

JAL plans cost cuts in bid to curb losses

JAPAN AIRLINES (JAL) is to step up cost cutting efforts in a bid to improve a financial performance which saw group losses reach ¥94.2 billion (\$710 million) in the year to the end of March.

The group is adding further measures to reduce costs by 10% – a ¥100 billion reduction – by April 2001, as part of a restructuring programme announced in March.

Two areas are being targeted for cost cutting, says JAL. “There will be a further reduction in ground-crew levels, on top of the 1,200 already announced. Although the exact numbers have yet to be decided, there could be between a further 300 and 500 lay-offs. In addition, we will postpone the purchase of three widebodied aircraft in fiscal year 2000, saving an estimated ¥60 billion,” the airline says.

JAL has been hit by sluggish passenger demand and losses from its hotel and resort businesses. “Companies have been inclined to limit business trips, and ticket prices continue to decline amid sluggish economic conditions,” says the airline. Despite the problems, the group is forecasting a return to profitability this year. □

NEWS IN BRIEF

■ **LOW-COST MAINTENANCE**
FLS Aerospace has secured its second big low-cost airline maintenance contract this year with a deal to support UK carrier easyJet. In April the London Stansted-based maintenance company won a similar contract with British Airways low-cost carrier Go covering total support, from line maintenance through to heavy maintenance checks. Monarch Aircraft Engineering, which like easyJet is based at Luton, previously performed the work. Fast expanding easyJet has 12 new build 737-300s on order to add to its existing Boeing fleet and is launching a Swiss-based low-cost operation in April. See *European Maintenance Directory*, P32.

Branson seeks US rule changes

VIRGIN ATLANTIC chairman Richard Branson has launched a crusade to remove restrictions on foreign ownership of US airlines, so that he can start up a US domestic carrier.

Branson visited Washington DC on 24 September to begin lobbying Congress to amend the “antiquated and outmoded” regulations prohibiting foreign ownership of a US airline. He believes some lawmakers already support lifting the restrictions.

US Department of Transportation assistant secretary for aviation and international affairs Charles Hunnicutt, meanwhile, says the agency is questioning current restrictions on foreign airlines operating in the USA and on foreign ownership of US airlines.

The proposed Virgin America would be modelled on Brussels-based low fare carrier Virgin Express, which is part owned by Branson, but operated independently of London-based Virgin Atlantic Airways.

Details are scant, but Virgin America would use US pilots and ground staff and “more than likely” aircraft built in the USA, Branson says. Virgin says that it would look at starting operations in markets lacking competition, at “fortress hubs” and in regions with high fares. “It would be a sizeable operation,” the company says.

Branson reveals that he was approached earlier this year by a venture capital firm which wanted to start a Virgin-branded airline in the USA. “We came very close to

going ahead,” he says, “but I had to turn the idea down because of the rules on foreign ownership.”

The proposal would have involved Virgin taking the full 25% ownership stake allowed by US legislation, and would have required a \$250 million investment by the UK firm, Branson says.

■ Virgin Express has confirmed its plans to launch an Irish operation based in Shannon, which will see some aircraft transferred to an Irish air operator’s certificate.

The move will effectively establish an Irish subsidiary, which it hopes will enable it to make substantial savings by reducing the high costs incurred by being based in Brussels. The airline’s first route from Shannon will be to London Stansted Airport. □

Honeywell remains optimistic on satellite system

HONEYWELL BELIEVES that a failure to approve the global positioning system (GPS) for sole means use because of concerns over jamming will not harm the long-term market prospects for its satellite landing system (SLS).

The company says improved versions of the SLS, now under development, will overcome problems with signal interference and will be capable of improving the accuracy and availability of GPS over a wider area, possibly allowing its approval for sole-means use.

The company achieved a milestone in the protracted development of its SLS on 21 September, when Continental Airlines com-

pleted the first commercial flights to use a certificated differential GPS (DGPS) landing system.

Continental flight 9980, using a Boeing MD-83, performed DGPS precision approaches at New York Newark and Minneapolis St Paul airports, which are equipped with Honeywell/Pelorus SLS-2000 ground stations.

Both units are so-called “private-use” Special Category I systems approved for Continental only. The MD-83 is the airline’s sole DGPS-approved aircraft, and will be used for in-service evaluation.

Honeywell is developing an improved “public-use” Category I SLS, or local area augmentation

system (LAAS), scheduled to be certificated in 1999. This will be followed by a next-generation Cat I LAAS with improved accuracy, which will form the basis of a Cat 3 all-weather DGPS landing system.

Company officials believe it will be “seven to 10 years” before the SLS/LAAS is ready to replace the instrument landing system (ILS). GPS has come under fire because of the ease with which the low-power satellite signals can be jammed, but the officials argue that ILS signals can be easily “spoofed” – which is potentially more dangerous, they say – and that has not prevented the system becoming the international standard. □



Condor’s first 757-300 rolls out in Seattle

BOEING HAS rolled out the second 757-300, painted in the colours of launch customer Condor Flugdienst, at Boeing Field in Seattle. The 757 is one of three -300s to be involved in the five-month test programme, which began in August. The German charter airline will receive its first Rolls-Royce RB211-powered 757-300 in early 1999.