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Colombian Ships, Vessels, Submarines & related equipment Industries

Colombia is in the Northern South America, bordering the Caribbean Sea, between Panama and Venezuela, and the North Pacific Ocean, between Ecuador and Panama. It is the only South American country with coastlines on both the Pacific Ocean and the Caribbean Sea. Colombia covers a total area of 1,138,914 sq km, a fact that places the country as the 26th largest nation in the world and 4th largest country in South America after Brazil, Argentina, and Peru. Additionally, Colombia shares extensive borders with Brazil 1,644 km, Ecuador 590 km, Panama 225 km, Peru 1,800 km and Venezuela 2,050 km and has an equally widespread coastline of 3,208 km (Caribbean Sea 1,760 km and Pacific Ocean 1,448 km). Finally, the southern and eastern portions of the country mostly consist in tropical rainforests and inland tropical plains.

Furthermore, Colombia is a country covered by a vast network of tropical forests and plains traversed by rivers and streams. Access to the communities that live in the areas covered by this network is mainly achieved with boats. Therefore the development of an industry that will be able to cover this tangible need is essential.

Additionally it is worth mentioning that specific parts of the Colombian borders are difficult to patrol as they comprise of rainforests and rivers. Furthermore, several other areas of the country are difficult to be reached and the use of a ship or an amphibious vessel is necessary.

The operational needs of the Colombian Armed Forces must consequently be aligned with the abovementioned geographical diversity of the country. The Colombian Armed Forces have an extensive coastline and additionally regions with tropical rainforests and navigable rivers to patrol/control.

The above facts have contributed to the development of a vast and viable marine/naval industry which is essential to address the security and social needs of Colombia.

Several companies in Colombia are active in the industries of ships, vessels, submarines & related equipment. COTECMAR, which is the main shipyard of the country, is a corporation of Science and Technology oriented towards the design, construction, maintenance and repair of naval ships. COTECMAR, based on the University-Company relationship, gives priority to the investigation, development, application of new technology and the best business practices of the Colombian Navy and of national and international markets, so as to contribute to the technological, social and economical development of the country.

Another important Colombian company in this market is AB INFLATABLES. The company is renowned as a high quality rigid inflatable boat brand and is placed as one of the biggest and strongest competitors in the market of the Americas. The main exporting markets of the company are the USA and the Caribbean.

GUSTAVO MARQUEZ A Y CIA, is a Colombian company with over 25 years of experience in the design, manufacture and assembly of all types of metal structures designed to meet the needs of sectors as: Naval, Industrial, Commercial, Electrical, Telecommunications, Oil, Agricultural, Construction, Agro-industry and others. The company develops and manufactures several types of boats specializing mainly in providing boats for rivers.

Tugboat developed by GUSTAVO MARQUEZ A Y CIA



Source: GUSTAVO MARQUEZ A Y CIA

The company AEROSOLUTIONS LTDA. currently develops and operates a model of a hovercraft with model number/codification "Hovercraft AS-01". Hovercraft AS-01 is an amphibious vessel that can travel at high speed just above the water, and on land. Having the capability to operate over practically any surface, it is a transport mean that aims to solve transportation problems in reaching remote and difficult to access areas. The characteristics of the Hovercraft AS-01 are:

1. Dimensions 3.30 mx 1.85 m, height 1.35, cushion pass over height 15 cm,
2. Passengers/Payload Capacity: 2 people and 250 kg fuel,
3. Engine: Rotax 503 of 49.6 hp at 6800 rpm Max, resulting in 60 kph speed in water,
4. Skirt: with multi compartments.

"Hovercraft AS-01" Developed by AEROSOLUTIONS LTDA.

