

Fuel Prices Force Jett8 Airlines to Consolidate Ops

By Ven Sreenivasan

Faced with soaring fuel prices, privately owned Jett8 Airlines Cargo is consolidating operations and routes.

Singapore's only privately owned cargo carrier yesterday confirmed that it was pulling the plug on a key European service which is being served by its ageing Boeing 747-200 planes.

However, its chief executive and founder Capt Louis Tan said that new routes were being introduced to replace the terminated service using its recently acquired B747-400 freighter.

The airline, which was set up more than a year ago, is stopping its twice-weekly Singapore-Dubai-Manchester-Luxembourg-Singapore services, which is currently served by B747-200F planes.

However, it will start twice-weekly Singapore-Bangalore-Malmo (Sweden) and Singapore-Bangalore-Amsterdam services next month using the B747-400 Extended Range freighter it recently leased from Shenzhen-based Jade International recently.

The 747-400 will also serve its twice-weekly Singapore-Hong Kong route.

Jett8 currently has two B747-200F aircraft and one 747-400 ERE in its fleet. It expects to take delivery of its second B747-400 in October.

Capt Tan said the two B747-200F aircraft will be deployed on the shorter flights, such as Singapore-Shanghai and Singapore-Bangalore –Mumbai-Singapore thrice weekly services. The planes will also be deployed for worldwide charter services, he said.

"Flights longer than 5 hours can incur high fuel burn for these older B747-200F aircraft, and it is, therefore, very expensive to operate them on long haul routes in the face of high aviation fuel prices," Capt Tan said.

But he added that while high oil prices affected all operators, airlines with lower fixed cost like Jett8 will survive.

"A number of operators are withdrawing their older freighter aircraft from service," he said.

"Meanwhile, a few additional new aircraft are being built. So cargo capacity in the market will decrease, resulting in a higher than normal yield for air freight for the remaining players." he said.

Jett8 is privately owned with strategic stakeholding and an alliance partnership with Japan's Nippon Cargo Airlines and NYK Line. Other shareholders include several members of the OCBC Bank's founding Lee family.

Jett8 recently raised additional capital from its two primary shareholders for its fleet upgrading.

All this comes as US\$135 pbl oil threatens to send the global aviation industry plunging into the worst crisis in seven years, with losses in excess of US\$6billion.