

Cathay, Air China set up cargo airline

Cathay Pacific Airways and Air China have agreed to establish a joint venture cargo airline, using the Beijing carrier's wholly-owned subsidiary, **Air China Cargo Co. Ltd (ACC)**, as a platform for the Shanghai-based new venture.

Under the agreement, which is subject to approval from the relevant authorities, Air China will hold 51% of the cargo airline while Cathay Pacific will acquire 25% direct equity in ACC as well as funding an offshore trust – in the form of a loan - to hold an additional 24% economic interest in ACC, a company statement said.

Cathay will invest 1.67 billion yuan (US\$245.16 million) into the joint venture and sell four freighters and two spare engines to ACC. ACC was launched seven years ago and is now China's largest all-cargo airline operating with a fleet of seven B747 freighters.

"The joint venture airline will provide the two most important cargo-generating regions in the Mainland with two highly competitive and efficient home-based carriers – Cathay Pacific in the Pearl River Delta and ACC in the Yangtze River Delta," said Cathay Pacific chairman, **Christopher Pratt**.



Air China chairman, **Kong Dong**, and Cathay Pacific chairman, **Chris Pratt**, shake hands in Beijing after signing the joint venture cargo deal between the two carriers

Kingfisher opts for oneworld alliance

Bangalore-based **Kingfisher Airlines** has applied to join the **oneworld** alliance by 2011, becoming the global airline alliance's 13th member. Kingfisher will add 58 domestic Indian destinations to the oneworld network as well as flying to the oneworld hubs of London, Hong Kong, Bangkok and Singapore and regional cities Colombo, Dubai and Dhaka.

"Becoming part of oneworld would be one of our most

significant steps so far and is right in line with our vision to become one of the world's top airlines," said Kingfisher chairman and CEO, **Vijay Mallya**.

Earlier last month, oneworld alliance member, **American Airlines**, fought off a bid by **SkyTeam** alliance member, **Delta Air Lines**, to bring the now bankrupt **Japan Airlines (JAL)** into the SkyTeam fold. JAL decided to remain with American Airlines and has applied to Washington for anti-trust immunity to develop its operational ties with American.

THAI approves fleet renewal plan

Thai Airways International (THAI) said it plans to lease 15 aircraft for regional and long-haul services as part of its newly approved 2010-2021 fleet renewal plan.

The THAI board said it would go into the market for financial leases for seven airliners of up to 300 seats for regional services as well as negotiate 10-15 year operating leases for eight aircraft with a capacity of 350 seats for international services. THAI added the acquisition plan

included the delivery of five new A330s from 2010-2014 and six A380s from 2012 to 2013.

At the same time, the airline confirmed it had accepted the resignation of **Wallop Bhukkanasat**, and appointed **Pravich Rattanapira** as the new chairman of THAI's executive board.

Wallop resigned after it was revealed he had used his position to transport hundreds of kilograms of extra luggage from Tokyo to Bangkok without paying the appropriate charges. ■

PEOPLE

Following the appointment of new chairman, **Kazuo Inamori** and new president, **Masaru Onishi**, **Japan Airlines** has announced a new streamlined management team for the holding company, **Japan Airlines Corporation** and its main operating company, **Japan Airlines**. The slimmed down management team eliminates 11 executive officer jobs, including the position of managing executive officer and is charged

with designing and implementing strategy "to achieve a quick revitalisation of the company".

Singapore Airlines (SIA) has announced that **SIA Cargo** president, **Goh Choon Phong**, has returned to SIA as executive vice-president (designate) for marketing and sales, regions and will succeed **Huang Cheng Eng** when he retires in June. As well, current senior executive vice-president (operations and planning), **Bey Soo Khiong**,

has taken up the new post of senior executive vice-president (marketing and corporate services) and will be in charge of all marketing and sales regions as well as the corporate services division.

Tan Kai Ping, who was seconded to run **Great Wall Airlines** in Shanghai in 2005, and most recently was senior vice-president operations at SIA Cargo, is to become president of the cargo airline.

James Stewart has succeeded **Bernard Kessler** as CEO of **SR Technics**, a global MRO company majority owned by the **Mubadala Development Company**. Stewart, who joined SR Technics as chief financial officer in August 2008, is tasked with differentiating SR Technics as a global MRO provider as the airline industry recovers from the worst downturn in its history. ■

AirAsia reports record profit

The region's leading low-cost carrier, Kuala Lumpur-based **AirAsia**, has announced a record profit of 549 million ringgit (US\$161.4 million) for the year to December 31.