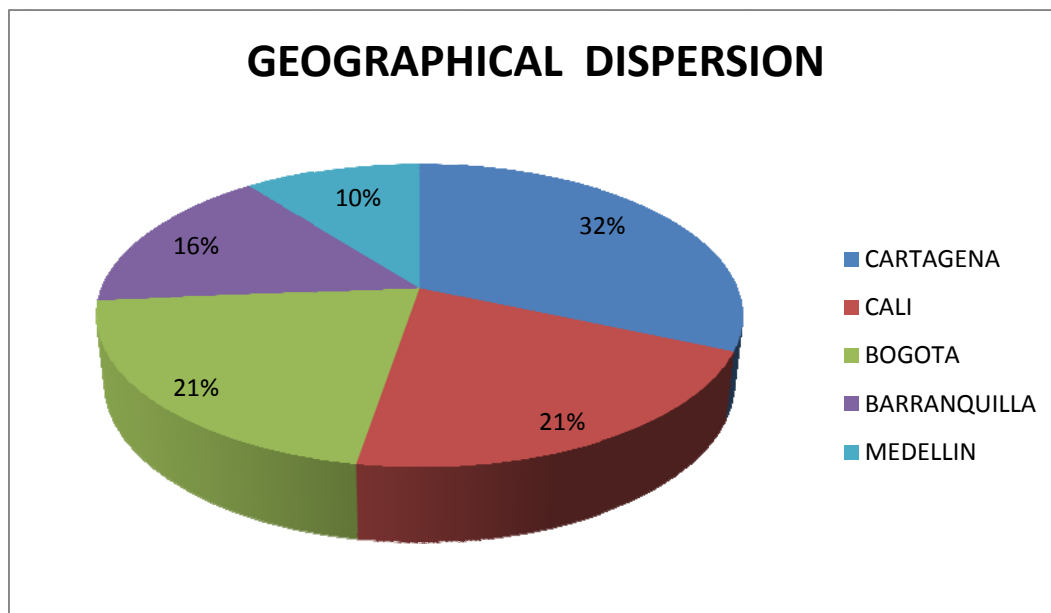


Source: AEROSOLUTIONS LTDA.

Below, is presented a list highlighting Colombian companies part of the Epicos National Industry Support Project that provide related services/products and capabilities in the Ships, Vessels, Submarines & related equipment Industries.

- | | |
|--|-------------------------------|
| 1. AB INFLATABLES (AB MARINE GROUP) | 11. INGENIERIA Y DISEÑO NAVAL |
| 2. ASTILLERO GUSTAVO MARQUEZ Y CIA - DOBLACO | 12. LAGUNA MORANTE LTDA. |
| 3. COTECMAR | 13. MAC S.A. |
| 4. DINACOL S.A. | 14. STECKERL ACEROS |
| 5. DURABOTES | 15. TAMETCO |
| 6. EYCAL METALMECANICA LTDA. | 16. BALLISTIC TECHNOLOGY |
| 7. FIBERCOL | 17. COLMECAN |
| 8. FIRPOL | 18. EDUARDOÑO |
| 9. SERIDME | 19. AEROSOLUTIONS LTDA |
| 10. TECSUD S.A.S. | |

The above companies are equally dispersed geographically along the country. More specifically there are six (6) companies located in the city of Cartagena which is a centre of economic activity in the Caribbean, four (4) in the city of Cali, three (4) in the city of Bogota, three (3) in the city of Barranquilla and two (2) in the city of Medellin.



COTECMAR - Corporation of Science and Technology

COTECMAR is a Corporation of Science and Technology oriented towards design, construction, maintenance and repair of naval ships and artefacts. COTECMAR, based on the University-Company relationship, gives priority to the investigation, development, application of new technology and the best business practices of the Colombian Navy and of national and international markets, so as to contribute to the technological, social and economical development of the country. COTECMAR promotes personal and professional development of its employees and combines it with a culture for quality and environmental respect. Its senior associates, employees and allies are the endorsement and security in the excellence of the service provided.

COTECMAR provides the following services:

➤ **Design and Construction of Vessels & Naval Artefacts**

This process is certified under quality standard ISO 9001:2000 by Lloyd/s Register Quality Assurance and includes:

- Consulting in design and construction of vessels and Naval Artefacts,
- Design and construction of Glass Reinforced Polyester (G. R. P.) boats.

