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British Airways, Cathay Recall Jumbos From California Desert

By Steve Rothwell - Aug 12, 2010

[Boeing Co.](#) 747 jumbo jets are being brought out of desert storage as surging bookings spur carriers including [British Airways Plc](#) and Cathay Pacific Airways Ltd. to return their biggest planes to traffic.

British Airways will recall a [747-400](#) for flights to Dallas in its winter schedule starting in October, freeing a Boeing 777 for an extra New York trip, and Cathay Pacific has reinstated five freighters. United Airlines took a jumbo out of storage in California in June for use as a spare during the summer months.

Wide-body planes accounted for about 25 percent of the 200 [aircraft](#) retrieved from storage in May and June as carriers sought to tap rising demand for long-haul trips and a leap in cargo shipments. The number of 747s recalled in June exceeded those mothballed for the first time since January 2009, data compiled by aviation consultant Ascend Worldwide Ltd. shows.

“Everybody is getting very excited about passenger and cargo volumes coming back, but there’s a great temptation to add too much capacity,” said [Chris Tarry](#), an independent airline analyst and strategy consultant in London who has followed the industry for almost three decades. “What may be rational fleet decisions for individual airlines can add up to a problem for the industry when taken together.”

Extra Seats

London-based British Airways is lifting winter capacity about 7 percent from a year earlier but will only add seats where it can do so without depressing yields, a measure of prices, spokesman [Euan Fordyce](#) said by telephone.

The deployment of the 747 to Dallas will provide about 70 more seats per flight, while the transfer of the 777 will take the number of services to New York’s John F. Kennedy International Airport to seven a day from six, he said.

British Airways has learned a lesson from the 1990s, when it brought back “chunks” of capacity too quickly, Treasurer [George Stinnes](#) said in June. Europe’s third-largest airline still has seven 747s in storage, together with other models.

Of the 112 jumbos mothballed since the start of last year, 40 are still in storage, according to figures from Ascend.

The United Airlines 747, with about 370 seats in a three-class layout, has operated on domestic flights between the carrier's Chicago and San Francisco hubs and could be used as a stand in for long-haul services to Asia, London and Frankfurt if required, UAL Corp. spokesman [Mike Trevino](#) said. The plane may be removed from the fleet again this fall, he said.

Mojave Desert

British Airways and Hong Kong's Cathay Pacific have both idled planes near Victorville on the southern edge of the [Mojave Desert](#) in California. Arid locations are favored for storage because the hot, dry conditions hamper corrosion.

Deutsche Lufthansa AG, Europe's second-biggest airline, is looking to reactive a single jumbo stored in Germany after returning about a dozen short-haul planes and smaller wide-bodies to service, spokesman [Peter Schneckenleitner](#) said. The carrier has yet to decide where to deploy the jetliner.

"Wide-bodies have lagged behind the overall market but they're showing signs of health," said Andy Golub, an analyst at Ascend in New York who describes the high-capacity 747 as a "bellwether" for airline confidence. "If people are paying for that high-priced seat or moving expedited products in the belly of an aircraft that's a very good sign."

International passenger traffic rose 12 percent in June, the most-recent month for which figures are available, according to the International Air Transport Association. That prompted a jump in second-quarter yields at carriers including Lufthansa and British Airways. Cargo traffic rose 27 percent in the month.

Phase-Out Plan

Air France-KLM Group, Europe's biggest carrier, is phasing out 747s from its Paris-based Air France unit with the entry into service of Airbus SAS A380 superjumbos and Boeing 777-300ERs, spokeswoman [Marina Tymen](#) said.

Cathay Pacific will transfer four 747-400 cargo aircraft to Air China Cargo, in which it has a 49 percent stake, by the end of 2011. The departures will be balanced by deliveries of Boeing's new [747-8 freighter](#), spokeswoman [Elin Wong](#) said.

Qantas Airways Ltd. is bringing older 747-300 planes out of desert storage after finding a buyer for them, Chief Executive Officer [Alan Joyce](#) said today in a phone interview. The aircraft had been kept in Arizona. Accelerated build rates at Airbus and Boeing also point to more confidence in the rebound, he said.

“It’s a good indication of the recovery that people are actively out there acquiring aircraft,” Joyce said in Sydney. “It’s a sign the industry is coming out of the doldrums.”

British Airways shares closed down 1.6 percent at 213.8 pence in London, Cathay Pacific ended the day 3.7 percent [lower](#) at HK\$18.16 in Hong Kong, Qantas fell 1.2 percent to A\$2.48 and Lufthansa slipped 0.2 percent to 12.34 euros.

Air France-KLM rose 0.2 percent to 10.81 euros and UAL was trading up 2.6 percent at \$21.54 as of 1:49 p.m. in New York.

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