AirAsia Group CEO, **Tony Fernandes**, said revenue in 2009 was 11.5% higher than for the previous 12 months and that passenger demand for the group's operations rose 24%, to 22.7 million, for the year.

Fernandes said **AirAsia Thailand** was benefiting from a recovery in demand for air travel in Thailand after a prolonged period of challenges. "The outlook for the first quarter [of 2010] remains strong with high passenger traffic, strong load factor and better yields," he said.

AirAsia Indonesia is in the final stage of its aircraft renewal programme, which will deliver operational reliability, increase capacity and substantially reduce operational cost, said the group.

As the Indonesian airline receives more A320 airplanes, it will replicate the cost

advantages of Malaysia and is on course to deliver sustainable profits for the full 2010 year, said Fernandes.

"AirAsia is ideally positioned to grow traffic as Asia is leading the way out of the global economic downturn," he added.

MAS doubles profit in 2009

Malaysia Airlines (MAS) has reported a net profit of 493.1 million ringgit (US\$147.5 million) for the 12 months to December 31, compared with a profit of 245.7 million ringgit in 2008.

MAS managing director and CEO, **Azmil Zahrudin**, said the result was mainly the product of market-to-market fuel hedge gains of 1.15 billion ringgit as well as a strong fourth quarter and a rebound in cargo business. Profit in the fourth quarter was 610.6 million ringgit, compared with a 46.6 million ringgit profit for the same months in

2008. Zahrudin said MAS was "positioning itself to capture growth as the carrier predicts that 217 million Asia-Pacific passengers will take to the skies by 2013".

MAS announced plans to purchase 15 A330-300s in December to add to its order book of six A380s, plus B737-800s and ATR 72-500s.

SIA sees better times ahead

Singapore Airlines (SIA) has reported its best third quarter results for two years as cargo rebounded in the lead up to Christmas and travellers took to the year-end skies.

The group announced a net profit of S\$403.7 million (US\$286.5 million) for the three months to December 31, 2009, compared with a profit of S\$337 million 12 months earlier.

The improved results have reduced the projected losses for

the current fiscal year (to March 31, 2010) to S\$62 million.

The company said: "passenger loadings in January and bookings in hand indicate the recovery in the third quarter is likely to continue in the final quarter of the financial year. The improvement in yields is holding up.

"Although air cargo shows some improvement, it is more tentative because of the excess of freighter capacity and the unidirectional nature of cargo flows. The business outlook for the group is encouraging, but it must be acknowledged that uncertainties linger over the global economy."

Interim profit for Virgin Blue

The **Virgin Blue Airlines Group** has reported an interim profit of A\$62.5 million



AirAsia Thailand: benefiting from a recovery in demand after tough times

SHORT TAKES

CODE-SHARES: **Thai Airways International (THAI)** and its subsidiary, **Nok Air**, will code-share on three domestic flights from Bangkok's Don Muang airport to Chiang Mai, Mae Hong Son and Phitsanulok.

LEASING: Asia Pacific-based **BOC Aviation** has signed a purchase and leaseback agreement with **Air Berlin** for three B737-800 aircraft and agreed to long-term

leases with **Air New Zealand** for two A320s, with delivery scheduled for 2011. **SkyNet Asia Airways** has leased a B737-800 from **AWAS** with delivery scheduled for mid-2011.

MRO: **Ameco Beijing** and **United Airlines** have signed a second five-year contract for heavy maintenance of the Chicago-based carrier's B747 fleet. **SR Technics** has signed a two-year

extension of its contract with **Air India** to service the carrier's CFM56-5B and CFM56-7B engines. **Lufthansa Technik** has signed a three-year agreement to repair the **Virgin Blue Group's** CFM56-7B engines on its fleet of B737 aircraft. The work will be carried out at LTQ Engineering, a joint venture between **Qantas Airways** and Lufthansa Technik, at the LTQ facility in Melbourne,

Australia. **AirAsia X** has appointed **Lufthansa Technik Philippines** as its MRO provider for its A330 and A340 fleet until March 2013.