One of the vessels Cotecmar recently developed is the Offshore Patrol Vessel "A.R.C. 20 de Julio". Additionally, Brazil has shown interest in potential acquiring another vessel developed by Cotecmar, namely the LPR- 40 fluvial patrol boat. Already a Brazilian delegation visited the installations of Cotecmar, in order to evaluate the associated manufacturing processes as well as the capabilities of the related vessel. Both vessels are illustrated below.

Offshore Patrol Vessel "A.R.C. 20 de Julio"



LPR- 40 fluvial patrol boat



Source: COTECMAR

➤ **Repair & Maintenance of Vessels & Naval Artefacts**

This process is certified under quality standard ISO 9001:2000 by Lloyd/s Register Quality Assurance and includes:

- Vessels lifting and launching operations.
- Paint and Coatings.
- Ultrasound thickness measurement.
- Steel removal and change.
- Piping removal and installation.
- Maintenance and repair of fixed and variable pitch propulsion line.
- Foot valves maintenance and repair.
- Pieces machining.
- Pneumatic and hydrostatic tests.
- Cathode protection studies.
- Propeller static and dynamic balancing.
- Dock Services.
- Non destructive analysis.



➤ **Consulting & Advisory**

This process is certified under quality standard ISO 9001:2000 by Lloyd/s Register Quality Assurance and includes:

- Consultation in Naval Engineering and Naval Architecture.
- Consultation in welding for special processes of repair.
- Dock and Sea Trials Protocols elaboration.
- Dock and Sea Trials conduction.
- Preparation of proposals for vessel modifications and alterations.
- Assessment and consultation for quality assurance in all specialized processes of the Naval, Maritime and Riverine Industry.

➤ **Metal mechanical and General Welding Works**

This process includes:

- Fabrication of metallic structures, tanks and industrial plants.
- Welding for specialized processes and maintenance TIG / MIG / SMAW.
- Oxyacetylene and plasma cut by numeric control.
- Sheets folding and rolling up ¾ x 6 meters.
- Lathe, chisel, planer and milling machine.

➤ **Engines Workshop**

This workshop includes Maintenance and Repair of:

- Diesel MTU, Detroit and Caterpillar up to 5.000 HP Engines.
- Twin disc, MTU and Allison reducers (Reduction Gears).
- Water, oil and fuel pumps, injectors, turbo, blowers, cylinder heads, admission and exhaust manifolds coolers and expansion tanks.
- Dynamometers tests for 100 HP to 2.000 HP and 4.000 RPM motors.
- Dynamic and static balance up to 100 Kg and 1 meter diameter.
- Engines Preventive diagnosis and operation parameters measurement.

➤ **Electricity Workshop**

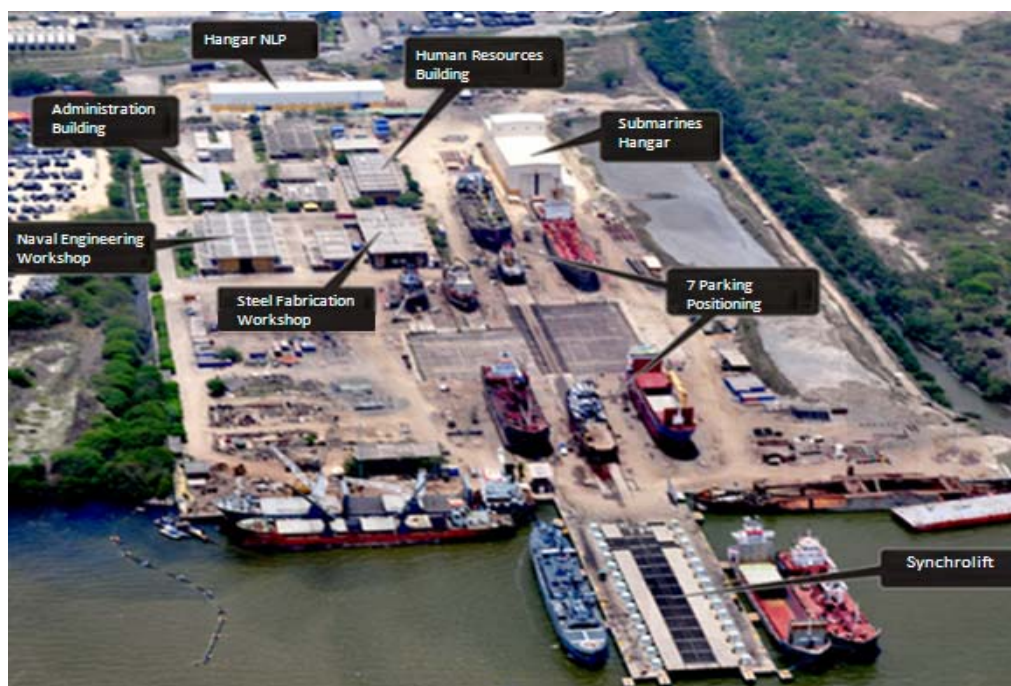
This workshop includes Maintenance and Repair of:

