AIRCRAFT ACQUISITION TOM GILL & MAX KINGSLEY-JONES / LONDON

Alitalia commits to Embraer 170

Italian national carrier announces major regional acquisition programme including the firming up of six ERJ-145 options

Embraer has won an important second European customer for the Embraer 170/190 family after launch customer Swiss, with Alitalia committing to up to 12 aircraft as part of a $400 million order that includes further ERJ-145s.

The Italian flag carrier has unveiled a major regional aircraft acquisition plan comprising six 170s (plus six options) and the firming up of six ERJ-145 options. It has also decided to acquire three additional ATR 72-500 turboprops.

Alitalia, which operates eight ERJ-145s, will take three from the new order later this year and the rest in 2003, while the 170 deliveries will begin late next year. The 72-seat 170s will be used to start the replacement programme for the airline's 89 Boeing MD-80s. They will be deployed on services from Milan Linate/Malpensa and Rome Fuimicino airports to major European destinations.

The ERJ-145 component of the Embraer deal is expected to be signed for immediately, while finalising the purchase agreement for the 170 order is expected to take a few weeks, says a source close to the negotiations.

Embraer values the firm component of the ERJ-145/170 deal at $250 million, increasing to $400 million if the options are converted. The 170 options can be exercised as the larger 190 family, says Embraer.

The 170 order is a significant coup for Embraer, which, like other regional manufacturers, has been frustrated by the sales slump of the new generation 70-100 seat regional jets since the 11 September terrorist attacks. Prior to the Alitalia announcement, Embraer had just two airlines signed up for firm 170/190 orders – Swiss with 30 and Air Caraibes with two. Lessor GE Capital Aviation Services also has 50 orders. Four 170s are in the flight-test programme, with Swiss deliveries to begin in the second quarter of next year.


KEITH BROOKS

The $400 millon Embraer deal includes 170s and more ERJ-145s (above)

Meanwhile, Alitalia last week received the green light from the European Commission (EC) for a €1.4 billion ($1.32 billion) recapitalisation plan, mostly financed by the Italian government. This will be used to fund fleet modernisation and to help cover current record losses.

The EC ruled that the proposed government investment does not count as state aid, saying that the planned share and bond issue "fully complied with the criterion of an investor in a market economy".

The Commission also released €129 million, the third tranche of an earlier package.

DISPUTE

Europe's air traffic controllers strike blow against Single Sky

Europe's skies were disrupted on 19 June by air traffic control industrial action in five countries, reducing the number of flights handled by the Belgium-based Eurocontrol Central Flow Management Unit (CFMU) by around a third. In all cases, the controllers' reason for striking was the same – to oppose the Single European Sky project approved in principle by the governments of all 15 European Union states and most of the 31 Eurocontrol member states.

The industrial action took place in France, Greece, Hungary, Italy, and Portugal, and both the duration of the stoppages and the traffic affected varied. French controllers were the most militant, with a stoppage from 04.00 and 21.00 GMT, and only listed flights originating or terminating in French airspace permitted to operate, resulting is around 2,000 fewer flights in the Paris flight information region than usual, according to the CFMU.

In Greece and Italy, says CFMU, the disruption was relatively slight because the action was planned for 4h in Greece and 1h in Italy, with overflying traffic not affected. For 4h Portugal banned all in-bound and out-bound traffic, and restricted overflights to four contingency routes. In Hungary, only Budapest airport was affected and overflying traffic was not.

Meanwhile in the UK, the controllers union Prospect is in dispute with National Air Traffic Services (NATS) over a pay deal that is worth 6% over two years, saying that the controllers feel strongly enough about the issue to consider industrial action if necessary. Prospect said last week that talks with NATS had started again.

ENGINE DEVELOPMENT VLADIMIR KARNOZOV / MOSCOW

PW800 stake to woo Russia in regional deal

United Technologies (UTC) has offered Russia 50% of Pratt & Whitney Canada's PW800 geared turbofan programme if it is selected by Sukhoi to power the Russian Regional Jet (RRJ) family it is developing in conjunction with Ilyushin and Boeing.

Three other engines are under evaluation for the RRJ – the General Electric CF34-8E, Rolls-Royce BR710 and Snecma/NPO Saturn SM146. Ukraine's ZMKB Progress may offer the AI-22 or D-36/436.

Richard Brody, president of international operations at UTC, which is P&WC's parent, says Russia has been offered a 50% share of the manufacturing in the 10,000-20,000lb-thrust (45-89kN) class engine. Other international bidders are expected to offer Russian industry similar offsets.

Based on the technologies developed during Pratt & Whitney's Advanced Technology Fan Integrator effort, the PW800 is under development by P&WC, with Fiat Avio and MTU. The engine, due for certification in late 2005, is also offered for the Chinese ARJ-21 regional jet.

Perm Motors and the Soyuz factory in Moscow are likely to have major roles in PW800 production. Russian engine design bureau Aviadvigatel has been invited to participate, with responsibility for the all-composite nacelle and thrust reverser, along with some elements in the LP compressor, mixer and interstage bearings.

P&W's St Petersburg-based subsidiary Pratt-WhitneyRus is already working on the PW800, while MTU says that part of its 40% share in the PW800 would be subcontracted to Russian companies in the form of design work.