

Bombardier offers to stretch Canadair jet to 90 seats

GRAHAM WARWICK/WASHINGTON DC

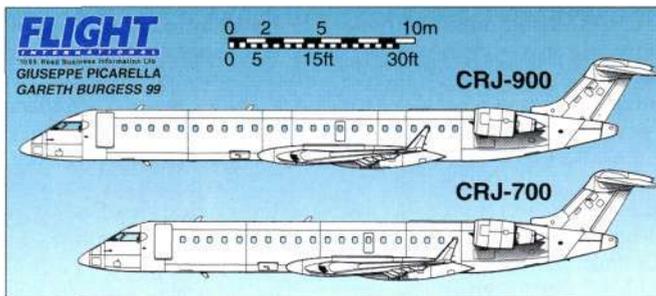
BOMBARDIER IS offering airlines a stretched 90-seat derivative of the Canadair Regional Jet (CRJ). A decision on whether to launch the new model, dubbed CRJ-900, is planned for year-end.

Deliveries of the aircraft, which would be derived from the 70-seat CRJ-700, could begin in 2002, two years earlier than rival 90-seaters from Embraer and Fairchild, says Bombardier Aerospace president Michael Graff.

If the CRJ-900 proceeds, it is likely to delay the BRJ-X programme, which has been refocused around a 100-seater. "We will not necessarily drop the BRJ-X," stresses Bombardier chief executive Robert Brown. "There is still a place for a 100-seat aircraft, but we may decide to delay it slightly."

Bombardier invested C\$650 million (\$440 million) to develop the 70-seat CRJ-700 from the 50-seat -100/200, which features major changes to the wing, empennage and fuselage/cabin. The CRJ-900 would be a simple stretch of the -700 and is expected to require C\$200 million to develop, with a unit price of \$28-29 million, says Graff. This compares to the \$24-25 million price for the CRJ-700. Negotiations under way with potential risk sharing partners are not restricted to those working on the CRJ-700, he says.

Both the 50-seat CRJ-100/200 and the CRJ-700 are powered by the General Electric CF34, and Graff confirms that discussions are under way with GE on powering



The 90-seater will feature a stretch to boost accommodation by 20 seats

the CRJ-900. A more powerful CF34 is under development for the Embraer RJ-190 and Fairchild 928JET 90-seaters.

Bombardier describes the aircraft as "consistent with our strategy", offering commonality, and says that it is "looking at" the 44-seat market targeted by Fairchild and Embraer, but "not seriously". While the CRJ-900 is seen as an aircraft for regional airlines, the BRJ-X is viewed as a replacement for British Aerospace 146s, Fokker 100s and McDonnell Douglas DC-9s.

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DHL completes British Airways 757 deal

MAX KINGSLEY JONES/LONDON

DHL HAS concluded its long-running negotiations with Boeing and British Airways for the acquisition of a massive fleet of converted Boeing 757 freighters, and will take the first of 44 aircraft in mid-2001. An announcement was expected on 5 October.

Discussions between DHL, BA and Boeing about the \$1.3 billion 757 deal was revealed by *Flight International* in July (28 July-3 August). Deliveries of the converted 35t payload 757-200Fs to Brussels-based DHL International/European Air Transport will begin in mid-2001, initially at a rate of one a month.

DHL selected the 757-200F to replace its ageing European-based Boeing 727 fleet after an evaluation

which included the 737-300/400F and a proposed cargo version of the Airbus A320. The selection provides Boeing with the launch customer for the 757 freighter conversion programme, while also providing an outlet for almost all of BA's 757s.

Boeing is acquiring all BA's 34 Rolls-Royce RB211-535C-powered 757-200s, along with 10 of its 19 -535E4-powered examples, for conversion and onward delivery to DHL.

Boeing is offering its 757 conversion for a list price of \$6.8 million and will require 12-18 months from programme launch to complete initial conversions and gain certification. The programme is expected to get under way later this year with the delivery of the first aircraft from the BA fleet.

The phasing out of BA's 757s comes as the airline undertakes a major strategy revamp and refocus on yield rather than total passenger traffic. The airline is to replace many of the 180-seat 757s at London Heathrow hub by smaller 150-seaters.

The 757 disposal had originally been linked to the airline's proposed acquisition of Boeing 717s (*Flight International*, 4-10 August), but that deal may have been widened to include the trade-in of other types. With BA cutting back its Boeing 747s in favour of smaller 777s, sources suggest that the trade-in of BA's 16 747-200s may now be linked to the 100-seat 717 order. Further capacity cuts have been considered, including the disposal of a handful of 747-400s, and up to six of its 28 767-300ERs.

Korean merger goes ahead without a plan

THE LONG-AWAITED merger of three South Korean aerospace companies has finally gone ahead, with no approved business plan.

The union of Daewoo Heavy Industries (DHI), Hyundai Space and Aircraft and Samsung Aerospace into Korean Aerospace Industries (KAI) was formalised on 1 October.

The companies agreed last September to merge, under pressure from the South Korean Government as it sought wider consolidation of the country's "chaebols" (conglomerates).

The merger has gone ahead without an approved business plan after creditor banks, represented by the Corporate Restructuring Committee (CRC), twice rejected plans on the basis that they were too heavily biased towards military work and that the companies' debt-to-equity ratio is worryingly high. The KAI partners are aiming for a 164% debt-to-equity ratio, reduced from 500% because of creditors' protests.

KAI says the CRC has approved a debt transfer from the merging companies to KAI, but the company still seeks "a certain level of financial support", in the form of a \$125 million debt-for-equity swap.

The new company has signed memoranda of understanding with potential foreign direct investors, including Aerospaciale Matra/Lockheed Martin, British Aerospace, GEC and DaimlerChrysler Aerospace. The selected investor is expected to buy about 30%.

NEWS IN BRIEF

■ SERVICE SUSPENSION

Air services between the Philippines and Taiwan were suspended indefinitely on 1 October, after a breakdown in talks between the two governments. The Philippines has been trying to revise downwards an agreement that allows carriers from each country to provide 9,600 seats a week on the route.