- Three-phase and single-phase electric motors and generators.
- Rotary converters and low voltage distribution transformers.

Design, assembly, installation and maintenance of:

- Monitoring, control and automation systems.
- Air conditioning and refrigeration systems for marine, industrial and commercial service.
- Protection systems for electric equipment and machinery.
- Fire detection systems.
- Low and medium voltage lines.

COTECMAR has two shipyards the “Mamonal” and the “Bocagrande”:



Mamonal Shipyard

- The Mamonal Shipyard has a strategic position, located in the Bay of Cartagena, Colombia, Caribbean Sea, 180 miles from the Panama Canal. This shipyard covers 17 hectares.
- The Mamonal Shipyard has a synchro-lift system, with seven dry docking positions and its corresponding support workshops in the Mechanic, Welding, Sand-blasting and Coating areas .

➤ **Synchro-lift**

- Platform Length: 117 meters
- Platform Width: 22 meters
- Lifting capacity: 3,600 Ton
- Lifting/mt capacity: 43.5 Ton
- Lifting/Beam capacity: 452 Ton
- Maximum Draft: 5.8 meters
- Keel rollers frame capacity: 68 Ton
- Platform travel: 9.15 meters
- Platform Speed: 23 Cm/Min

➤ **Docks and Dry Dock positions**

- North Dock: 125.35 meters.
- South Dock: 117 meters.
- North Synchro: 152.92 meters
- South Synchro: 152,92 meters
- PV1: 120 meters
- PV2: 114.8 meters.
- PV3: 108.8 meters
- PV4: 90 meters
- PV5: 67 meters
- PV6: 66 meters
- PV7: 66 meters
- Transfer Frame: 88.9 meters
- Transfer Axis: 156.23 meters

The main services Mamonal Shipyard provides are the following:

- Design and Construction of Naval Artefacts and Vessels,
- Consultation in Design and Construction of Naval Artefacts and Vessels,
- Design and Construction of Glass Reinforced Polyester (G.R.P.) boats,
- Repair and Maintenance of Naval Artefacts and Vessels,
- Consultation and Assessment.



Bocagrande Shipyard

The Bocagrande Shipyard has a SLIP type lifting system capable of receiving up to 1200-ton vessels, an 8 roller frames ramp for longitudinal lifting of 300 ton, with 250 meters of non-continuous lateral dock for a-float repairs, with ground and movable equipment services to handle up to 100-ton loads. The characteristics are:

- Length: 66.5 meters
- Breadth: 18.2 meters
- Draft: 14 feet

The main services Bocagrande Shipyard provides are the following:

- Repair and Maintenance of Vessels and Naval Artefacts,
- Consultation and Assessment,
- Detroit Diesel Engines workshop,
- SIEMENS Electricity workshop.

