

## ALLIANCE

## ANZ-Qantas granted extension

The New Zealand Commerce Commission has granted Air New Zealand (ANZ) and Qantas a six-week extension – from 9 May to 20 June – to make submissions on the authority's initial rejection of the airlines' planned tie-up. The move will push back a final decision from the New Zealand authority to September.

Meanwhile, Qantas will lodge its submission by 9 May to the Australian Competition and Consumer Commission following the ACCC's rejection of the alliance as uncompetitive in its draft determination in April. The move comes as Qantas calls for a quick final determination from the ACCC to allow an appeal to the Australian Competition Tribunal if the deal is rejected.

Australian deputy prime minister John Anderson is pushing the ACCC to approve the alliance to ensure the Australian flag carrier's future. The minister recommends the airlines submit more undertakings to eliminate the anti-competitive aspects of their deal to ensure approval.

Qantas chief executive Geoff Dixon says the airline had made a strong case that the alliance would deliver significant benefits, but the ACCC ignored or underestimated the "fundamental challenges" facing airlines.

## START-UP MURDO MORRISON / LONDON

## Virgin plans low-cost US airline launch this year

Branson says group will take minority stake in operation for start-up "within six months"

Virgin is in talks to raise funds to launch a low-cost US airline operation later this year.

Sir Richard Branson, chairman of the UK conglomerate, which majority-owns international airline Virgin Atlantic, says he aims to have the airline "up and running within six months" and is talking to US venture capital providers about raising \$150 million to fund the launch.

Speaking at the UK Aviation

Club last week, Branson said the airline had been trying "for 15 or 16 years to get permission from the US authorities to set up in America – we are not going to wait any longer". He said his group would be the "minority owner in a company that carries the Virgin brand".

The airline would be "started from scratch" and would serve cities across the USA. Branson would not say whether the venture would be East or West Coast-based.

In the past, Virgin has said its ambition was to launch a US low-cost airline modelled on its Australian carrier Virgin Blue and perhaps named Virgin America.

Foreign ownership of US companies is currently restricted to below 50% of stock and only 25% of voting rights. Branson has previously insisted he would need to be a majority owner and controller of a US airline and campaigned for US ownership rules to be changed.

## LEASE

## African airlines add 767s for European flights



Two African Airlines – Uganda's East African Airlines (EAA) and start-up Eritrean Airlines – are adding Boeing 767s for long-haul

services to Europe. Entebbe-based EAA is acquiring a 767-300ER on lease from International Lease Finance that

was previously operated by Dutch charter airline Martinair. The aircraft is being prepared for delivery at Amsterdam Schiphol airport.

Meanwhile, Eritrean Airlines has begun operations with a 14-year-old, ex-EgyptAir 767-300ER leased from Boeing Aircraft Trading. The aircraft has already entered service on flights from its base in Asmara to Amsterdam, and will be used on services to other points in Europe and to destinations in Africa.

Boeing says the airline will also operate scheduled cargo services, and plans to acquire more aircraft.

## AIRCRAFT DEVELOPMENT CHRISTINA MACKENZIE / PARIS

## Snecma confident of more work on RRJ family

Snecma is sure it will gain more business from Sukhoi and its partners on the Russian Regional Jet (RRJ) family, following confirmation of the SM146 engine selection.

The decision to adopt the 13,500-17,500lb-thrust (60-78kN) engine, which is being jointly developed by Snecma and Russia's NPO Saturn, came after evaluating the engine against the Pratt & Whitney Canada PW800 turbofan being proposed with Aviadvigatel.

The selection of the Franco-Russian engine was first reported in

*Flight International* earlier this year, but the formal memorandum of understanding was not signed until 29 April (*Flight International*, 21-27 January). At the official signing, Snecma and Sukhoi reached a broader agreement to co-operate in other areas of the RRJ.

"Nothing has yet been decided in detail...we will be studying the opportunities available with Sukhoi," says Snecma president Jean-Paul Béchat. He adds that "all equipment makers of the Snecma group" could be considered as

potential beneficiaries of the deal. These include nacelle and thrust reverser specialist Hurel-Hispano, wiring division Labinal, brakes and hydraulics arm Messier-Bugatti and landing gear-maker Messier-Dowty.

Sukhoi's civil aircraft division is leading the RRJ programme, with partners Ilyushin, Yakovlev and Boeing. The first example of the three-member 60/75/95-seat family is due to fly in 2007.

Sukhoi general director Mikhail Pogoyan says the RRJ's price should be "15% cheaper than competitors",

and expects orders for at least 600 aircraft through to 2020. The break-even point on investment is between 150 and 200 aircraft.

"Studies have shown that there will be high demand for 50- to 100-seat aircraft in Russia in the forthcoming years," says Pogoyan.

He adds that there are already about 30 preliminary orders from Aeroflot and another 70 from regional Russian operators such as Krasair, Pulkovo Aviation, Sibir Airlines and UT Air (formerly Tyumenaviatrans Aviation).