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Turkish Eyeing A380s, 747-8s As Part Of Long-Haul Order

AIRLINES

ISTANBUL - Turkish Airlines is nearing a decision on orders for a new long-haul fleet and is seriously considering A380s or 747-8s as the carrier's board of directors evaluates proposals by management.

The airline is considering the Boeing 787, 777X and 747-8, as well as the Airbus A350 and A380, as it

tries to define the composition of its future long-haul fleet, Senior VP for Investment Management Levent Konukcu said at the International Society of Transport Aircraft Trading (ISTAT) Europe conference.

The airline has a large orderbook comprising 248 aircraft, but it is heavily geared towards narrowbod-

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Beijing Tops Dallas/Fort Worth International Airport's Wish List

AIRPORTS

CHICAGO—Dallas/Fort Worth International Airport (DFW) is lobbying American Airlines to add service to Beijing, a DFW official said in an interview here during World Routes 2014.

The route would help Dallas compete for what's considered a lucrative grouping of passengers: Customers flying between Asia and South

America. Due to U.S. Department of Homeland Security restrictions on transfer passengers, the connection can be tricky to make, but Dallas officials believe it can be done. They note that American has had some success flying passengers between Shanghai, Hong Kong and Seoul and South America. All three Asian cities were added to American's DFW net-

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DATA WATCH

ALTA Passenger Traffic - July 2014

		<u> </u>						
	Year to date							
	2014	2013	Change					
Passengers	102,301,385	96,731,103	5.8%					
Intra-LatAm*	92,888,297	8,805,629	5.5%					
Extra-LatAm	9,413,088	8,674,884	8.5%					
RPK (millions)	152,786.5	144,103.7	6.0%					
Intra-LatAm*	106,739.5	100,788.3	5.9%					
Extra-LatAm	46,047.0	43,315.5	6.3%					
* International and Domestic Flights								

* International and Domestic Flight

More ALTA traffic on p. 6

INTELLIGENCE

Start-up carrier Greenland Express, which launced with a single leased Fokker 100, has suspended flights after just three months of operation and is aiming to relaunch at some point with an Airbus A320 fleet. Greenland Express founder Gert Brask said that the suspension of services is "a planned timeout" to switch fleet types, and all unused tickets will be refunded. No timeline for the relaunch was given.

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ies. Turkish has 117 A320s and 100 737s on order, including the A320neo and the 737 MAX. However, its widebody portfolio is more limited, with 18 Boeing 777-300ERs and 13 Airbus A330s set to arrive by the end of 2017. Turkish needs additional widebody lift after 2017 but has not placed an order for the latest-generation, long-haul aircraft.

Under the current fleet plan, Turkish will be operating 54 widebody aircraft by the end of 2014, growing to 79 by the end of 2021.

Konukcu indicates that the airline is seriously looking

at the A380 and the 747-8. "Most probably we will need these larger aircraft," he said. The airline represents one of the few current opportunities for both Airbus and Boeing to place their largest widebodies.

Konukcu indicates that in addition to being able to carry more passengers, "cargo capacity is also very important for us" in any widebody decision. He does not say when a decision will be made.

The airline is facing severe slot constraints at its hub at Atatürk International airport. A new airport in Istanbul is due to open in late 2017.

-Jens Flottau, jens.flottau@aviationweek.co.uk

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work in the past 18 months.

"We think we can be the logical connecting point between Asia and South America," DFW Executive Vice President-Revenue Management Ken Buchanan said. The problem now is that much of the traffic that could be flying through hubs like Dallas, Houston and Los Angeles instead goes via Canada and Mexico because of U.S. government restrictions.

When DFW opened a new international terminal in 2005, it built international transfer lounges, which are now used for other purposes. Buchanan said the airport is optimistic they could eventually be useful. "One day we would like an opportunity to test new security initiatives at DFW Airport," he said. "We are constantly working with CBP."

DFW could also be competing with Los Angeles International Airport (LAX) as a logical Asian gateway.

"We would like to grow Los Angeles," American president Scott Kirby said in an interview. He added that American — which will take over four gates from United at LAX — is

trying to obtain even more gates from the airport authority. But LAX could be more of a pure Asia hub for American, since it lacks many South American connections.

