

ExpressJet Europe not taking US counterpart's ERJs

Mary Kirby, Philadelphia (08Nov06, 18:12 GMT, 445 words)

Planned European startup ExpressJet Europe will not operate any of the 69 Embraer regional jets being released from its US counterpart's capacity purchase agreement (CPA) with Continental Airlines.

During an earnings conference call today, ExpressJet president and CEO Jim Ream revealed that "with regard to the idea that we thought we had an opportunity to place some [of the regional jets] in an offshore operation run within that foreign entity...that project is not going to come together".

While not referring specifically to the ExpressJet Europe collaboration, Ream said management "spent a ton of effort trying to make this [an offshore operation] happen" but it does not see such an arrangement occurring "with these aircraft in particular" although there may be "some applications down the road with other aircraft deliveries".

Consideration had been given to the planned European startup's lease of some of the 25 ERJ-145LRs and 44 ERJ-145XRs being culled from ExpressJet's Continental CPA.

ExpressJet Europe managing director Jochen Schnadt previously said the company was in the process of determining if enough of a niche market for 50-seat feeder operations exists in Europe to justify taking the aircraft.

He now tells *ATI* that the company's efforts are "not really linked" to the US operator's requirements or "those 69 aircraft".

Schnadt adds: "We are doing very much our own thing here in terms of pursuing market opportunities that we see arising here in the moment. There are a handful [of opportunities] that are tangible."

At the same time, the company - which is 49% owned by ExpressJet and planning to develop the CPA concept in Europe - is "realistic enough to accept that there are elements out there beyond our control".

Concern from labor groups that ExpressJet Europe's proposed 50- to 120-seat operations might be used to replace current European mainline service, for example, continues to be a point of discussion with potential partners. But Schnadt says he feels "confident we have the right answers to handle these issues".

The carrier's exact fleet requirement has not been determined. "Our attitude, in principle, is trying to understand the need [of the customer] and trying to find the right equipment for it," says Schnadt.

However, he declines to forecast when a deal might be struck. "It literally could happen that we get to the LOI [letter of intent] stage in the next few weeks or months, or another half year or a [full] year."

Asked if the company will walk away from its plans if a CPA agreement is not signed within 12 months, Schnadt says he cannot give a definitive answer. He confirms that the finances are available to support ExpressJet Europe's continued efforts in the near-term.

Source: Air Transport Intelligence news