steps to divest from coal.

But the US-based giant got a failing mark when it came to supporting shareholder resolutions calling for more proactive climate policies. Such shareholder initiatives have become an increasingly powerful driver of change in companies, as well as a signal to the broader market. "More and more, we are seeing investors wanting to know that corporate lobbying and business models are aligned with Paris targets," said Tanner.

Vanguard, Capital Group and Fidelity Investments all scored even more poorly than BlackRock in this area.

At the same time, 2020 saw BlackRock and two other top 10 fund managers join the Climate Action 100+ investor initiative, a "promising development" that could speed up corporate transition toward carbon neutrality, according to InfluenceMap.

Finally, a portfolio analysis of the world's largest funds-looking at 3,000 companies with more than $20 trillion in market capitalisation-showed that they deviated strongly from the Paris temperature target, especially in certain sectors.

"The world's automakers are not transitioning to electric vehicles at a fast enough pace, the coal production sector is winding down too slowly, and the power sector is not phasing out fossil fuel generation nor introducing renewables quickly enough," Tanner told AFP.

Sectors and companies that fail to accelerate the transition to low carbon economies face a massive risk of stranded assets, he added. —AFP