

CUTBACKS JACKSON FLORES / RIO DE JANEIRO

Troubled Varig reduces fleet and domestic routes

Local partners Nordeste and Rio Sul will take over some of flag carrier's domestic routes

Varig is set to implement further fleet cuts beyond last month's removal of eight aircraft as the value of the Brazilian real continues to fall against the dollar and euro and the airline's cashflow difficulties worsen.

Last month, seven of the Brazilian flag carrier's Boeing 737-300/700s and one Boeing MD-11 were returned to lessors, and a further 11 737s (seven -300s and

four -400s) are due to go back to GE Capital Aviation Services (GECAS) this month as Varig tries to stem its financial haemorrhaging until a capitalisation plan is completed. Varig has negotiated with GECAS to retain six 767-200ER/300ERs and three MD-11s until 2004.

This latest development has pre-empted a planned operational merger between Varig and the other two carriers owned by Varig's

parent FRBPar - Nordeste and Rio Sul. Both airlines will fill the void left by capacity cuts on Varig's domestic routes.

According to Varig planning director Alberto Fajerman, the merger of Rio Sul's and Nordeste's route network into Varig's will "break fleet rigidity between the three airlines. We are going to optimise aircraft utilisation." Rio Sul is set to receive three 737-300s and an additional 737-700, and will absorb many of Varig's southern domestic routes, while Nordeste will fly much of Varig's north and north-western domestic network.

Varig will undertake a major reshuffle of its fleet in a bid to increase load factors to 70% this quarter, up from 58% last month. Many domestic and international routes will undergo reductions in frequency or will be suspended from mid-August. Rio Sul will replace Varig 737s on flights to Córdoba in Argentina with Embraer ERJ-145s in response to the 30% load factor fall experienced since January.



Rio Sul will benefit from Varig's restructuring of its domestic network

SAFETY ANDREW DOYLE / SINGAPORE

Fatigue studied in CAL investigation

Investigators have discovered possible evidence of fatigue cracking in the rear fuselage of the China Airlines (CAL) Boeing 747-200 which mysteriously broke up at high altitude on 25 May with the loss of 225 lives.

The find is significant because it is the first potential evidence of a pre-existing structural abnormality in the 22-year-old aircraft. As a result of the discovery, investigators are focusing on section 46 of the rear fuselage, between passenger doors three and five.

In a possibly related development, it has also emerged that the aircraft suffered structural damage during a tailscrape incident on landing in February 1980 and was

repaired. The work included the installation of a 3m (10ft)-long metal doubler, and the possible fatigue cracks were found in the same area as the repair site.

"We have found some wreckage pieces that potentially show signs of metal fatigue," says lead investigator and Taiwan Aviation Safety Council (ASC) managing director Kay Yong.

"The main focus of the investigation is the aft-fuselage section," he adds.

The ASC has sent the first batch of specimens to Taiwan's Chungshan Institute of Technology (CSI) for analysis. The suspected fatigue cracks were noticed because they look different to the "tear" frac-

tures typically induced by high stresses as an aircraft breaks up.

Based on spectrum analysis of the cockpit voice recorder, Yong says it is "more likely" the 747 suffered a rapid, rather than explosive, decompression.

The revelation that the CAL 747 suffered a tailscrape and was repaired suggests the report into a 1985 crash involving a Japan Airlines Boeing 747-100SR could be of relevance. This aircraft's bulkhead failed after it was inadequately repaired following an earlier tailscrape.

Investigators have recovered 60% of the CAL wreckage, including all four engines and most of the relatively intact rear pressure bulkhead.

LOW-COST

Eurowings poised to launch no-frills airline

Lufthansa's German regional partner Eurowings is likely to launch a low-cost carrier in the fourth quarter as competition grows in the segment.

Eurowings' supervisory board is expected to approve the launch of an internet sales-based, no-frills service later this month, after reviewing several ways to expand its business model.

Eurowings is Germany's largest regional airline and operates ATR turboprops, BAe 146s and Bombardier CRJs on high-yield routes between secondary business centres in Europe. The airline's charter arm operates five Airbus A319s and one A320, which are expected to be adopted by the as-yet unnamed new low-cost arm from October. The airline is negotiating with Cologne-Bonn and Dortmund airports to become the operation's hub. No decision has been made on destinations to be served, but it is understood that shareholders, including 24.9%-owner Lufthansa Group, have rejected plans to offer German internal routes in favour of Mediterranean and European city routes. Lufthansa has been approved by the German competition authorities to increase its stake in Eurowings to 49%.

The German flag carrier is coming under increasing pressure at home from low-cost operators such as Ryanair, Germania, tour operator TUI (parent of Hapag-Lloyd) and the recently revamped DBA. It has rejected the possibility of launching its own low-cost carrier, but subsidiary Eurowings could provide the means for it to enter the market.

■ Lufthansa has confirmed its acquisition of Airbus A330-300s, signing a memorandum of understanding with Airbus to purchase 10 A330-300s for delivery from 2004 (*Flight International*, 30 July-5 August).