

Airbus loses as El Al takes cut-price 737s

EL AL WILL INTRODUCE the first of five Boeing Next Generation 737s on its services to Europe in early 1999, following the airline's selection of the 737 over the rival Airbus A320 family.

Although the Israeli airline's traditional preference has been for Boeing aircraft, the Airbus A319 and A320 had been the front runners before the airline's board meeting, held in mid-December.

Just before the meeting, the Israeli defence and finance ministers met El Al chairman and president Joseph Ciechanover to discuss the possible implications of selecting Airbus aircraft.

Ciechanover says that, when Boeing preferred that Airbus was being favoured, it cut its offer by 6%. Airbus was not advised about the new offer until shortly before the final board meeting. The last-minute offer enabled El Al to conclude a deal for five 737-700/800s for \$170 million.

Airbus sources claim that the consortium was "ambushed" by the El Al board. "We will not compete again in Israel, which is a Boeing captive market," they say.

El Al's long-range, 360-seat aircraft competition starts this year and the airline says that it hopes that Airbus will offer the A340. □

BA outsources maintenance of A320/DC-10 in FLS deal

ANDREW CHUTER/LONDON

BBRITISH AIRWAYS is to outsource maintenance and component support for the airline's entire fleet of Airbus A320s and McDonnell Douglas DC-10-30s to FLS Aerospace. A contract is due to be signed later this month.

The tie-up with BA will be the culmination of a hectic month for FLS Aerospace. The Danish-owned, UK-based maintenance company has signed a memorandum of understanding to acquire Irish rival TEAM Aer Lingus, and at the same time has announced deals which have increased its 1997 order intake from £130 million (\$216 million) to £180 million.

The BA contract, believed to be valued at close to £50 million, will also task Europe's largest third-party maintenance company with painting the majority of BA's narrowbody fleet of aircraft in the airline's new corporate colours. BA and FLS decline to comment.

The negotiations with BA extend a relationship between the two companies which has already seen FLS subcontracted to under-

take overnight transit C checks on Continental Airlines DC-10s at Gatwick on behalf of BA and undertake some 747 maintenance.

To make better use of capacity, the two companies have also agreed to swap hangars on either side of Gatwick's single runway.

The A320 contract, to be carried out at London Stansted Airport, will run for five years, while the DC-10 work will go to Manchester for the next three years.

Completion of the deal would strengthen FLS' chances of becoming the maintenance provider for the "no-frills" airline being set up by BA at Stansted.

FLS Manchester is further extending its DC-10 work after securing a three-year £20 million contract with Continental for C and D checks on the airline's entire 31-strong fleet. The contractor is now completing a five-year deal involving heavy maintenance on 26 of the carrier's DC-10s.

The second, bigger, contract is with Caledonian Airways for the full maintenance support of two DC-10-30s and six Lockheed L-1011 TriStars at Gatwick. The

value of the work is estimated to be worth in excess of £30 million.

The volume of work now being booked at FLS - about twice the 1996 level - has left the company capacity constrained at its three UK operations. In a bid to acquire additional growth capability, it is now looking at purchasing Aer Lingus' maintenance arm TEAM. FLS has a 90-day period of exclusivity while it undertakes due diligence.

The Danish contractor reportedly beat AlliedSignal and BF-Goodrich to the deal, but both companies are waiting in the wings to see if FLS is satisfied by its inspection of the accounts and labour agreements.

TEAM Aer Lingus has more staff than FLS, with only about half the turnover. The Dublin-based operation almost went out of business about two years ago, largely because of strikes over management attempts to change working practices. State aid, which caused FLS unsuccessfully to complain to the European Commission, and an agreement with the unions, rescued the situation. □

Additional reporting by Ian Gooch.

NEWS IN BRIEF

■ ACA WANTS O'HARE

Atlantic Coast Airlines (ACA) is seeking to establish a major presence at Chicago O'Hare Airport, using its recently acquired Bombardier Canadair Regional Jets. It aims to compete against American Eagle, which will operate its Embraer ERJ145s at O'Hare. ACA also maintains a major hub at Washington Dulles International where it operates as a United Express carrier, and has asked the US Department of Transportation for 36 slots at O'Hare. The airline proposes to operate between Chicago and six cities, starting in March.

DHL-Europe boosts fleet of A300B4 freighters

THE EUROPEAN arm of US express-parcels carrier DHL has increased its Airbus A300B4-200F freighter acquisition programme to nine aircraft.

The airline has also received its first Daimler-Benz Aerospace Airbus (Dasa Airbus)-converted aircraft, following certification of the cargo conversion.

The aircraft, one of three ex-Egyptair A300B4s being leased from Pinnacle Aircraft Leasing, is being operated for Brussels-based DHL International by Hunting Cargo Airlines. DHL has already conducted flying trials with a Channel Express A300B4 freighter (converted by British Aerospace Aviation Services) on a 90-day wet lease. DHL says that this lease may now be extended, or another air-



DHL is putting the first Dasa-converted A300Fs into service

craft taken. Two ex-Continental Airlines A300s will also be leased from US company Household Finance, and three more wet-leased from Switzerland's Farnair.

German Federal Aviation Authority approval of the A300 freighter conversion, which had originally been expected in the

third quarter of 1997, was finally granted in December after five test flights. Hunting is operating the first aircraft on DHL's daily Stockholm-Copenhagen-Brussels run, while the Channel Express aircraft is being flown on the Stockholm-Copenhagen-East Midlands service. □