For further information you can visit the company's website:

<http://www.cotecmar.com/home/2>

Interview with Mr. Ernesto M. Juliao, Marketing Manager of the Company AB Inflatables

Mr. Ernesto M. Juliao, Marketing Manager of AB Inflatables gave an exclusive interview to Epicos, regarding the position of the company in the international and national markets. Amongst others he stated that: "The quality of our products is based on the skills of our personnel. Even though we have the latest fibreglass processing equipment, CNC machines, modern welding equipment, our main strength is the way our manufacturing process is carried out, resulting in the development of high quality products."

1. Could you please describe the current position of AB Inflatables in the national and international market?

The national market is very small and is only just starting to grow. Our products are exported to more than 30 countries all around the world. AB Inflatables is renowned as a high quality rigid inflatable boat brand and is positioned as one of the largest and strongest competitors in the market.



In certain markets, such as the Caribbean and USA, we are in a leading position.

2. Could you please name the main customers of AB Inflatables?

As it is already mentioned our main export markets are in the USA and the Caribbean..

3. What are the main products that AB Inflatables is manufacturing?

The main products AB Inflatables manufactures are rigid inflatable boats in two versions: with fibreglass and with aluminium hulls. These are offered for two different user groups; leisure users and professional users.



4. What are the main technological advantages of the company's products?

The quality of our products is based on the skills of our personnel. Even though we have the latest fibreglass processing equipment, CNC machines, modern welding equipment,

our main strength is the way our manufacturing process is carried out, resulting in the development of high quality products.

5. What are the next steps and priorities of AB Inflatables?

AB Inflatables is working to be the most reliable brand in the market providing products of the highest quality. Regarding production, we'll be increasing our capacity in order to reduce our delivery dates. Additionally, we are currently developing new models which will complement our actual portfolio and we will keep looking for distributors worldwide.

For further information please contact:

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Interview with Mr. Gustavo Marquez Cuartas (Jr), Assistant General Manager of the company ASTILLERO GUSTAVO MARQUEZ



Mr. Gustavo Marquez Cuartas (Jr), Assistant General Manager of ASTILLERO GUSTAVO MARQUEZ gave an exclusive interview to Epicos, regarding the position of the company in the international and national markets.

Amongst others he stated that: "Despite the fact that we are active for only 10 years in the naval sector, we are among the five (5) most prominent shipyards in Colombia. In the international market, there is a 'learning curve' we have to follow and we are presently trying to establish our company in the naval sector".

1. Could you please describe the current position of ASTILLERO GUSTAVO MARQUEZ in the national and international market?

Our company is well positioned in the domestic market. Despite the fact that we are active for only 10 years in the naval sector, we are among the five (5) most prominent shipyards in Colombia. In the international market, there is a 'learning curve' we have to follow and we are presently trying to establish our company in the naval sector. Last year we have succeeded in selling one (1) ambulance boat to a state company to Ecuador.

2. Could you please describe briefly the history of the company?

Our company was founded in 1984, with the aim of providing metal-mechanics services to the different industrial sectors of the country.



During these years our company has provided a great number of metal-mechanical services to different groups and industrial sectors of the country.

In 1998, when the country experienced an economic liberalization, while at the same time a decline in the construction sector (which was associated with a major part of our turnover generating products and services at that time), we made a decision to expand the activities of the company towards the naval industry. Commencing at that point our efforts to acquire the different licenses and certifications for the

aforementioned industry, we were actually accredited these in 2002 by the related authorities. In this manner we began our “history” in the Naval industry. Following only a few years in the business, we have managed to create and develop many different types of boats which meet the requirements of our clients and address the particularities associated with operations across a variety of rivers and regions of our country.

3. Could you please name the main customers of ASTILLERO GUSTAVO MARQUEZ?

The main customers of our company are:

- ✓ NAVIERA CENTRAL S.A.,
- ✓ “FONDO ROTATORIO” OF THE NATIONAL ARMED FORCES,
- ✓ CORMAGDALENA,
- ✓ NATIONAL MINISTRY OF DEFENCE,
- ✓ INVIAS,
- ✓ COTECMAR,
- ✓ EPSA,
- ✓ FUPAD,
- ✓ ISAGEN,
- ✓ TSA & ASOCIADOS,
- ✓ PETROAMAZONAS,
- ✓ CORPOAMAONAS,
- ✓ NAVIAGRO S.A.

