

Airlines close on stake in NATS after EADS drops out

ANDREW DOYLE/MUNICH
CAROL REED/SWANWICK

EADS has dropped plans to take a 10% equity stake in the Serco-led Nimbus consortium, which had been one of two short-listed bidders for 46% of the UK's state-owned National Air Traffic Services.

The European aerospace company declines to comment on the reasons for its decision. But UK sources involved in transforming NATS into a public-private partnership say the company's board was not satisfied that the investment would give an adequate return to shareholders, given the perceived level of risk and the lack

of time to analyse the financial consequences of its involvement.

The rival Airline Group, formed by the UK's leading carriers, has described as "ridiculous" media reports that it pressured EADS to pull out because the bid would have put the manufacturer in direct competition with its customers. EADS, drafted into Nimbus at the end of January after the withdrawal of UK investment firm PPM Ventures, will continue to provide technical support for the Serco bid, which is opposed by UK air traffic controllers.

The Novares group, linking Lockheed Martin and Airways Corp, New Zealand's state-owned air traffic control provider, was

excluded from the UK Department of the Environment, Transport and the Regions' shortlist, but retains "reserve" status. Sources close to the privatisation say the government is nevertheless wary about putting control of UK airspace into foreign hands.

Long delays in the development of the UK's new air traffic control centre at Swanwick – now due to go 'live' in June next year – may also have damaged Lockheed Martin's credibility, the US company being the prime contractor on the project. The successful bidder for NATS will be chosen later this month, with the government retaining a 49% holding and employees receiving 5%. □

Finmeccanica warned over transport sale

THE ITALIAN Government has indicated its reservations about the Finmeccanica group's new strategy of leaving certain business areas to concentrate on aerospace and defence (*Flight International* 27 February - 5 March).

Senior Finmeccanica managers have told *Flight International* that the conglomerate wants to sell its energy and railway activities, which offer poor returns, and use the cash to grow its aerospace/defence activities. But a government minister and several Italian political parties have warned that the sale of the transport activities must not be rushed.

With a general election due in mid-May, the politically sensitive break-up of Finmeccanica will require the new administration's approval. Potential buyers are understood to have emerged for the energy activities. □

Incheon backs down on airport charges

SEOUL'S Incheon International Airport (IIC) has compromised in its dispute with the International Air Transport Association, setting user charges 20% above those at the South Korean capital's former Gimpo gateway, rather than 40% higher, as proposed.

Incheon opens on 29 March, after which Gimpo will be downgraded to a domestic facility. The operator says the landing charge for a 395t Boeing 747-400 with 312 passengers, including parking for 2h, will be \$2,800, and that passenger aircraft charges will be reviewed after a year. Fees for similar sized cargo aircraft will be \$2,675, fixed for three years. A 25% discount will be offered to freighter flights between 23:00 and 05:30.

IIC says the charges were set after talks with IATA failed to find a compromise, and that IATA's preferred rate of 13% above Gimpo was not "a realistic benchmark", given that the old airport was debt-free. It adds that the charges will still be 31% lower than Osaka Kansai and 52% lower than Shanghai Pudong. □

Losses prompt Luxair to re-focus on Europe

HERMAN DE WULF/BRUSSELS

LUXAIR is to re-focus on short-haul routes serving the European business community, ruling out further forays into the long-haul market and calling into question the future of its leisure routes and those serving destinations beyond Europe.

The Luxembourg carrier's new president and chief executive Christian Heinzmann says it will concentrate on regional services linking the banking centre with key European cities.

Heinzmann – formerly of Belgian-based airline VLM – was brought in to run Luxair on 2 January, and says its "future policy will be to steer away from long-haul services" with the aim of restoring profitability this year.

"We can't compete with the many more important hubs that surround Luxembourg," he says. "Instead we should concentrate on our core business which is in Europe. Luxair has to make more efficient use of its aircraft, and we are therefore looking again at our destinations and evaluating them



Luxair plans to steer away from long-haul flights after a \$4 million loss

carefully. We may abandon some and we may add others."

Luxair launched a daily long-haul service to New York in 1999 with a Boeing 767 wet-leased from CityBird, but abandoned it the same year after losing money on the route. The carrier's longest remaining sectors are to the Canary Islands and the Red Sea resort of Hurghada in Egypt – destinations clearly non-core given its new strategy.

Luxair took an LFr190 million (\$4.28 million) loss last year on

sales of LFr10 billion after rising fuel costs and exchange rate changes took a major toll. The airline carried 1.1 million passengers, with a load factor of just 56.9%. Luxair Group was nevertheless profitable thanks to the contribution of Cargolux, in which it has a 35% stake.

Luxair serves 37 destinations with an 18-aircraft fleet, comprising four 50-seat Fokker 50 turboprops, nine 49-seat Embraer ERJ-145 jets, two Boeing 737-400s and two 737-500s. □