Most airports use the annual World Routes conference to try to entice airlines to add service.

But American accounts for 85% of DFW's passenger traffic, so airport officials generally defer to the carrier on any important new route. Only if American is not interested will DFW try to entice another carrier on a specific route.

"We are very selective and careful to go after routes that won't be accommodated by American," Buchanan said. "We don't want to do anything to negatively impact them. But we also want to be a global hub."

Buchanan also said that DFW is not concerned about relaxed restrictions on routes from Dallas Love Field that start next month (Aviation DAILY, Sept. 11).

Virgin America is leaving DFW to start Love Field service, but Buchanan said the airport's overall traffic numbers will not drop.

-Brian Sumers, <u>brian.sumers@aviationweek.com</u>

PAL To Review Planned U.S. Route Additions

Ownership changes at Philippine Airlines (PAL) have called some of the carrier's new route plans into question, including the launch of flights to New York in March.

Business magnate Lucio Tan recently repurchased the minority stake in PAL he had sold earlier to San Miguel Corp., once again giving him control of the airline. Tan has indicated that he will be assessing some of the strategies put in place by the previous management group.

"With the ongoing transition in PAL management, the airline is reviewing route expansion plans including the reintroduction of New York service," a PAL spokesman says. "We will make the proper announcement as soon as details of any new services are finalized."

When the FAA restored the Philippines to a category one safety rating in April, PAL executives immediately revealed their intention to "implement an expansion plan" in the U.S. market.

This was expected to lead to increased frequencies on existing U.S. routes, including flights to Honolulu and Guam. The carrier said it would introduce new routes, with Chicago and East Coast cities among those under consideration.

New York was to be the first U.S. destination added. PAL planned to begin four weekly flights to New York's John F. Kennedy International Airport via Vancouver in March 2015, using Airbus A340-300s. The airline ended its previous service to New York in 1997.

However, while New York has a large expatriate Filipino population, this route would face challenges.

The A340s are less efficient than the Boeing 777-300ERs PAL uses on other North American routes and many competing carriers already offer one-stop, Manila-New York flights more frequently than the proposed PAL service.

The FAA upgrade has enabled PAL to phase out the Boeing 747-400s it was using on its flights from Manila to San Francisco and Los Angeles, replacing them with 777-300ERs.

-Adrian Schofield, avweekscho@gmail.com

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Aviation Daily

Ryanair Looking At In-Flight Wi-Fi Across Its Fleet

Ryanair's new "Business Plus" service is proving popular with passengers, and the carrier is considering onboard connectivity across its entire fleet even before its Boeing 737 MAX 200 start arriving, an executive said.

No firm decision has been made, but "we're looking at in-flight Wi-Fi options. The use of a laptop and a tablet onboard is becoming standard by businessmen and families, but we have to find the right technology and systems for the different coverage zones and countries we fly to. It's more complicated in Europe than in the U.S.," Ryanair's Chief Marketing Officer Kenny Jacobs said in an interview. The airline's network spans 30 countries in Europe and Morocco. About in-flight Wi-Fi, Jacobs said, "you have to do it well," noting that slow and choppy Wi-Fi connectivity is not any better than no Wi-Fi.

The operator would outfit its current fleet of Boeing 737-800s with Internet connectivity before it starts taking delivery of 100 recently ordered Boeing 737 MAX 200 aircraft, Jacobs said. Ryanair is a launch customer for the high-density MAX (Aviation DAILY, Sept. 9). The new order includes 100 firm orders and options for 100 aircraft. The carrier had recently ordered 180 Boeing 737-800s as well. Deliveries of the CFM LEAP-1B-powered MAX 200 will run from 2019 to 2023, while deliveries of the new NGs started this month. Ryanair will take 20 additional Boeing 737-800NG deliveries by July 2015.

Before the end of the month, Ryanair will announce a deal with a second global distribution system (GDS) provider, Jacobs affirmed. The LCC has deviated from its strategy to sell only through its own website and concluded an agreement with Travelport this year as it looks to evolve its business offering and strengthen its position in the corporate-travel market (Aviation DAILY, March 12).

Jacobs said the Travelport cooperation is a "great success," though he declined to disclose how much of its inventory it is currently selling via the GDS. Ryanair and Travelport agreed to specific targets per country and overall.

