

ALLIANCE JUSTIN WASTNAGE / LONDON

BA sets out Swiss Oneworld rules

Membership of global grouping comes with series of conditions, including loan guarantee tied to Heathrow slot swap

British Airways has laid out a strict set of conditions that Swiss International Air Lines must meet as part of its entry into the Oneworld alliance.

BA, which concluded a commercial agreement alongside the alliance entry for Swiss last week, has limited the growth of long-haul routes from Zurich and tied a loan guarantee to slots at London Heathrow. BA has agreed to guarantee a credit line of SFr50 million (\$36 million) in return for options to acquire the titles of eight Swiss slots at BA's hub and eight at Zurich. As each option is exercised, the value of the loan guarantee dimin-

ishes, but Swiss's cash reserves grow. This asset flow will enable Swiss to borrow from banks more of the SFr500 million it is understood to need to complete its restructuring package over the next two quarters.

Airline analyst Chris Tarry of Aviation Industry Research and Advisory, says the SFr50 million reflects the market price for the slots, as Swiss inherited some of the best timed slots in Heathrow from now-defunct Swissair. "BA never overpays for anything. It wants slots and traffic, not a full merger," he adds. Swiss will also feed potentially high-yield passengers into BA's North Atlantic and Oneworld partner Iberia's South

Atlantic networks, but is understood to be limited to BA-approved route expansion eastwards and banned from adding capacity.

André Dosé, Swiss chief executive, says it is not a straight slot trade deal, as closer cooperation with BA will lead to more efficient services on the route, requiring fewer slots. However, BA is said to be keen to remove any risk from a tie-up with the Crossair successor.

Dosé says the limited scope agreement will lead to an eventual equity swap. He says public opinion in Switzerland preferred Oneworld membership to full merger with Lufthansa, which had

been under negotiation since February. Codeshares will start on all routes between Switzerland and the UK from 26 October and full migration to common systems and frequent flyer programmes should be complete within five months.

Swiss, with antitrust immunity over its commercial agreement with Oneworld US carrier American Airlines, expects to receive approval from European Commission and Swiss monopoly authorities within the next month. Geneva-based EasyJet Switzerland has lodged a request for Swiss's Zurich slots in anticipation of a negative ruling.



EXPANSION

Air Moldova takes first A320

Air Moldova began its fleet renewal programme on 20 September with the delivery of its first Western-built jet airliner – one of two ex-Ansett Australia Airbus A320s the Moldovan flag carrier plans to acquire. The two CFM International CFM56-5-powered aircraft are being acquired on operating leases from an international syndicate led by Credit Lyonnais. The 144-seaters will be operated from Moldova's capital Chisinau (formerly Kishinev) to Amsterdam, Paris and Rome. The airline operates an ageing Soviet-era fleet, as well as an Embraer Brasilia. Moldovan president Vladimir Voronin says the country is set to continue the replacement of its civil fleet with Western aircraft.

SETTLEMENTS

Families and victims of Asian airline crashes win damages in US courts

Settlements have been reached in the USA over two Asian air accidents that together killed more than 300 people.

Singapore Airlines (SIA) settled in Los Angeles on 18 September with a retired US university professor who sued the carrier for negligence in the crash of a Boeing 747-400 in Taipei nearly three years ago.

Lawyers with California legal firm Greene, Broillet, Panish & Wheeler claim the airline settled for a "substantial sum of money" two days after the trial began.

The law firm was representing Harald Linke, who was one of the

passengers on flight SQ006. The 747-400 crashed at Taipei's Chiang Kai Shek International Airport on 31 October 2000, killing 83 of the 179 people on board. Linke survived the crash but claimed to have suffered from post-traumatic stress disorder. His case was the first SQ006 lawsuit to go to trial in the USA. He was suing the carrier for unspecified damages.

In a separate case in Chicago, Hamilton Sundstrand settled on 22 September with families of 26 victims of the September 1997 crash of a Garuda Indonesia Airbus A300B4 in North Sumatra, Indonesia, in

which all 234 people on board were killed. The payout is expected to average \$600,000 for each victim.

The lawsuits alleged Hamilton Sundstrand's Mk II ground proximity warning system (GPWS) "failed to perform as represented and did not give the pilots a timely warning, thus causing the crash".

Chicago-based Nolan Law Group planned to argue the system has inherent design flaws. It claimed available flight data recorder information showed the GPWS sounded an alarm only 5s prior to the aircraft's first impact with a tree.

MARKETPLACE

■ **EasyJet** has taken delivery of the first of 120 CFM International CFM56-powered Airbus A319s it has on order. The first five will be delivered this year – all to its subsidiary EasyJet Switzerland in Geneva. The remaining aircraft will be delivered to the UK carrier by the end of 2007. ■ **Boullion Aviation Services** is to manage UK bank **Abbey's** (formerly Abbey National) lease portfolio of 30 aircraft. The portfolio is valued at about \$950 million. ■ **Guernsey, UK-based airline Aurigny** is to lease two 66-seat ATR 72s for five years to boost capacity on its routes to London Gatwick and Manchester and provide charter capacity.