

# Virgin to build US carrier network

CHRIS JASPER/LAS VEGAS

**V**IRGIN ATLANTIC Airways is trying to put together a network of up to 10 US feeder carriers following the launch of an initial deal with National Airlines. The move represents a fallback option for the UK carrier as its "Virgin America" plans continue to be blocked by restrictions on foreign ownership of a US airline.

"You can't afford to wait for a change in policy, so we have to build up an internal network of carriers to feed us," says Virgin chairman Richard Branson. He adds that, with Virgin operating to 10 US gateways, it would make sense to have 10 such relationships.

Speaking in Virgin's latest destination, Las Vegas, Branson said he is reluctant to invest in a US operation, given the 25% ownership cap. He believes any minority investment would send the wrong message to Washington, which he hopes will ease the restriction. Marketing deals, however, will improve feed without the necessity

to make any capital investment.

Virgin's agreement with Las Vegas-based National will see the pair begin joint marketing and offer joint frequent flier programmes from September, with the aim of deepening the alliance later.



US legislation blocks "Virgin America" plans

The head of Virgin's US operations, David Tate, says "the marketing deal will hopefully be followed by a codeshare". National's services to its Las Vegas hub from San Francisco and Los Angeles (served by Virgin) mean

the UK airline could effectively offer daily service to the Nevada city, rather than the twice weekly frequency it now operates directly.

The National tie will also allow Virgin customers to travel internally between its various gateways, given that the pair's networks overlap almost exactly. Branson says he would maintain the pact even if he was able to launch his own US domestic operation.

"America is enormous and even if we did have our own airline here we would still want a relationship with other airlines, as it would take

years to build up a network with our own aircraft," Branson says. "So we will work with National and talk with other carriers".

Tate says Virgin also held "intensive" discussions with New York-based start-up JetBlue, but they fell through. Sources suggest a deal would have seen Virgin take an equity stake, but that Branson felt this might jeopardise the liberalisation of ownership regulations.

Continental Airlines boss Gordon Bethune has added his voice to those calling for a relaxation of restrictions on foreign ownership of US airlines. He supports an immediate move to 49% foreign ownership and says there should be a debate over whether 100% is acceptable.

Speaking in London, Bethune said: "To successfully compete for the long term on the world stage, US airlines need the same ability that exists in businesses like telecommunications that must globalise their capital structure and networks to meet the demands of the global economy." □

## CAL seeks 747-200 as cargo demand grows

**C**AL, ISRAEL'S recently created cargo airline, is negotiating the lease or purchase of a second Boeing 747-200 freighter, to deal with growing demand.

The airline, established by Israeli agricultural organisations to export perishable products to Europe and carry general cargo on return to Tel Aviv, began operations on 1 December last year. It operates a 747-200F and regularly uses an Airbus 300-600 operated by Belgian airline City Bird. CAL flights operate mainly to Amsterdam, the Netherlands and Liege, Belgium.

Between January and April it had a 25% share of an Israeli air freight market which is recording growth.

Gilon Zohar, CAL's president, says it plans to replace the City Bird aircraft with a 747, to meet the demand from the Israeli market and comply with licence conditions. □

## ARINC and Lockheed Martin in ATOP finals

**T**HE US FEDERAL Aviation Administration has selected ARINC and Lockheed Martin as finalists in the competition for its oceanic air traffic management modernisation programme. Diversified International Sciences has been eliminated from the competition.

The US aviation agency's objectives in the Advanced Technologies and Oceanic Procedures (ATOP) acquisition is to modernise its oceanic air traffic control system using commercial off-the-shelf equipment that would be installed in air route traffic control centres at Oakland in California, Anchorage in Alaska and in New York.

FAA officials say ATOP is required to cut delays and cope

with the traffic growth anticipated by 2003.

ARINC is offering its Global Communications and Advanced Tracking system, which is based on the Australian Advanced Air Traffic System.

The ARINC team includes Airservices Australia, Airsys ATM Australia, Harris and Sensis.

Lockheed Martin is teamed with Adacel Technologies and Airways New Zealand.

Adacel Technologies' Datapath oceanic air traffic management system is operational in New Zealand. The system will also become operational in Portugal and Iceland in the near future.

The next stage of the competition is ATOP operational testing for US controllers. □

## Colour LCD retrofit on offer for Airbuses

**S**EXTANT HAS started talking to airlines about retrofitting its colour liquid crystal displays (LCDs) to all Airbus types.

The new generation of active-matrix displays will be certified on existing Airbus A330/A340 and A320 family aircraft at the end of 2001. Initially they will be offered as an option on new aircraft, but will be later provided as standard fit. They will be standard on the A340-500/600 and A318 from entry into service of the types in 2002.

Patrick Oszczeda, Sextant's director of commercial air transport avionics, says: "We're dealing with the airlines now to find out the level of interest. The response has been excellent". He says a retrofit will pay for itself in two years by virtue of a five-fold improvement in reliability and the associated maintenance cost savings. □