4. What are the main products that ASTILLERO GUSTAVO MARQUEZ manufactures?

The main products that ASTILLERO GUSTAVO MARQUEZ manufactures are:



- ✓ River Tugboats,
- ✓ Marine Tugboats,
- ✓ River Convoys,
- ✓ Boats & barges for all types of loads,
- ✓ Ambulance boats,
- ✓ Passenger ferries,
- ✓ Ferries for freight & animals,
- ✓ Landing Craft (for cargo & passengers),
- ✓ Floating docks,
- ✓ Prisoners carrying boats,
- ✓ Modular assemblies.

➤ What are the main technological advantages of the company's products?

The main technological advantage of our company is the modularity of our naval products and equipment. This has allowed us to penetrate markets that our competitors cannot.

5. Is the company currently investing in a new technology?

Our company constantly invests in new technologies in order to remain at the forefront of technological developments and achieve constant growth.

6. What are the next steps and priorities of ASTILLERO GUSTAVO MARQUEZ?

Our current priority is to increase our capacities in terms of work area, equipment and personnel.

7. Is there a specific country or region that ASTILLERO GUSTAVO MARQUEZ is planning to expand?

Yes, currently we are planning to expand our business, by establishing two (2) new facilities within the country. With these two (2) new facilities, our company will be able to better attend new markets and river projects, which we cannot currently since we are located inland, and far from the main rivers of Colombia.

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Expodefensa III - International Fair for Defence and Security

Expodefensa III
Feria Internacional de Defensa y Seguridad

The
Ministry of National
Defence of Colombia, Indumil
and the International Center for
Business (Corferias), present
version III of Expodefensa, an

exhibition of a specialized nature that will become the main point of reference for the Andean region, Central America and the Caribbean in terms of technological development and innovation for defense and security. Expodefensa 2012 will be a showcase of the newest developments in defense and security, where companies will be able to exhibit the best they offer to industry representatives, make business contacts, present innovations and promote products and services to national and international delegates and visitors. Expodefensa III will take place between October 31 and November 2, 2012.

The main goal of Expodefensa III is to create a space for interaction between national and international military and police forces and their suppliers, which will present the latest and most innovative developments in the national and international defence and

security industries. Additionally, will present and strengthen technological developments in the fields of defence and security and Colombian military self-sufficiency.

Expodefensa III aims at being a platform for national and international customers and suppliers to make contacts and strengthen existing relationships within the fair environment. Finally, this event will enable suppliers to understand Colombia and its operations, so that they may generate solutions to current problems. Additionally it will try to position Colombia as a major player in this field, being the focus of large-scale cooperative projects that would bring about the development of both the defence and security sectors, and the national industry.



The participants of Expodefensa III will consist in national and international companies that develop and commercialize technology in the fields of:

- Individual and collective non-lethal weapons,
- Artillery systems,
- Armour for individual protection and vehicles,
- Military ground vehicles (manned and unmanned),
- Ships and vessels,
- Aircraft (airplanes and helicopters),
- Unmanned vehicles,
- Ammunition of small, medium and large calibre,
- Missiles and rockets,
- Communication, navigation, information, image, sensor and surveillance systems,

- Food service equipment,
- NBQ protection systems,
- Rescue systems (SAR and C-SAR),
- Land, sea and air motors,
- Day-vision and night-vision systems,
- Explosive detection systems,
- Air defence systems.

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S. Korea says three bidding for \$6.9bn fighter deal

Three companies have submitted bids for a contract worth \$6.9 billion to supply 60 fighter aircraft to South Korea, the country's arms procurement agency said Monday.

Boeing's F-15 Silent Eagle, Lockheed Martin's F-35 Lightning II and the Eurofighter Typhoon will vie for the order, the Defense Acquisition Program Administration (DAPA) said in a statement on its website.

