



Question mark over Air Inter A330s is sting in the tail of A319 order

Air Inter to sign up for A319s

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IN PARIS

Air Inter is to buy as many as 15 Airbus A319s, as part of a radical restructuring plan.

The Air France Group's regional and domestic carrier aims to save Fr600 million (\$103 million) a year for the next five years under a plan which follows closely on Air France's own recovery measures (*Flight International*, 22 December, 1993-4 January).

Air Inter was due to receive its first Airbus A330 at the end of 1993 and then one a month, for a total of five aircraft, to replace its eight Dassault Mercurys by August 1994.

Deliveries of a further ten A330s, however, are being postponed until at least 1997 and will be bought only if a real need for them is perceived.

Airbus declines to comment

on the A319 situation, but notes that consortium managing director Jean Pierson indicated in early December that he expected an order this year. International Lease Finance has already ordered six aircraft, powered by CFM56s.

Air France Group is also to raise new capital for Air Inter by selling a part of its 72.3% stake, although still retaining a 51% controlling share. Staff will be allowed to subscribe to at least 5% of the new capital and other companies with interests in Air Inter, including the state-owned postal service, will also be involved.

Air Inter, which has a near-monopoly on domestic services, is bracing for competition on its lucrative Paris Orly to Marseilles and Toulouse routes in April 1995 and April 1996 respectively; and for European open skies in 1997.

By 1998, it will have nine additional aircraft in its fleet, which will then include: 13 widebodied A330s and A300-600s; plus 51 narrowbodied A321s, A320s and A319s.

It intends to lease five Boeing 737-300s or McDonnell Douglas MD-80s, pending deliveries of the 142-seat A319s starting in 1996. Up to 15 A319s will be used on off-peak services and Fokker 100s may also be leased from other French or European carriers.

Air Inter's new chairman and chief executive, Michel Bernard, is warning of a Fr250 million loss in 1993, with worse prospects in 1994. "The situation of the company is not satisfactory," he says, noting that Air Inter has incurred consistent losses of some 5% of turnover since 1990.

Bernard's plan, circulated to the unions, calls for "a reduction of the deficit by Fr100 million through a more dynamic sales drive; a saving of Fr300 million through more efficient management; and Fr200 million through high productivity efforts by all staff". No compulsory staff redundancies are planned.

Bernard remains optimistic for the long term. He anticipates growth from an extended foreign-route network which already includes the UK, Germany, Switzerland and Italy and will be widened to Spain, Portugal, Algeria, Tunisia and Morocco, using the A330s.

Despite forthcoming competition, Bernard expects to carry an additional 1.9 million passengers outside France by 1997, representing traffic growth of 11% to a total of 16.5 million. □

Package carriers respond to growth

Recent double-digit growth in express-package volume has prompted both Federal Express and United Parcel Service (UPS) to announce plans to open new regional US air hubs.

FedEx is to open a southwest-US hub at Alliance Airport in Fort Worth, Texas, in mid-1997, to augment its main base in Memphis, Tennessee, and its existing regional hubs in Indianapolis, Oakland and Newark.

The Alliance hub will be FedEx's second largest, with the capacity to handle more than 50,000 express packages and documents an hour. The carrier handles almost 2 mil-

lion express shipments daily.

UPS is to open a fourth regional hub — in Rockford, Illinois — in late 1994, citing growth "far exceeding" its projections. A 29.2% increase in air-express business in the third quarter of 1993 pushed average daily air volume to over 1 million items.

The Rockford site, which has an initial capacity of 30,000 packages an hour and growth to 80,000 an hour planned by 1998, will augment UPS' main hub in Louisville, Kentucky, as well as existing regional hubs.

FedEx is the latest tenant for the privately owned Alliance industrial airport. □

Japanese wait for 'wise men' study

A committee set up by the Japanese Government to study ways of improving the competitiveness of the country's airlines is expected to produce an interim report early this month.

The Airline Industry Council (AIC) could exert a major influence over the new Japanese Government's as-yet undefined policy on aviation. The AIC, modelled on similar committees in the USA and Europe, was set up in October 1993 and is scheduled to present its final report in mid-1994.

The AIC's brief is to come up with suggestions to help Japan's airlines to weather a severe domestic recession, which has been exacerbated by the strong Yen's effect on costs and foreign-currency earnings, as well as overcapacity on international routes.

Another issue under discussion is that of the astronomically high landing fees at Japan's major airports, particularly Tokyo Narita and the new Kansai Airport, which will be opened in September 1994.

The chairman of Japan Airlines (JAL), Susumu Yamaji, says: "Japanese carriers, including JAL, are in a miserable position and our share on international routes has fallen from 50% in 1992/3, and is now around 30%. How carriers can survive in this international market is a matter of concern to the Government."

The 35-member committee includes representatives from academia, business, the aviation industry and the media. Yamaji says: "We have had a lot of chances to express our views." This included objections to landing fees, which amount to just over ¥2,400 (\$22)/tonne for international arrivals at Narita, or ¥910,000 for a Boeing 747-400.

The AIC's recommendations may lay the foundations for this, including the possibility of greater domestic liberalisation and an easing of restrictions on off-shore maintenance and wet-leasing. □

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