OEM: **Dunlop Aircraft Tires** has acquired the testing and manufacturing equipment of **The Yokohama Rubber Company** following the Japanese tire company's decision to withdraw from the

aircraft tire business. **ROUTES:** **Dragonair** will increase flights from Hong Kong to Hanoi from daily to 10 a week, to Nanjing and Chengdu to 14 and 12 respectively and Changsha and Chongqing will increase services to daily. The regional carrier will also expand capacity on some flights each week to Phnom Penh and Fuzhou by operating A330s on the route. ■

(US\$56.1 million) for the six months to December 31, 2009, compared with a loss of A\$101.4 million for the same period in 2008.

The group, which is made up of Virgin Blue, **Pacific Blue** and year-old, long-haul carrier, **V Australia**, said it has signed an in-principle agreement to buy 50 B737s and also plans to upgrade its premium economy cabin and service offerings.

To counter competition from low-cost rivals, **Tiger Airways** and **Jetstar**, the group will incorporate an economy "lite" class on its B737 fleet.

Chief executive, **Brett Godfrey**, said favourable fuel prices had helped the bottom line, but cost-cuts and improved productivity also had contributed to the result.

Shenzhen Airlines profits rise

Shenzhen Airlines has reported a larger-than-expected profit of 500 million yuan (US\$73.1 million) for the 2009 fiscal year. It reported a profit of 26 million yuan profit for the previous 12 months.

A company statement in

February said passengers carried increased by 27.8% and cargo traffic improved by 22%, mainly in the last quarter of 2009.

ANA stuck in the red

All Nippon Airways (ANA) recorded a 9.8 billion yen (US\$108.7 million) loss for its third quarter, to December 31, 2009, and maintained its full fiscal year forecast of a 28 billion yen loss.

ANA said the carrier had lost 35.1 billion yen for the nine months, which reversed the 9.4

billion yen profit for the same period a year ago.

"The business downturn has been continuing and passenger demand is taking longer than expected to recover," the carrier said.

ANA has benefited from domestic and foreign economic stimulus measures and it added that exports, production and consumer spending were picking up, especially in Asia. But cost-cutting measures had not totally offset the slump in demand and declining yields, the airline cautioned. ■

ENVIRONMENT

SIA's 'green' dream flight

Singapore Airlines made major savings on a one-off 'green' flight it operated from Los Angeles to Singapore via Tokyo during Singapore Air Show week, *writes Tom Ballantyne*. The SQ1 flight was part of the Asia and Pacific Initiative to Reduce Emissions, or ASPIRE, a partnership among carriers in the region to cut greenhouse gases.

The B747-400 used 11 tons less fuel than a normal service, reducing carbon emissions by more than 37 tons. To be more fuel efficient, the aircraft underwent a number of maintenance measures, including a detailed engine wash and airframe polish before the flight. SIA also worked with aviation authorities in the U.S., Japan and Singapore to ensure optimal air traffic conditions.

"The route an aircraft takes, the altitude at which it flies and the weather it encounters all affect the amount of fuel it burns and the carbon dioxide emitted," said Gerard Yeap, SIA's



senior vice-president of flight operations. He said when the final numbers came in about 23,500 pounds of fuel were saved and more than 74,000 pounds of carbon emissions were eliminated. The flight also arrived about 30 minutes earlier than expected.

Garuda Indonesia signed an MoU on reducing carbon emissions with the International Air Transport Association (IATA) during the Singapore Air Show. The MoU would enable passengers to decide whether to pay to cover their own carbon

footprint for their flight when booking on the Garuda website. Once fully implemented, the programme would allow passengers to calculate the compensation required, the volume of reduced CO₂ emissions needed and available emission reduction activities.

Garuda is the 15th airline to join the IATA initiative. The association's carbon offset programme is ready-to-use software, which airlines can offer to their passengers to allow them to compensate for carbon emissions by contributing to

carbon reduction projects in developing countries.

Garuda has reforested some 250 hectares of forest in the Sebangau National Park in Central Kalimantan and another 250 hectares along the Arakundo River water basin in Aceh.

Meanwhile, **Thai Airways International (THAI)** has become the world's first airline to calculate the carbon footprint of its inflight signature dishes.

Thailand is the first country in the ASEAN region to receive the carbon footprint label. ■
(Singapore Air Show review, page 26)

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