Merpati considers help from SIA

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SINGAPORE Airlines (SIA) may be called in to act as management consultant to troubled Indonesian carrier Merpati Nusantara, according to the Indonesian Government.

"It is possible that SIA may co-operate with Merpati," says Indonesian communications minister Agum Gumelar, who ruled out a rumoured similar tie-up with struggling Garuda Indonesia. Garuda is being advised on its operations by Lufthansa Consulting, in a contract that will run to the end of 2000, with an option to extend.

The idea of calling in SIA to help the two state-owned carriers recover had been raised by Indonesia's co-ordinating minister for economy and finance, Kwik Kian Gie, who confirmed that Jakarta had held preliminary talks with SIA. He said the sale of an equity stake in the airlines could be part of any deal.

SIA declines to comment on any talks, but Garuda has ruled out working with the Singaporean carrier. "We are getting good results with the assistance of Lufthansa, and since SIA and Garuda are in the same area, it is a conflict of interests," says Garuda.

Merpati welcomes the initiative, confirming it is seeking a consultant to help restore its fortunes. The company reportedly has debts of about 1.7 trillion rupiah ($170 million), but has been discussing Airbus A318, A319 and A320 purchases as replacements for older types, in anticipation of an imminent upturn in the domestic and regional markets.

Garuda has debts of $1.8 billion, but says it has seen substantial improvements in loads, yields and on-time performance since 1998. Average passenger load factors in 1998 stood at 54% and have climbed to 70%. Yields have risen from $0.034 per seat km in 1998 to $0.054 per seat km, says the carrier.

Garuda says on-time performance has improved from 77% to 88% since Lufthansa came on board in mid-1998. The airline has reduced its fleet by about one-fifth, to 44 aircraft, and cut back unprofitable routes. ❑

EC plans next step in US hushkitting row

THE EUROPEAN Council of Ministers has approved further European Commission (EC) efforts to head off draconian US measures to block Europe's get-tough policy on hushkits. The council says the EC can continue negotiating, but only on condition that Washington "makes real overtures to negotiation and renounces all retaliatory measures against the European Union".

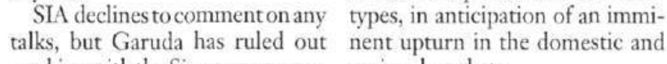
Europe has already pushed back – to next May – the cut-off date for determining which aircraft can continue operating after the 2002 general ban on non-Stage 3-compliant aircraft, and the Council's move makes a further compromise more likely. Europe would expect the USA to accelerate negotiations on a new Stage 4 rule. ❑

NEWS IN BRIEF

■ FAA FIGHTS FATIGUE

American Airlines is among 10 US carriers refused an extention to the grace period for reorganising schedules to ensure proper rest for reserve crews, the Federal Aviation Administration says. The deadline was 12 December and FAA inspectors are to gather data which could result in "civil penalty cases".

Airbus and Boeing set to hit output records



Airbus single aisle production is being held up by a BAE streamlining effort

AIRBUS AND BOEING are on course to deliver a record 915 aircraft between them in 1999, but their combined output is set to decline from 2000. Airbus has warned that some deliveries will be delayed in 2000 because of a production problem.

Airbus will end 1999 with 295 deliveries – up 30% on 1998's tally of 229 units. Boeing has boosted its output from 563 in 1998 to 620 in 1999. Airbus output will rise slightly to about 310 in 2000, while Boeing is cutting back to around 480 aircraft, lowering the overall tally to less than 800.

Deliveries of A320 family models will be delayed by up to three weeks in the first half of the new year because of problems with a planning system introduced by wing manufacturer BAE Systems Airbus. The delay will not affect the delivery target, says Airbus.

"There will be a slippage in the timetable for deliveries in the first half, but we expect to recover later," it says. "The delay is within normal contractual margins."

BAE Systems Airbus says the problem stems from the introduction of an "enterprise resource planning system" to streamline the ordering and manufacture of detailed wing components. It says lack of proper training led to "corrupt data being fed into the system which upset the procurement and manufacturing process". ❑

SAS board approves A330/A340 purchase

THE SAS BOARD has finally approved the Scandinavian flag carrier's long-awaited purchase of four A330-300s and six A340-300s to replace Boeing 767-300ERs on long-haul routes. The airline's selection of the Airbus types over the rival 777-200ER was revealed by *Flight International* in January, although the order was delayed until internal cost-cutting targets were met (*Flight International*, 20-26 January, P6).

The deal, valued by SAS at SKr10 billion ($1.18 billion), includes options on seven aircraft, which can be taken as A330s or A340s. SAS says its 767s will be progressively phased out as the Airbuses are delivered between 2001 and 2004. It operates 14 of the Boeing twins, nine of them leased.

The A330s will be configured to seat 278 passengers in two classes, while the A340s will carry 275. Engine selection for the A330 twins is due in the first quarter of 2000, with the Pratt & Whitney PW4000 and Rolls-Royce Trent 700 left in the running after the elimination of General Electric's CF6-80E1 engine.

■ Cathay Pacific has confirmed its order for three additional Rolls-Royce Trent 700-powered Airbus A330-300s (*Flight International*, 15-21 December). The high gross weight models will be delivered in early 2001. ❑