

NEWS IN BRIEF

COLLISION CONCLUSION

The mid-air collision near Delhi, India, on 12 November, 1996, which killed 349 people, happened because the Chinkentavia Airlines Ilyushin Il-76 freighter was 1,000ft (300m) lower than its cleared altitude, according to Indian press reports leaked from the final accident investigation report. The Il-76 collided with an outbound Saudi Arabian Airlines Boeing 747-100, with 312 people on board, which had been levelled at 14,000ft, as cleared.

SWISS CARGOLUX LINK

Swissair cargo subsidiary Swisscargo is in talks which could lead to it taking to take an equity stake in Luxembourg's Cargolux. A marketing agreement is being discussed, and Swissair confirms that it is also in talks with Lufthansa over a possible purchase of Lufthansa Cargo's 24.5% stake in Cargolux. Lufthansa says it expects an agreement with the Swiss airline by "late September".

Smiths sells to Lucas

SMITHS INDUSTRIES has sold its engine-controls business to Lucas Varity, saying that there was not room for both UK players in an increasingly concentrated market.

Smiths signalled that engine controls were no longer a core business when it decided to step back from the BMW Rolls-Royce BR715 programme, despite its position on the BR710.

The unit also makes controls for the Eurojet EJ200, the Rolls-Royce Pegasus and Pratt & Whitney Canada PW 305. Smiths says, however, that with only four major turbofan engine manufacturers in the world, and some of those tied to captive controls manufacturers, market opportunities are diminishing.

The business is to be merged with Lucas Aerospace. □

European interest in JSF programme continues to grow

EUROPEAN INTEREST in the US Joint Strike Fighter (JSF) programme is continuing to mount, with the Netherlands and Norway signing agreements with the US Defense Department to join the project as observers.

Pentagon JSF programme director Rear Adm Craig Steidle says that, in addition, Denmark is now considering whether to sign up and Canada is in a similar position. Italy and

Spain may also join, he says. The UK and the USA are the only full partners in the next-generation fighter programme.

In a separate move, Lockheed Martin, which with Boeing is under contract to the Pentagon to build rival JSF technology demonstrators, says that it is in preliminary talks with Aerospaciale, Dassault and Daimler-Benz Aerospace to explore whether the companies can play a part in any subse-

quent production and development. Lockheed Martin is also teamed with British Aerospace and Northrop Grumman.

Lockheed Martin says that it expects to deliver its first C-130J Hercules to the Royal Air Force by next January, nearly 14 months late. Negotiations over penalty payments for late delivery continue. Federal Aviation Administration certification is now expected in the first quarter of 1998. □

EC approves state aid for Alitalia

MARCO MESSALLA/ROME

EUROPEAN TRANSPORT Commissioner Neil Kinnock has approved state aid for Italian flag carrier Alitalia, saying that this should bring to an end applications for aid from European airlines.

The approval, granted on 15 July, allows the airline's state-holding company IRI to complete the L2,750 billion (\$1.6 billion) cash injection agreed a year ago. IRI had already pumped L1,000 billion into the airline in July 1996 and is now free to inject another L1,000 billion. The remainder will be paid out over the next two years, depending on the carrier's making "satisfactory progress" with its restructuring effort.

As expected, the conditions

imposed on Alitalia include a range of restrictions on fleet expansion, safeguards over fare levels and the promise to cut the workforce by 1,212 people (*Flight International*, 16-22 July).

Alitalia will have to sell its 30% stake in Hungarian carrier Malev and its remaining 5% in the Alfa Avio aero-engine operation, as well as interests in the Galileo computer-reservation system and in a series of regional Italian airport companies, including those in Genoa, Naples and Turin. The airline will, however, be able to keep its 27% of Italian charter carrier Air Europe and 45% of Eurofly.

The carrier had already disposed of its 56% stake in Aeroporti di Roma, but stands to gain around L300 billion when the airport com-

pany completes a 41% float, under agreements which ensure Alitalia a share of any future increase in the company's commercial value.

Other conditions of the aid include a freeze on the carrier's fleet of 157 aircraft, extending to the subsidiary operations of Alitalia Team and Ali Express, which is due to start operations in August, taking over Alitalia's Aero International (Regional) ATR fleet. Expansion of available seat kilometres will be allowed to rise in line only with overall market growth.

The relationship between Alitalia and the Italian Government will also be more commercial, with no discrimination allowed in favour of Alitalia over areas such as slot allocation and international traffic rights. □

Boeing's MDC merger solutions fail to satisfy EC

THE EUROPEAN Commission (EC) has dismissed Boeing's proposed remedies to meet its concerns over the US manufacturer's planned merger with McDonnell Douglas (MDC). Barring a last-minute breakthrough in the discussions, the EC looks set to reject the deal.

The EC informed Boeing on 16 July that it had recommended that the proposed merger should not proceed. A final decision is scheduled to be taken by the EC on 23 July, but the Commission is not optimistic that the issues will be resolved in time.

One main sticking point has

been the exclusive-supplier agreements which Boeing has concluded with various US carriers, which EC commissioner Karel Van Miert has described as "totally unacceptable". The issue of combining MDC's commercial-aircraft division, Douglas Aircraft, with that of Boeing also concerns the EC, which would rather see the unit sold off separately. The EC is also worried that Boeing's airliner business will benefit financially from MDC's access to government funding for military projects.

Phil Condit, Boeing's chairman and chief executive, says: "We are extremely disappointed because

Boeing submitted to the Commission a series of significant remedies designed to address all of the Commission's concerns."

If the deal does go ahead against its wishes, the EC can attempt to fine both the merged company and any European companies which do business with it.

The possibility of retaliatory action from the USA has raised the spectre of a transatlantic trade war, although both sides are keen to resolve the issues through the proper channels. "I think we'd better let the process play itself out before we talk ourselves into a trade war," says US President Bill Clinton. □