Monday was the bidding deadline, with the winner to be selected in October. The contract is worth eight trillion won (\$6.9 billion).

DAPA also plans to spend some 1.8 trillion won on 36 attack helicopters, with Boeing's Apache, Eurocopter's Tiger and Turkey's T129 thought to be in competition.

Tensions with North Korea have been high in recent years. The North and South remain technically at war because a peace treaty was never signed formally to end their 1950-53 conflict.

The massive weapons acquisition being pushed through in the last year of President Lee Myung-Bak's presidency has sparked opposition criticism.

The Democratic United Party urged the government not to rush through the programme.

"Further study and review are needed before the government goes ahead with the purchase of weapons. If necessary, this project should be handed over to the next government," it said in a statement last month.

South Korea has already bought 60 of Boeing's F-15 fighter jets since 2002 under the first two stages of a fighter modernisation programme.

Source: 2012 AFP, Agence France-Presse (AFP)

Norway orders first two F-35 fighters as part of \$10bn deal

Norway said on Friday it had authorised orders for the first two of dozens of F-35 fighter jets it plans to buy from the United States as part of its largest-ever government spending project.

"Norway today commenced the largest public procurement project in its history," the government said in a statement.

Defence Minister Espen Barth Eide hailed the 60-billion-kroner (\$10-billion, 8.0-billion-euro) deal for a total of 52 jet fighters.

"The F-35, which Norway selected in 2008, represents a completely new generation of combat aircraft that will form a corner stone of the future Norwegian Armed Forces," he said in the statement.

Norway agreed in 2008 to buy 52 Lockheed Martin-built F-35A Lightning II planes from the United States, but had put off placing its orders until it got the green light from US authorities to integrate a Norwegian-made weapons system into the plane earlier this week.

"We will begin preparations for the final phase of Joint Strike Missile (JSM weapons system) development after receiving confirmation from US authorities of their support for the integration of the missile into the F-35," Barth Eide said.

"Securing such support has been an important precondition for many of our partner nations before they would themselves commit to supporting the JSM," he said.

While securing US support does not automatically mean that the Norwegian missile system will be integrated into all F-35s, Oslo voiced optimism that other users of the planes would opt to take it.

"Total market potential for the JSM is estimated to be between 20 and 25 billion kroner," the government said.

It said the two planes authorised Friday would be joined by two more in 2016, and would be based in the United States "as part of a joint partner training centre".

"They are to be followed by up to 48 additional aircraft from 2017 that are to be based at Oerland Main Air Station in central Norway," it said, adding that the overall cost of the procurement phase of the project was estimated at 60 billion kroner.

"Norway's parliament yesterday approved a significant increase in defence spending in order to finance the purchase and to increase the general operating budget of the armed forces," Barth Eide said.

Source: 2012 AFP, Agence France-Presse (AFP)

Air Canada makes its first biofuel flight

Air Canada's first-ever flight using biofuels headed from Toronto to Mexico City Monday, in an effort to showcase the aviation industry's global commitment to greener transportation.

An Airbus 319 used recycled cooking oil and jet fuel for the journey, which the aircraft maker says could cut carbon dioxide emissions by more than 40 percent.

"Today's flight with Air Canada proves that the aviation industry is in a strong position to reduce emissions," said Fabrice Bregier, president and CEO of Airbus.

The flight is part of an environmental initiative by the International Civil Aviation Organization (ICAO) to coincide with Rio+20, a United Nations sustainable development conference in the Brazilian city of Rio de Janeiro.

"To make this a day-to-day commercial reality, it now requires political will to foster incentives to scale up the use of sustainable biofuels and accelerate modernization of the air traffic management system," Bregier said.

"We need a clear endorsement by governments and all aviation stakeholders to venture beyond today's limitations."

The Air Canada flight was part of a series of flights taking ICAO head Raymond Benjamin to the Rio+20 summit that sought to demonstrate cleaner, more environmentally-friendly ways of traveling.

Before taking off in Toronto, Benjamin boarded a Porter Airlines flight in Montreal that used a combination of biofuels and traditional jet fuel.