Some 27% of Ryanair's passengers already choose Ryanair for business travel and more than 4,000 passengers per day buy the LCC's new "Business Plus" offering, launched on Aug. 29 (Aviation DAILY, Aug. 29). Most of the uptake for new product—which includes flexibility on ticket changes, free airport check-in, a 20 kg. checked-in bag allowance and priority boarding—is in the U.K. and at Madrid and Barcelona airports, while "Belgium does what it should do and Germany does more than we expected," Jacobs said. He noted that the demand for Business Plus is correlated to the GDS footprint in specific countries.

Ryanair is looking at refreshing both its livery and cabins as part of a more customer-centric strategy. Its MAX aircraft will feature the Boeing's Sky Interior and analysis of new lightweight seats is ongoing.

The LCC may even retrofit the interiors of its current aircraft with the new color scheme "to give the right customer-friendly messages," Jacobs said.

—Cathy Buyck, cathy.buyck@aviationweek.co.uk

LOT CEO Sebastian Mikosz Details Growth Plans

Seeing increased reliability with its Boeing 787-8 fleet and is flying the aircraft an average of 19 hours per day -- three more hours than it flew its Boeing 767-300s -- in a mix of scheduled and charter service, CEO Sebastian Mikosz said in an interview at World Routes 2014.

The charter flights, including some for the U.K. Defense Ministry and many more for vacation companies flying to places like Bangkok, Cancun, Mexico and Durban, South Africa, are flown out of necessity. As a condition of accepting state money to prop up the airline, Mikosz said LOT has been banned by regulators from growing available seat kilometers or adding routes until early 2016. "It gives us time to prepare for our growth," said Mikosz, who ran LOT in 2009 and 2010 and was brought back in 2013 to turn the carrier around. The Polish government, in a deal that was only recently approved by the European Commission, Poland gave LOT €200 million (\$257 million).

Mikosz said he plans to announce new routes next year—Asia is at the top of the list -- and implement them as soon as the restriction ends. He also plans to add new 787s to the fleet, though unlike many other CEOs, who have developed a preference for the larger 787-9 model, Mikosz said the 787-8 may be more appropriate for his airline. He worries about filling the larger aircraft. "The dash-8 is perfectly suited for us," he said. "Of course, the dash-9 is a very attractive aircraft, too. But I'm not sure if we will switch. For the dash-9, there are routes where we could have problems." He also noted that fleet commonality is important for a small airline like LOT. For United Airlines, it can have a mix of various versions of the 787, since they share so much in common. But with a very small fleet—LOT now has six 787s—having exactly the same model can be a benefit.

Mikosz is less enamored of the airline's Embraer E-170s and Embraer E-175s, which likely will leave the fleet relatively soon, as will the airline's Boeing 737-400s. "They're too small," he said of the E-170s and E-175s. "Passengers like them but the economics are not good enough for a market like Poland. You cannot fly a 70-seater to Paris." The Embraer E-195s, which perform better, likely will stay longer.

LOT is in the early stages of placing a new narrowbody order for 40 to 60 aircraft and Mikosz said all options are on the table—not only the Boeing 737MAX and Airbus

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Industry Seeks Rule Change To Stop Unnecessary Maintenance Reports

FAA to correct what they claim is a mistake in the agency's recent revamp of repair station rules that, if followed verbatim, will cause service difficulty report (SDR) volumes to swell unnecessarily.

The problem stems from FAA's removal of the word "serious" from a section of the regulation that requires repair stations to report failures, malfunctions, or defects via SDRs. The revamped rules, effective Nov. 10, dropped a proposed revamp of ratings systems based on industry feedback and resulted in few notable changes for repair stations (Aviation DAILY, Aug. 11). But one change tweaked the language in Part 145.221, clarifying that repair stations "must report to the FAA within 96 hours after it discovers any"—not just serious—"failure, malfunction, or defect of an article."

Most troubling to industry is that the change was made during the final rule's crafting—it was part of the 2012 draft rule that generated nearly 250 comments picking apart nearly every syllable in the proposal. Those comments helped convince FAA to settle for a significantly scaled back final rule.

FAA says the change corrects what amounts to a clerical mistake made in 2000, when "serious" was inadvertently added to the rule.

