

BUSINESS BRENDAN SOBIE / WASHINGTON DC

# US Airways secures bankruptcy reprieve

## Battle continues for union concessions to get federal loan

US Airways may avoid filing for bankruptcy after it convinced the US Senate last week to preserve a federal loan guarantee programme. But it risks running out of cash unless it secures a \$1 billion loan guarantee from the programme.

Before it can apply for the guarantee – the deadline for which is 28 June – the airline must secure contract concessions from its unions, and persuade the House of Representatives to keep intact the controversial \$10 billion emergency loan programme, set up after the September terrorist attacks.

After intense lobbying by the carrier and its unions, the Senate rejected a proposal to reduce the amount in the loan guarantee pool and defer awards until 1 October. The House, however, passed a similar proposal last month. "If Congress stops the government from issuing loan guarantees prior to 1 October, US Airways will run out of cash," says the Association of Flight Attendants (AFA).

US Airways has a Chapter 11 bankruptcy filing prepared in case it fails to secure a quick loan guarantee. The airline has discussed concessions with its main unions, but a wide gap remains between the \$850 million in labour cost cuts sought by the carrier and what the

unions are willing to provide. "We advised the carrier that the documents they had presented do not represent a legitimate proposal," says the International Association of Machinists. "They asked our membership to agree to \$261 million in annual cuts without explaining how these cuts will help the company survive."

US Airways is asking the AFA to take \$90 million in annual cuts, and the Air Line Pilots Association (ALPA) to accept a \$595 million reduction. ALPA has agreed to cut costs by almost \$300 million. US Airways has set a 15 June deadline for forging tentative agreements.

■ US Airways has formed subsidiary MidAtlantic Airways to operate at least half of the 70 additional regional jets it is allowed to acquire under an amended pilot-contract scope clause. Pittsburgh-based MidAtlantic will use the operating certificate of the airline's dormant Potomac Air unit, and will be the fourth wholly owned US Airways Express carrier.

US Airways is talking to Bombardier and Embraer, and is to announce a regional jet order by early July. The airline has applied to reactivate the Potomac Air certificate, which it closed in October, to begin flying in the fourth quarter.

## TECHNOLOGY

# FAA draws up GPS back-up plan

The US Federal Aviation Administration will retain most ground-based navigation as back-up in case the global positioning system (GPS) is deliberately or accidentally jammed. As a result, savings from the move to satellite navigation will not accrue for at least 20 years.

Airspace users have been briefed on the plan due to be presented by July to the US Department of Transportation, which will make recommendations by December.

Although the FAA intends GPS, with wide-area and local-area

augmentation systems, to become the primary means of US airspace navigation, aircraft will have to carry ground-based back-up. General aviators must retain a VHF omnirange (VOR) receiver, while business aircraft and airliners will have to carry VOR, distance measuring equipment (DME) and instrument landing system (ILS) receivers.

The FAA is to retain all 930 DME stations, but reduce VORs to 450-550 sites by 2102. Category II and III ILSs will remain, but Cat I ILSs will be cut to a runway per airport.

# Briefing

## CAE founder Patrick dies at the age of 86

**OBITUARY** Ken Patrick, founder of Canada-based simulator manufacturer CAE, has died, aged 86. The former Royal Canadian Air Force officer began Canadian Aviation Electronics in 1947 with 18 employees. Its first contract was building and installing radar systems above the Arctic Circle. CAE is now the largest supplier of civil flight simulators and training, employing 6,000 people, with a turnover of \$1 billion.

## Ford to scan American A300 crash fin panels

**INVESTIGATION** NASA Langley has sent two large fin panels from the crashed American Airlines Airbus A300-600R for investigation at the Ford car company in Michigan. The section is the lug-to-skin load transition area; Ford has non-destructive scanning equipment to image any ply separation, says the National Transportation Safety Board. The scanning is due to continue for "another week or two". Undamaged tail parts have been removed for testing. There is to be a public hearing in October on the accident, which occurred on 12 November last year in Belle Harbor near New York.

## Second Indian LCA makes maiden flight

**TESTING** India flew the second Light Combat Aircraft (LCA) technology demonstrator on 6 June. The multirole fighter has been developed by India's Aeronautical Development Agency and built by Hindustan Aeronautics. The flight from Bangalore lasted 28min, and was flown by Wg Cdr Tarun Banerjee. First flight of TD-2 follows the first flight of TD-1 in January last year.

## Court rejects FAA pilot duty time rule appeal

**RULING** A US appeals court has dismissed an attempt by US airlines to prevent the Federal Aviation Administration enforcing a stricter interpretation of pilot flight and duty time rules. The ruling allows the FAA to enforce its duty time regulations regardless of weather or air traffic control delays. The stricter interpretation could require pilots to return to the gate if they believe departure delays would push the arrival time beyond their 16h duty limit. Airlines want the freedom to allow pilots to operate flights that are due to land within the 16h window, but do not do so because of delays. The appeals court had blocked enforcement of the stricter interpretation pending its ruling on the challenge lodged last year by the Air Transport Association. The airline trade body is considering options, which may include an appeal to the US Supreme Court, while the US Air Line Pilots Association has called on the FAA to resume enforcement.

## CargoLifter Development files for insolvency

**COLLAPSE** Airship manufacturer CargoLifter's largest business unit, CargoLifter Development filed for insolvency last week. Around 283 of CargoLifter's 495 employees work for CargoLifter Development at Briesen-Brand near Berlin. A group of CargoLifter shareholders and politicians have started to collect funds under escrow against a possible convertible bond issue designed to save CargoLifter. The group is still discussing a rescue bid with investors, banks and the Brandenburg state government, but time is running out – the company says it needs a payment of €20 million (\$18.7 million) "very soon" to survive. Development of the CL160 airship was suspended last month to focus on the simpler CL75 lifting balloon.

## Stonecipher ends aerospace career at Boeing

**RETIREMENT** Former McDonnell Douglas president and chief executive Harry Stonecipher retired as Boeing vice-chairman as planned earlier this month. He joined the company in 1997 during the McDonnell Douglas take-over. Stonecipher is credited with masterminding the companies' merger and, with chief executive Phil Condit, turning the new entity around after the 1998 production crisis. He will remain as a director, raising concerns among unions which say his arrival at Boeing heralded a focus on "short-term profits". Stonecipher is not being replaced directly; instead a three-person team will work with Condit.