



Two Boeing 737-400s will enter service on Icelandair's European routes in 1989. They will be followed in 1990 by two Boeing 757-200s

according to Eiriksson. Each of the new 757s will have 206 seats, of which 39 (19 per cent) will be business-class.

Icelandair's current business-class brand name, "Saga class," may be relaunched as "Saga business class," after the fashion of Cathay Pacific with its Marco Polo business class. Eiriksson expects the proportion of business-class seats to rise above 20 per cent in the long term, especially on the two US routes which it plans to keep, to New York and Orlando. The airline's routes to Chicago, Baltimore, and Boston will not be operated in 1989.

While it is closing down these routes to the USA, Icelandair is attempting to start new services in Europe, including more fifth-freedom routes. A critical one cited by

Eiriksson is between Glasgow and Frankfurt. This has become all the more important since December 1, when the airline dropped its service from Glasgow to Copenhagen. The licence application (which is being handled by the Icelandic foreign ministry) would, if successful, allow Icelandair to start operations in October 1989.

Helgason naturally admits that he is worried about the threat of competition on routes between Iceland and the UK. Under the terms of the bilateral agreement, carriers such as British Airways and British Midland have free rein to start services to Keflavik whenever they wish. In the light of this threat, Helgason does not rule out the possibility of Icelandair joining forces with another airline, but does not believe that

such a venture would be with an airline as large as SAS, with which Icelandair already has close ties.

Icelandair is linked into the Amadeus computer reservation system along with SAS, Air France, Iberia, and Lufthansa (the four founder members), and smaller airlines such as Finnair, JAT, and Adria Airways. Amadeus links up to more than 15,000 travel agencies. Last year its member airlines carried more than 90 million passengers.

Icelandair has a complex relationship with SAS because, on the one hand, they compete, but on the other Icelandair feeds large quantities of business traffic into Scandinavia, from which SAS benefits. Helgason maintains that small carriers such as Greenlandair and Luxair are far more likely candidates for partnership.

From its base at Reykjavik the Icelandair domestic fleet of five Fokker F.27s serves ten destinations in Iceland, with additional services embracing destinations in Greenland and the Faeroe Islands.

The longest of Icelandair's ten domestic routes is the daily round-trip service to Nordfjordur in the east of the island, 253 n.m. from Reykjavik. The flight (via Egilsstaðir) takes 3hr 50min. The most regular service (typically five flights per day) links Reykjavik with the country's second largest town, Akureyri, in the north. Other destinations include Isafjordur in the northwest and Vestmannaeyjar, a group of islands off the south coast.

Only two of the ten domestic destinations have paved runways, and most lack good runway lighting. Frequent high winds and snow present the main operational restrictions, but short days in the autumn and almost total darkness in winter (especially in the north) also exacerbate scheduling difficulties.

The domestic fleet is maintained at Reykjavik Airport, where the facilities exist for full airframe servicing as well as overhauls of propellers, gearboxes, and landing gear. Routine maintenance of the F.27s' Dart engines is also conducted at Reykjavik, but when deeper maintenance is needed the powerplants are returned to Rolls-Royce at East Kilbride in Scotland, to be exchanged for serviceable units.

On the international scene, Icelandair competes with Lufthansa between Dusseldorf and Keflavik, with SAS between Copenhagen and Keflavik, and with Iceland-based Eagle Air, which has the right to fly between Amsterdam and Iceland.

By the end of 1990 Icelandair will have transformed its fleet from one of the oldest in Europe to one of the newest. This, in addition to the implementation of its new strategy, seems likely to make it a far more viable proposition. A merger with an airline like Greenlandair might then seem a sensible move towards achieving its long-term aim of establishing Iceland as the prime hub for services in the North Atlantic region. S3

Icelandair's shopping window for new aircraft was split between its European requirement and needs for the North Atlantic market