"The removal of the term 'serious'... does not change a standard, nor will there be any effect on regulated entities other than to prevent future misunderstandings that would have been resolved when interested persons contacted the FAA," the agency explained in last month's final rule. "Accordingly, due to the nature and circumstances of the error explained above, the FAA finds that further notice and comment are unnecessary to effect the correction."

The associations—led by the Aeronautical Repair Station Association and including Airlines For America, Aerospace Industries Association, Cargo Airline Association, National Air Carrier Association, Aircraft Electronics Association, National Air Transport Association, and National Business Aviation Association—see things differently.

The term "serious," they point out in a Sept. 23 petition to the agency, was reintroduced into Part 145 via a 2003 rule change, and was based on specific industry feedback supporting the move.

The associations even cite FAA's own reasoning behind the 2003 re-introduction of "serious" into the rule. "[I]t was not FAA's intent to require repair stations to report all failures, malfunctions, and defects," FAA wrote in 2003, the petition notes. "Therefore, FAA is reinserting the word 'serious' before the world 'failure,'" the agency explained.

The associations argue that the rationale for specifying that only serious flaws require SDRs is just as valid today as it was a decade ago. "The burden of reporting 'any failure, malfunction or defect' is as costly today as when the original removal of the word was contemplated," the associations argue. "Articles come to repair stations because of those stated conditions; without the word 'serious' all items received for work would have to be reported under the rule."

The associations note that the costs of ramping up SDR reporting would be "incalculable," and the safety benefit would be minimal. "It would merely inundate the agency's database."

The association petition calls on FAA to issue a direct final rule emphasizing that only serious defects require SDRs. "This is why we scrutinize the rules," said ARSA Executive Director Sarah MacLeod. "One misplaced or misused word can cause a whole lot of trouble for repair stations, their customers and – in the end – the flying public. [T]he agency has the opportunity to quickly make things right."

-Sean Broderick, sean.broderick @aviationweek.com

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Japan Grants \$16m For Central Asian Airport

AIRPORTS

The Japan International Cooperation Agency (JICA) has pledged a \$16 million grant to the Kyrgyz government for upgrading Manas International Airport in Bishkek, Kyrgyzstan's capital.

The deal, signed with the Government of the Kyrgyz Republic to improve and extend the facilities at Manas, follows a report issued by JICA earlier this year advising increased aid to Central Asian states.

Yoshimasa Takemura, JICA's senior Kyrgyz advisor, says that a "worsening of stability both in economic and social terms in Europe and the Afghan region" may be possible, which could affect the viability of traditional transport routes between Asia and other regions.

This, combined with uncertainty over the safety and long-term viability of existing Eastern European and Middle East airspace, has led governments and operators to look at Central Asia's potential.

"Sustainable connectivity in the region is of critical importance, especially in transport and energy sectors," for both government and industrial players, Takemura said.

As a result, JICA has committed to "the renovation of obsolete infrastructure [and also] restructuring of infrastructure systems" across Kyrgyzstan, along with neighboring states Tajikistan and Uzbekistan. It says that this is of "the highest priority." In 2012, Japan granted more than \$219 million in loans and assistance to the Central Asian republics for infrastructure improvements. In Uzbekistan alone, it is in the process of modernizing and upgrading three regional airports at a cost of \$153 million.

The Kyrgyz-Manas grant will concentrate on the provision of engineering and construction capability for the airport-upgrade project and will be open for tender later this year.

The airport was expanded in 2001 with the arrival of U.S. troops, which used it as a provisioning base for Afghanistan. Despite this, Manas International is still not fully equipped to handle significant passenger numbers, but does offer significant long-haul and transit potential thanks to its 13, 700 ft. runways.

Nonetheless, even as the U.S. military presence winds down, several carriers including China Southern, flydubai, S7, Alitalia and Turkish Airlines have registered routes to or through the airport.

-Jeremy Torr, <u>jeremy.torr@aviationweek.co.uk</u>

Aeroflot Relaunches Its LCC Subsidiary

Russian carrier Aeroflot has set up a new airline to replace low-cost subsidiary Dobrolet, which suspended operations last month due to the EU-imposed sanctions.

The new subsidiary, Budzhetny Perevozchik, or "Budget Carrier," was revealed on the Aeroflot's website last week.

