

AIRCRAFT ORDER

British European agrees to cancel RJXs

British European, launch customer for the now defunct BAE Systems Avro RJX, has finally reached agreement with the manufacturer over terms for the cancellation of its order.

The Exeter, UK-based carrier has been in talks with BAE about the fate of its 12 firm orders and eight options since the announcement in late November that the Honeywell AS977-powered RJX programme was being terminated (*Flight International* 4-10 December 2001).

With British European initially declining to cancel its order, BAE faced the prospect of being contractually obliged to build the RJXs.

British European has agreed terms to cancel its orders, saying that "it was reluctant to accept the risks associated with an orphan fleet, principally associated with the lack of fleet commonality, the cost for in-service support and the prospects for the eventual remarketing of the aircraft".

According to sources, a "commercial consideration" from BAE was a key part of the final settlement between the two sides. The airline operates 17 BAE 146s, and planned to use the new aircraft to replace the older version of the four-engine regional jet.

According to sources at the airline, although some discussions have been held with Embraer and Fairchild Dornier about their new regional jet programmes, there are no immediate plans to sign an order to fill the void left by the RJX.

Short-term, a "significant expansion" of the airline's Bombardier Q400 fleet from the current four-aircraft order is foreseen, with the high-speed turboprop likely to replace older 146s as their leases expire.

The other launch customer, Druk Air of Bhutan, had already agreed to cancel its order.

PROCUREMENT TOM GILL / LONDON

Ryanair orders 100 737s as it ends secondhand jet search

Airline has ambitious plans to grow to Europe's largest short-haul carrier by 2010

Ryanair has placed a record order for 100 Boeing 737-800 aircraft and 50 options in a bid to jump from seventh position to the region's largest short-haul airline by 2010.

The list price for the orders and options was \$9.1 billion, but after intense negotiations the airline received a "significant" discount, says chief executive Michael O'Leary. The new aircraft are in addition to 28 737-800s already delivered or on order. Deliveries start from December this year, running until 2010.

"We are looking at the single largest firm order of Next Generation 737s ever," says Tobias Bright, executive vice-president sales at Boeing Commercial Aircraft. Ryanair says it chose the 189-seater 737-800s over the Airbus A320 or the Boeing 737-700 because of the additional seats and lower operating costs.

The new aircraft will replace its 21-strong fleet of 737-200Adv. These will be phased out between 2003 and 2007, says O'Leary. The decision to go for new aircraft marks a shift for the airline. Last August, frustrated at being unable to get Boeing to lower its prices, it advertised for up to 50 used aircraft. The purchase "probably" means the end of the airline's use of secondhand aircraft, says chief financial officer Michael Cawley, unless there are "exceptional opportunities" that overcome the

advantages of the new aircraft's lower operating and maintenance costs. The airline will carry out the line maintenance for the 737-800s itself, although for heavier maintenance it is talking to several bidders.

The new aircraft, financed 15% from its own cash-rich balance sheet, will allow Ryanair to grow by 25% a year until 2010 when it will carry 40 million passengers compared with 10 million anticipated by the end of March this year, estimates O'Leary. If options are included, it will be able to carry 55 million passengers annually.

Ryanair will unveil six new routes at the end of January out of the UK and its European bases. Its Belgian hub at Charleroi is likely to see at least a couple of new routes. These will come on top of the previously announced opening of its Frankfurt-Hahn base on 14

February, which will serve 10 routes to France, Ireland, Italy, Norway and the UK. Talks are continuing with another 40 airports.

O'Leary denied that Ryanair was looking to expand at London Gatwick, where it is understood to have applied for additional slots, along with UK no-frills rival Go. EasyJet unveiled a major expansion at Gatwick in December. "Even if Gatwick, [London] Heathrow or Frankfurt-Main came to us, we wouldn't go there," claims O'Leary, pointing to slow turnaround times and high airport charges.

O'Leary maintains that Ryanair continues to offer the cheapest tickets in the European no-frills sector, claiming an average fare of £36 (\$51) in 2000 against £48 for EasyJet and £57 for Go. Its average ticket price stood at £36 last year and will fall to as low as £32 this year, he says.



Ryanair's 21 737-200s will be replaced by -800s

FLEET RATIONALISATION

Delta and Continental cuts to hit Boeing deliveries

Delta Air Lines and Continental Airlines have taken additional steps to rationalise their predominantly Boeing-supplied fleets.

Delta has announced it will bring forward the retirement of its 50 remaining Boeing 727s from 2005 to 2003 to cut operating costs. At the same time, the airline has reduced the number of aircraft its plans to take delivery of this

year from 24 to just eight 737-800s, 767-400s and 777s, while the total next year will shrink from 28 to just five more 737-800s. These figures include 19 options that will not now be exercised.

Continental has also said it will be deferring more of the 80 737-800/900s, 757-300s, 767-400s and 777-200ERs on order for delivery between 2002 and 2005. The car-

rier expects to take 20 aircraft during 2002, but none in the second half of the year or in the first six months of 2003.

The reductions follow a deal by rival American Airlines to acquire additional 737s and 777s in return for returning its entire 717 fleet. The airline is also reducing its 767-300 orderbook (*Flight International* 22-28 January).