After Mexico City, he was then expected to board two more flights, first to Sao Paulo and then to Rio de Janeiro, also powered by alternative fuels.

With the prospect of oil prices staying high, biofuels are becoming a more attractive alternative for airlines seeking new ways to curb their fuel budgets.

Source: 2012 AFP, Agence France-Presse (AFP)

Taiwan's China Airlines plans to buy 10 aircraft

Taiwan's leading carrier China Airlines plans to buy up to 10 fuel-efficient passenger aircraft at a price of several billion dollars, the company and media said Thursday.

The planes, either Boeing 777-300ERs or Airbus A350-1000s, will replace its fuel-hungry 747-400s which are due to be retired no later than 2015, the Taipei-based Economic Daily cited company president Sun Huang-hsiang as saying.

He was not quoted as saying when China Airlines would buy the planes, or how much they would cost, but the paper estimated the cost at around Tw\$70 billion (\$2.3 billion).

A company spokesman confirmed the plan when approached by AFP.

The airline lost Tw\$940 million (\$31.33 million) in the three months to March, as the average oil price surged by \$11 from last year to \$132 per barrel in the first quarter.

Taiwan's EVA Airways in May ordered three Boeing 777-300ER passenger aircraft, which Boeing says are about 20 percent more fuel-efficient than competitors from other aircraft makers.

Founded in 1959, China Airlines operates a fleet of 68 aircraft and flies to 80 destinations in 28 countries.

Source: 2012 AFP, Agence France-Presse (AFP)

AirAsia chief to focus on regional expansion

AirAsia chief Tony Fernandes on Monday said he was handing over his role as head of Malaysia operations to shift focus to oversee the budget carrier's regional expansion.

Fernandes spoke as he introduced his replacement as CEO of AirAsia's Malaysia operations, part of a change that will see him move to Jakarta to oversee the AirAsia family's fast-growing core Asian market.

In a news conference at AirAsia's headquarters outside the capital Kuala Lumpur, Fernandes announced he would hand over responsibility for managing AirAsia's Malaysia-based operation to the company's finance chief, Aireen Omar.

Fernandes had run those operations since the former music executive plucked the ailing airline from bankruptcy a decade ago and steered it into an industry success story at a time when many other airlines had struggled.

The 38-year-old Aireen, whom Fernandes described as "tough", said she would focus on keeping operational costs down and opening up new markets to prepare the carrier for the Southeast Asian open-sky policy in 2015.

The policy will reduce barriers on regional airlines expanding their route networks to other countries and is expected to intensify competition.

Fernandes also confirmed an earlier company announcement that he would move to Jakarta to oversee all group operations.

He added that AirAsia's Indonesian unit would launch an IPO in the first quarter of 2013.

"We are not abandoning Malaysia. Our homes are here. We do not want to overshadow Aireen. We want a good succession plan and to put our time to develop our regional affiliates," he said.

He added the world economic slowdown weighing on most businesses is a growth opportunity for his cheap, no-frills carrier.

"Definitely, AirAsia will always benefit from a slowdown. We are always growing when things are tougher," Fernandes, whose maverick style has made him a rising star in the industry, told reporters.

"We are now the beneficiaries of a slowdown. We are always growing when there is a slowdown."

Despite recently abandoning unprofitable long-haul routes to Europe, the airline group's prospects in Asia are hailed by analysts as bright, and it is refocusing on shoring up its presence in the region against a host of new competitors.

It has set up subsidiary budget carriers in Indonesia, the Philippines and Thailand, and is planning one that will serve the Japanese market.

Besides AirAsia and the other short-haul subsidiaries, the airline group also includes AirAsia X, which operates longer-haul routes of about three hours' flying time or more.

Last month, AirAsia posted a 4.0 percent increase in first-quarter net profit to 168.0 million ringgit (\$53.4 million) on record quarterly revenue of 1.17 billion ringgit.

Source: 2012 AFP, Agence France-Presse (AFP)