

FLEET DEVELOPMENT MAX KINGSLEY-JONES / MUSCAT

Oman Air mulls options for next growth phase

Gulf carrier plots regional or long-haul expansion following fleet-restructuring effort

Oman Air will decide later this year the next stage of its expansion, with a plan to add widebody aircraft for long-haul services or small jets for regional operations under evaluation.

The majority privately owned airline completed the first stage of its reorganisation last year with the replacement of its mixed Airbus A310/Boeing 737-400 fleet with five 737-700/800s. It also operates four ATR 42s on short-haul services and flights to oil field strips. The Oman government, which owns a third of Gulf Air, also holds a 34% stake in Oman Air.

Oman Air chief executive Abdul Rahman Al Busaidy says the next phase could be approved this year for implementation in 2004. "We will present three alternatives to the board by 1 June: regional or long-haul expansion, or stay as we are," he says. "We have looked at 70-seat jets for high-frequency shuttle services in the region, but there are issues with access to certain countries which makes it difficult," says Abdul Rahman.

He adds that the regional jet fleet would need to reach a "critical mass", and with Gulf Air also eval-



The first stage in Oman's reorganisation included five new 737-700/800s

uating regional jet operations, a tie-up such as a joint venture regional subsidiary or a joint purchase has been discussed. Gulf Air chief executive James Hogan confirms that it has held talks with Oman Air, but declines to elaborate on what is being discussed.

A lower-cost alternative to regional jets would be to acquire two 100-seat 737-600s, which would complement the 737 fleet, says Abdul Rahman. "Although the -600 would be less ideal than a dedicated 70-seater, the commonality would reduce the investment," he says.

The airline's alternative expansion could be into long-haul opera-

tions from its Muscat base. This has been under discussion for some time says Abdul Rahman, but has been modified now that Gulf Air's future direction is clearer following the unveiling of its recovery plan in December. "We would initially take three widebodies - either A330-200s or 767-300ERs - for services to Europe and Asia," he says.

The airline would concentrate European services on a single destination - probably London Heathrow - where it has slots and landing rights. Initial Asian destinations would be Bangkok, Jakarta and Kuala Lumpur, which would complement the Gulf Air network.

REGIONAL EXPANSION

PIA closes on ATR deal to replace F27s

Pakistan International Airlines (PIA) is finalising plans to upgrade its ageing domestic turboprop fleet as it prepares to acquire ATR 42s.

PIA operates 11 Fokker F27s with an average age of around 40 years, and says it is in negotiations with ATR to purchase seven used ATR 42s which it hopes to operate in the second half of this year. PIA says it has taken an internal decision to acquire ATR 42s over Bombardier Dash 8s, although "options are still open" to acquire the Canadian turboprop.

The carrier is meanwhile planning to lease four more Airbus A310-300s to join the six already in service. They are expected to be added "around August or September".

The A310s will replace four of PIA's eight Airbus A300B4s: the remaining four are to be retired after new Boeing 777s start arriving at the end of this year.

Last year PIA placed firm orders with Boeing for eight 777s, including three -200ERs, two -200LRs and three -300ERs as part of an international fleet modernisation. The orders came after it agreed to purchase six used Boeing 747-300s from Cathay Pacific Airways.

■ Air Zimbabwe is reportedly talking to lessors about acquiring up to three ATR 42-500s to replace its single operational Boeing 737-200 Adv on domestic and regional routes. The Zimbabwean flag carrier has seen traffic fall dramatically since the beginning of political unrest and economic collapse in 2000.

ATR general secretary Jean-Pierre Cousserans says the company has not negotiated with the government-owned carrier, which is subject to European Union sanctions. He adds that there are several ATRs that are beyond the company's control which could be offered to the airline. Tarom, which has five ATR 42-500s in service, is understood to be one potential source.

CO-OPERATION JACKSON FLORES / RIO DE JANEIRO

Link with Aerosur bolsters LAPA

Argentinian carrier LAPA is slowly recovering lost ground in the domestic market after one of the most difficult periods of its 27-year history, as it bids to expand its international route network.

LAPA has recently sealed an operational alliance with Bolivian airline Aerosur, which holds a 45% stake in the Buenos Aires-based carrier. Named Alianza del Sur (Southern Alliance), the partnership will see both carriers start flying to Miami and Madrid during the second half of the year. The alliance will be open to other Latin

American airlines, although no talks are under way.

The tie-up includes route rationalisation and codeshare services and has spurred a fleet-expansion plan for the two airlines. Two Airbus A300s will be delivered on lease early in the second half of 2003, for operation on services from Buenos Aires and Santa Cruz de la Sierra to Madrid and Miami. A final decision on which carrier will operate the A300s has not been made. LAPA also expects to take delivery of five Boeing 737-200s between April and August from a

US lessor, while Aerosur will acquire five 727-200s. The 737-200s will allow the Argentinian carrier to recover domestic destinations that it surrendered during its lean years of 2001 and 2002, boost frequencies on existing routes and add new international destinations.

LAPA is aiming to achieve a 21% share of the domestic market by May and is targeting a return to its original 28% share by the end of the year. Traffic for 2003 is expected to be around 1.6 million passengers.