

NEWS IN BRIEF

■ MANX EYES EMB-145

British Airways Express carrier Manx Airlines is emerging as a possible customer for Embraer's EMB-145 50-seat regional jet. A senior Manx official says: "We are certainly looking to do something with regional jets, and it looks as if it will probably be with Embraer."

■ CONSOLATION PRIZE

Cathay Pacific has signed a deal to purchase a further two Rolls-Royce-powered Airbus A330s to add to the nine aircraft already on order. A further boost is likely from Aeroflot-Russian International Airlines which is in talks with Airbus Industrie over the lease up to seven more A310s, to add to its existing fleet of six.

■ INDIAN MURDER

Thakiyudeen Abdul Wahid, managing director of India's largest private airline, East West Airlines, was killed on 13 November in Bombay in a gangland-type shooting.

SHUTTLE DOCKING

The Space Shuttle *Atlantis*, making its 15th flight on mission STS 74, docked successfully with the Russian space station, the *Mir 1* on 15 November, three days after its launch from the Kennedy Space Centre.

Boeing/MDC talks raise pressure for Airbus rethink

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REPORTS THAT Boeing and McDonnell Douglas are exploring options for a mega-merger have raised pressure on the Airbus partners to accelerate their own sluggish restructuring efforts.

The Boeing-MDC talks came to light in a report in the *Wall Street Journal* on the 16 November. Negotiations appear to be at a preliminary stage, with no signs yet of whether they will result in a full-blown merger or stop at a more limited asset swap.

A full merger would create a powerful \$35 million grouping, dwarfing even the largest of the new US giants which have emerged from the latest round of consolidation. It would face a tough fight to get a deal past US anti-trust rules.

Although a merger of the civil businesses would technically give the new group a dominant share of the world jet-airliner market, it is difficult to see how the two competing ranges could continue to be run alongside each other for long.

One possibility is for MDC to concentrate on the lower-capacity



Boeing's civil business already dwarfs that of MDC

regional-aircraft sectors, while dropping its other products.

The potential for major rationalisation would help add to Boeing's plans to slash aircraft production costs, lead times and purchase prices.

The threat of such competition is already focusing minds within Europe on the issue of how to reform the Airbus consortium structure. Calls from the German and UK partners, now increasingly backed by pressure at Government level, are for a commercial holding-company structure free to take greater control of its costs.

Sources close to the negotiations suggest that moves have so far been blocked by French hesitance over any change to the existing regime,

but there are signals that France, too, considers change as inevitable.

Boeing has a clear lead in civil markets, and is more likely to be interested in getting its hands on MDC's valuable military business to sit alongside its own relatively small defence business.

If Boeing's fighter business, created to develop its one-third share in the F-22 with Lockheed Martin, were absorbed by the much larger MDC operation, the

new grouping would hold half of the F-18 production and, potentially, two-thirds of the Joint Strike Fighter (based on the current teaming arrangements).

A more straightforward link could be forged on helicopters, where Boeing's CH-47 Chinook offering would fit well with the MDC AH-64 Apache and Explorer.

Boeing signalled a desire to rationalise the helicopter sector earlier this year, when it opened merger talks with Bell Helicopter Textron — its partner on the V-22.

The only major conflict between Boeing and MDC's space businesses would be on Space Station Alpha for which Boeing is prime contractor and MDC a major subcontractor. □

SIA goes for 777 with Rolls-Royce powerplants

SINGAPORE AIRLINES (SIA) has placed an order for 34 Boeing 777s, with options on an additional 43 aircraft. Deliveries will run from 1997 to 2004. The \$12.7 billion deal includes spares and the selection of Rolls-Royce Trent 800-series engines.

The selection of R-R was the biggest surprise — the UK engine builder having come off second-best in most of the big 777 engine competitions to date.

R-R claims that the engine order

is worth £1.2 billion, if the options are taken up. This is based on a standard list-price, however, and fails to take account of the sizeable discounts required to secure most large engine orders in today's market. The deal includes spares equivalent to 30 engines.

The airline's 23 Airbus A310s now in service will be phased out as the 777s become operational.

SIA plans to finance the purchase from its own cash flow and reserves. The order is based on the 7,600km

(4,100nm) range, 300-seat 777-200B, but permits SIA to switch to other types of the 777 family as they appear on the market.

Of particular interest to SIA is the stretched version — the 350-seat 777-300 — which could replace the Boeing 747-400 on some Asia-Pacific sectors.

The 15,700km range 777-100, on the other hand, could be employed on transpacific routes and a lower-gross-weight version of the -100 could also figure for

some of the airline's regional routes — although SIA hints that here may be another competition for "one other smaller-capacity aircraft type". As it has done before, SIA may put some of its 777 options into a future competition.

The order includes six aircraft and ten options for the Singapore Aircraft Leasing Enterprise in which SIA has a 50% interest, but no decision has been made on powerplants for these aircraft. □

See *Air Transport Analysis*, P16.