

ATR to set up asset management unit

ATR PLANS TO set up an asset management business as part of a restructuring plan that will see the Franco-Italian turboprop consortium become a single corporate entity early next year.

The move comes as ATR and British Aerospace go their separate ways following the formal dissolution of the Aero International (Regional) partnership on 1 July.

According to new chief executive Antoine Bouvier, the unit will manage a fleet of about 200 ATR 42s and 72s to which the manufacturer has financial recourse.

The aim is to place used aircraft in markets such as Latin America and the former Eastern Bloc in the hope of securing new sales later.

Bouvier says that the company, owned by Aerospaziale and Alenia, is also under pressure to go ahead with a newly revised Airjet regional jet project by the end of this year and is seeking new partners. CASA is among companies in talks. □

P&W warns partners on future of V2500 engine programme

PAUL LEWIS/SINGAPORE

PRATT & WHITNEY has warned its International Aero Engine (IAE) partners that it will pursue development of the PW6000 and geared PW8000 turbofan family unless agreement can be reached on the future direction of the collaborative V2500 programme.

"Pratt can't survive without participating in the largest engine market in the world," says P&W president Karl Krapek. "We made the decision to launch because we had to get back into the narrow-body business. We had been unable to agree with the IAE partners on how to enhance or provide derivatives or change the V2500. Our actions have caused some serious new thinking."

The US engine manufacturer and its principal IAE partner, Rolls-Royce, along with Japanese Aero Engines, MTU and Fiat, are engaged in discussions to determine the future of the consortium and the V2500 engine family.

The need for a decision is being driven by growing competition from the CFM International CFM56 turbofan and the threat P&W perceives from the General Electric/Snecma partnership producing a "higher operating pressure ratio engine". At the same time, P&W faces a shrinking market share and loss of an important revenue stream as its ageing JT8Ds are phased out of service.

Krapek outlines several scenarios. "We could put the gearbox around an upgraded IAE engine that has some PW6000 core com-

ponents, or we could go it alone with the PW6000 and PW8000. IAE then goes its own way with a new company and a new core that competes with the 6000/8000. We keep the old company and we run it out through the spare parts line."

P&W argues that the V2500's future lies in the use of a gearbox, rather than a higher pressure compressor, but it needs to convince its partners to support such a development. Rolls-Royce is believed to have presented its own series of improvement proposals based on the BR700.

"Something has to happen," warns Krapek, adding that it is not a prerequisite for a unanimous decision to be reached by all five partners, some of which have already agreed to join the PW8000 programme. □

EC allows American/BA alliance in exchange for Heathrow slots

CARRIERS ON both sides of the Atlantic are stressing that there is still all to play for despite the European Commission's long-awaited ruling on the British Airways and Lufthansa transatlantic alliances.

Major US airlines are already gearing up to lobby the US Department of Transportation to increase access to London Heathrow, while Lufthansa and United are threatening a legal challenge to the conditions imposed on their alliance.

After two years of wrangling, competition commissioner Karel van Miert finally issued draft proposals demanding that BA give up 267 weekly slots at its London hubs as the price for its pending alliance with American Airlines. That is expected to divide between 220-230 at Heathrow and the rest at Gatwick. The airlines would also have to cut frequencies on key hub routes to Dallas/Fort Worth, Miami and Chicago for six months to allow competitors to become established.

Similar conditions are imposed

on the Lufthansa/SAS alliance with United, with the loss of 108 weekly slots. This includes 98 slots at Frankfurt and a further 15 at Copenhagen, says Lufthansa. The three partners will also have to halve frequencies for six months on the Washington and Chicago routes if competitors take on the routes, as well as allow rivals onto their frequent flier programmes.

Full details of the draft rulings will not be published for another week and airlines will then have 30 days to comment. Public hearings

and comment by national governments could then take several more months before the draft is approved. The BA/American go-ahead will also hinge on the signing of a UK/US open skies agreement with attached anti-trust immunity for the alliance.

BA has given a cautious welcome to the EC draft but suggests it will lobby against some of the terms as they go through UK and US approval.

Lufthansa made a furious attack on Brussels, threatening action

through the European courts if new conditions are imposed on its four-year-old alliance. United has also lodged a complaint with the DoT, arguing that re-regulation of the hub routes from Frankfurt conflicts with the open skies deal. American is due to follow suit.

The DoT is also set to come under intense pressure from the major US carriers hoping to set up services out of Heathrow. Continental, Delta and US Airways have already put in applications for 10 daily return flights out of the airport, while Trans World Airlines wants a further five. That would translate into 490 slots a week.

In the UK, British Midland is also planning to revive transatlantic services, with an application for 10 daily flights, and Virgin Atlantic has long been pushing for extra transatlantic services.

Delta has argued that the slot concessions would have to be closer to 800 a week to allow five carriers to mount viable competition, and hopes that US authorities will "take more assertive steps" than Brussels. □

ESTIMATED SLOT DISTRIBUTION AT LONDON HEATHROW

	Share of slots	Equivalent daily flights	Equivalent weekly slots
British Airways	39%	238	3,300
British Midland	13%	80	1,100
Lufthansa	5%	32	450
Aer Lingus	3%	21	300
Air France	3%	21	290
SAS	3%	19	270
American Airlines	2%	13	180
Alitalia	2%	12	170
United Airlines	2%	11	160
Virgin Atlantic	1%	8	120
Total Heathrow	100%	605	8,500

Note: Shares based on latest available data with equivalent daily flight information calculated from slot total 1997. Estimates do not take into account seasonal variations.