Lufthansa companies, such as its cargo sector and Condor, its charter subsidiary. Pfeifer sees market forces acting on the labour market: "In the long term the very labour-intensive work will disappear from the high-cost countries," he says, "but the high-technology work will quite likely in-crease."

Lufthansa has gone into the third-party maintenance business in Shannon with GPA, but not, Pfeifer emphasises, with the intention of shipping any of its fleet mainte-nance to Ireland. It is simply an investment jn an expanding market in which Lufthansa has a great deal of experience: "We have been in that business for 20 years. It is nothing new to us," he says.
In East Germany and Interflug there is, for the time being, a low-price workforce, although numbers have to be reduced. There is also spare capacity at Interflug, which Lufthansa does not have; hence some of the new Lufthansa services into the GDR are contracted to Interflug.
The advantage Interflug has from rela-tively low wages, Pfeifer predicts, "...will not be maintained very long".
Interflug has been faced with a total change in the nature of its market, and was hit hard as soon as the borders opened: traffic to the West immediately increased by 50%, but eastbound traffic collapsed once a choice was available.

OLD FLEET
The East German carrier knows that it has to update its fleet — fast. "Of decisive significance will be how quickly and to what extent Interflug can modernise its current fleet and start to operate economi-cally efficient and comfortable aircraft on its future route network. Only by doing so will we be able to maintain or build upon our current market position," admits Interflug. Pfeifer agrees: "Fleet replacement has to
be fast. Interflug needs up to ten Western narrowbody aircraft, and decisions will have to be made by mid-1991". Getting finance will be no problem for Interflug, he pre-dicts, because the East German airline will

Inter/lug intends to re-equip as quickly as possible

Growth takes off

have West German backing during the reunification process.
Interflug's fleet is also small; Pfeifer describes it as "one year's expansion at Lufthansa". It has three A310s, 11 Ilyushin I1-62M long-range narrowbody four-jets, 17 Tupolev Tu-134A short- to medium-range twinjets, and seven old four-turboprop II-18s, two of which are freighters.
The company lists new Soviet designs —the Tu-204 and the 11-96 — among its potential future fleet, but Lufthansa will use its board veto to stop their acquisition. Other types on Interflug's list include the 737-300, 737-500 and A320 (all Lufthansa types) and Fokker 100 and British Aero-space 146.
Meanwhile, says Interflug, the airline "...is currently conducting intensive negoti-ations for the sale of its existing fleet. This will firstly affect the 11-18 and Tu-134A." Tangible signs of direct co-operation be-tween the East and West German airlines are beginning to show in the setting-up of joint subsidiary companies. Under the name InterCondor, from November, Interflug and

Condor will use one of the latter's new Boeing 757s to operate charter services. Interhansa Software is intended to pro-vide Interflug with data-processing exper-tise and equipment for the travel market and communications. Interflug has also joined the Amadeus airline computer reser-vations system (CRS), and Start DDR, a large German-based CRS serving the tourist industry.

REVIEWING CAPACITY

Interhansa Service is a joint (50:50) com-pany run in association with LSG, Lufthansa's catering service, which is in-tended to bring Interflug's catering up to Western standards.
Interflug is reviewing its service and maintenance capacity: it has to determine what work, with a relatively small fleet, can be done independently, and what should go out to Lufthansa or third parties. In the long term it will be negotiating work for Lufthansa, to increase the two airlines' joint maintenance capacity for their enlarging fleets, and working in the third-party main-tenance market where Lufthansa is well established.
Interflug has a major overhaul base in Dresden, but whatever it decides, a consid-erable investment in training and modern equipment will have to be made. Lufthansa says that it could bring the Interflug mainte-nance machine up to C-check level for a particular Western type within a year, if necessary, and to D-check within two.
On the international front, the GDR has joined the International Civil Aviation Or-ganisation (ICAO) this year, and Interflug has joined the International Air Transport Association.
Lufthansa is happy that Interflug should remain a corporate entity for the time being, and possibly for the long-term future. "If it is successful after a number of years, maybe there would be no need to unite," says Pfeifer. He points out a particular Interflug asset which should not be underestimated: "Maybe it would become the specialist in Eastern Europe. They all speak Russian." Lufthansa's position in that market is al-ready significant: it carries more traffic to Eastern Europe than any other European airline, and has the highest growth rate on those routes.
One of the most powerful restrictions on operations in East Europe is the inadequate air-traffic control and navigation-aid infra-structure, which Lufthansa points out must be expanded and brought up to ICAO standards. This upgrade must be co-ordinated with Eurocontrol plans.
Ruhnau points out that an essential part of that infrastructure will be a new Berlin
airport to the south-east of the city. Nine
million people use Berlin's airports each
year, he says: 30 million a year will use the
city as a destination or an Eastern European
hub by the year 2000. E

130 FLIGHT INTERNATIONAL 5-1 1 September 1990