Although Aeroflot provided no further comments, the move underscores the carrier's intention to capitalize on a low-cost effort supported by the government despite the sanctions. At the end of August, Aeroflot CEO Vitaly Saveliev confirmed that a new airline would be registered to replace Dobrolet, which was sanctioned for operating into Crimea, part of Ukraine annexed by Russia in March.

Saveliev said the new low-cost subsidiary may begin flying with the winter schedule on October 27. Its fleet will initially have four aircraft, including two former Dobrolet Boeing 737-800s flying for Orenair, another Aeroflot subsidiary.

Orenair took over Dobrolet's routes from Moscow to

Simferepol and Volgograd after the EU-imposed sanctions took hold Aug. 4.

The sanctions forced European lessors to withdraw Dobrolet's 737s, which were subleased through Aeroflot. The airline initially planned to increase its fleet to up to eight aircraft. Two days after it suspended flights, Dobrolet announced it signed a deal with Boeing for delivery of 16 Boeing 737-800s in 2016-2017.

Saveliev then didn't say whether the new low-cost carrier (LCC) will fly to Crimea, but mentioned other possible routes, including Samara, Volgograd, Sochi, Ufa, Surgut, St. Petersburg and Tyumen. Each were either existing or planned Dobrolet destinations.

Dobrolet started its operations on June 10 with the flights from Moscow's Sheremetyevo Airport to Simferopol in Crimea. At the end of July, the airline reported solid figures for the route, including an 89% load factor.

By August the route's frequency was up to four daily flights. On August 1, Dobrolet started flights from Moscow to Volgograd, and eyed further expansion in October.

-Maxim Pyadushkin

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A320neo family, but also the Embraer E-Jet E2 and Bombardier CSeries. Mikosz said LOT likely will need one jet with about 120 seats and one with about 180 seats. The larger aircraft would be dispatched to cities like London, Moscow, Berlin and Paris.

As for the 787, Mikosz said the biggest problems still crop up when the airline has a problem it has never seen before,

like an aircraft being struck by lightning or a mouse found onboard. "With this aircraft there's a syndrome of overreacting," he said. "We always find situations in which no one knows what to do. So the safest thing is to park the aircraft and call Seattle." He said he is hopeful there will be fewer of these issues in the future. "I think we have reached the point of stability," he said. "But it's not yet where it should be."

-Brian Sumers, <u>brian.sumers@aviationweek.com</u>



INDUSTRY DATA

ALTA Passenger Traffic - July 2014

	July			Year to date		
	2014	2013	Change	2014	2013	Change
Passengers	15,997,564	15,618,315	2.4%	102,301,385	96,731,103	5.8%
Intra-LatAm*	14,469,971	142,005,855	1.9%	92,888,297	8,805,629	5.5%
Extra-LatAm	1,527,593	1,412,460	8.2%	9,413,088	8,674,884	8.5%
RPK (millions)	24,030.2	23,280.9	3.2%	152,786.5	144,103.7	6.0%
Intra-LatAm*	16,738.5	16,436.2	1.8%	106,739.5	100,788.3	5.9%
Extra-LatAm	7,291.7	6,844.8	6.5%	46,047.0	43,315.5	6.3%
ASK (millions)	29,216.3	28,702.9	1.8%	192,728.1	187,676.3	2.7%
Intra-LatAm*	20,835.1	20,651.7	0.9%	137,035.1	133,929.5	2.3%
Extra-LatAm	8,381	8,051	4.1%	55,693.0	53,746.8	3.6%
PLF	82.2%	81.1%	1.1 pts	79.3%	76.8%	2.5 pts
Intra-LatAm*	80.3%	79.6%	0.8 pts	77.9%	75.3%	2.6 pts
Extra-LatAm	87.0%	85.0%	2.0 pts	82.7%	80.6%	2.1 pts
FTK (thousands)	410,569	401,146	2.3%	2,938,770	2,929,692	0.3%
Intra-LatAm*	137,009	140,896	-2.8%	951,047	940,404	1.1%
Extra-LatAm	273,560	260,250	5.1%	1,987,723	1,989,288	-0.1%

* International and Domestic Flights

Source: - ALTA Traffic Report





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