

DEFENCE PAUL LEWIS / WASHINGTON DC

USMC Bell revamp avoids cancellation

But programme office moved and management replaced

The US Marine Corps (USMC) Bell AH-1Z/UH-1Y helicopter modernisation programme has avoided cancellation despite a 68% hike in the upgrade cost. The US Department of Defense (DoD) has also confirmed that it is again reviewing the size of the planned purchase of Lockheed Martin/Boeing F-22 fighters, together with other high-cost programmes, as it begins budget planning for 2004-09.

The H-1 modernisation is among six programmes that Pete Aldridge, DoD undersecretary for acquisition, logistics and technology, has approved to continue despite them being in breach of the Nunn-McCurdy Act, whereby defence programmes risk cancellation if costs go more than 25% above original estimates. To escape cancellation, the programmes had to meet four criteria: that they are essential to national security, no cheaper alternative exists, proper management is in place and costs are under control.

"We did put in a new management system and a new systems engineering capability at Bell for this programme," says Aldridge, adding that the only alternatives – the Sikorsky UH-60 and Boeing

AH-64 – are still more expensive.

The USMC H-1 programme office has been ordered to move from Patuxent River naval test centre to Bell's plant in Fort Worth, while the company's senior management has been replaced.

Also approved was the army's Boeing CH-47F/G remanufacture programme, the cost of which has jumped by 118% to \$6.7 billion following an expansion of the scope of work, an increase to 339 in the number of upgraded machines and higher company overheads. Other programmes in breach of Nunn-McCurdy included the Space-Based Infrared Radar (SBIRS) High, which jumped by 67% to \$6.7 billion, and the Guided Multiple Launch Rocket System, which went up 153% to \$12.4 billion.

Aldridge confirms F-22 procurement numbers are under review, with some reports suggesting the order could be cut from the 339 the air force wants to 180. Other programmes are also being examined, including the Boeing/Sikorsky RAH-66 Comanche and Bell/Boeing V-22. The SBIRS Low programme is being restructured, while the Navy Area Missile Defence system will not be replaced.

DEFENCE STEWART PENNEY / MONTREAL

P&WC offers PW800 for A400M

Pratt & Whitney Canada is proposing a PW800-based turboprop for the Airbus Military Company (AMC) A400M. AMC re-opened the engine competition this year as the consortium developing the original TP400 engine could not guarantee to meet performance requirements.

P&WC president and chief executive Gilles Ouimet says the company is proposing a 9,000kW (12,000shp) class turboprop using a PW800 gas generator.

The PW800 is in initial development and will be a 12,000-20,000lb (53-88kN) thrust class turbofan for regional jets and large business jets.

It will have a geared fan developed through the Advanced Technology Fan Integrator (AFTI) demonstrator and is due in service around 2006.

Ouimet says the engine's development is "synchronised" with the A400M programme, and that the company plans to involve a European team. He says, however, that until an engine selection, expected by the end of next month, P&WC cannot hold talks with potential partners as they are bidding a competing engine. Rolls-Royce and Snecma lead a team offering a three-shaft turboprop (*Flight International*, 5-11 March).

Briefing

Sabena receiver set to sue over collapse

LEGAL ACTION Sabena receiver Christian Van Buggenhaut has told a Belgian parliamentary committee investigating Sabena's collapse that his office is considering suing Swissair's successor Crossair and former Swissair managers for €3 billion (\$2.7 billion) in damages for causing the bankruptcy of the Belgian flag carrier. Van Buggenhaut is awaiting details from Swiss authorities investigating the demise of Swissair. The receiver alleges Sabena's problems were created by the cost of replacing an all-Boeing 737 fleet with 34 Airbus A320 family aircraft, followed by the then-SAir Group selling its minority stake in Sabena, "creating an irreversible situation that caused the collapse".

Losses force low-cost move for Air Canada

STRATEGY Air Canada's losses have led management to turn the carrier into a predominantly low-cost operator. Air Canada reported an operating loss of C\$160 million (\$102 million) for its first quarter ended 31 March, compared to C\$293 million a year earlier. Chief executive Robert Milton told analysts last week that the airline will now follow the low-cost carrier model, with no-frills subsidiaries Tango and Zip set to take over much of Air Canada's domestic services, and Air Canada to become a mainly long-haul international carrier. Milton says: "If the [traditional mainline] model is broken, and there are mature carriers that can never be consistently profitable, while there is another group like Southwest Airlines, WestJet and Ryanair, that is, then we're kidding ourselves if we don't look to adapt and, frankly, mimic."

NATS readies for government equity injection

INVESTMENT The part-privatised UK National Air Traffic Services (NATS) is to get a £50 million (\$71.5 million) cash injection from the government, which owns 49% of the company, on condition that it can match the investment from private sources. The other major shareholder, the Airline Group, says: "We have companies that have approached us willing to invest." This is the second tranche of government money that NATS has been forced to seek as a result of a post-11 September traffic drop. By mid-May the UK's Civil Aviation Authority is expected to respond to NATS' appeal for a relaxation of the user-charges price-cap mechanism on the grounds that such a sharp traffic fall could never have been forecast.

Aerosonde in crisis as Saab aborts take-over

LIQUIDATION Aerosonde Holdings, Australia's only share-market listed unmanned air vehicle manufacturer, is facing liquidation after it was suspended from trading from 3 May. The move follows a withdrawal of a take-over offer by Saab Systems on 2 May. Aerosonde recorded a half-year operating loss after tax of A\$17.6 million (\$9.6 million). Saab sought full control in late March after Aerosonde's third-quarter results showed cash flow that would prevent the servicing of a A\$1 million loan due in July. Saab holds an 18% stake in the firm, with partially paid options on an additional 10,000 shares. It stands to lose over A\$5 million unless backers are found.

CargoLifter clinches Boeing security deal

AIRSHIPS German airship group CargoLifter has signed a letter of intent with Boeing to develop "commercial, military and homeland security applications" for its lifting balloons and heavylift airships. The move improves the prospects for the company, which recently secured the first sale of its initial product, the AirCrane balloon, to oil-field logistics specialist HeavyLift Canada. The first CL160 heavylift airship is not due for launch until 2006 (*Flight International*, 30 April-6 May) and a recent bond issue raised concerns about CargoLifter's business model. CargoLifter has concentrated on heavy-cargo and load-relief applications, but Boeing may be considering other possible applications, including disaster relief and military strategic transport. Boeing has also revealed it may develop a stratospheric airship, which could be used for airborne surveillance, radar, electronic and signals intelligence gathering or ballistic missile defence.