

become the gateway to South-East Asia from the rest of the world, such as North America, Europe and the Pacific."

Beyond Asia, Vietnam Airlines flies to Sydney and Melbourne, in Australia, and the European cities of Amsterdam, Berlin, Moscow (via Dubai) and Paris. It has London in its sights as its next planned European destination.

US/VIETNAM BILATERAL

The much awaited start-up of services from Vietnam to North America however, appears to be a bit further off. A bilateral air-services agreement between Hanoi and Washington is being negotiated, but Vietnam Airlines' readiness to fly to the USA, and its unwillingness to allow multiple US carriers into the country could be a major problem.

"Our position is that we would like to have an equitable opportunity for carriers from both sides to serve each other, in terms of the number of airlines, routes, destinations and capacity control," says Vinh.

He adds: "We don't think 1996 will be a good year to start as we're not well prepared. We don't yet have suitable long-range aircraft — the market is not developed to a high enough level, and there is too much capacity and competition between the USA and South-East Asia. We'll fly there in our own time."

In 1994, Vietnam Airlines reportedly will have generated a revenue of around \$250 million, but, as a state-owned entity, its full financial results are not available for public scrutiny. Vinh claims that the airline is operating in the black, but will not give any figures other than that its net profit represented "less than 10%" of revenue.

Whatever Vietnam Airlines' true financial position, it is clear that the company does not have the financial resources required to revamp its fleet to keep pace with projected traffic growth. The airline stated late in 1994 that it needed \$5 billion to build up a fleet of 70-80 aircraft by the year 2005 to meet demand.

Neither privatisation nor the sale of equity to foreign investors appear to be politically acceptable solutions to raising the necessary capital in the near future. Some international airlines, including Air France, have nonetheless expressed interest in taking a stake.

Vietnam Airlines is instead looking for credit from either Japan, the European Union or the US Exim Bank to underwrite planned aircraft acquisitions. "Vietnam Airlines is not able to finance purchases itself. We need instead the assistance of international financial establishments," says Vinh (*Flight International*, 4-10 October, P39).

INTERIM SOLUTIONS

The airline's immediate priority is to replace its fleet of wet-leased Airbus Industrie A320s and Boeing 767s with dry-leased aircraft. "We plan eventually to buy some aircraft," says Vinh, but he adds that more time is needed "...to select the



right aircraft and chose the best solution, especially the financial package".

Vietnam Airlines operates eight A320s wet-leased from Air France, General Electric Capital and ORIX, many of which are due to be returned in 1996. As an interim, it is planned to dry-lease ten new-built Airbus A320s, powered by CFM56 engines, from Region Air of Singapore. The ten-year lease deal includes a purchase option (*Flight International*, 27 September-3 October, P14).

Vietnam Airlines is also negotiating a similar leasing deal to replace two Boeing 767-300ERs and a single -200ER, wet-leased from Ansett and Royal Brunei Airlines (RBA). Earlier this year, the airline took delivery of a fourth 767-300ER, also wet-leased from RBA.

Additional aircraft are needed if Vietnam Airlines is to achieve its previously stated goal of phasing out completely its fleet of antiquated Russian airliners. At least 12 Tupolev Tu-134Bs and a single Yakovlev Yak-40 remain in service, but account for only 5% of the airline's total capacity, says Vinh.

While Vietnam Airline has not formally ruled out purchasing alternative types of aircraft, such as the Boeing 737 or McDonnell Douglas MD-90s, it is likely that the carrier will opt for more Airbus types.

Says Vinh: "We're not saying we're going to buy the A320 or 767, but we prefer the aircraft because we've already had more than two years of operational experience. We also cannot afford to have too many different aircraft types in our fleet: we want to limit this to three or four at the most."

Longer-term planning calls for the introduction of between four and six long-range aircraft to fly non-stop to Europe, and eventually to open up routes to the US West Coast. The airline has already been offered two deferred Air France Airbus A340s, but no decision has yet been taken. Other types under evaluation include the McDonnell Douglas MD-11 and the Boeing 777 and 747. Vinh, however, admits that the latter is a probably too big for its needs.

Other planned acquisitions include two new Fokker 70s, due for delivery in May and July 1996, and additional ATR 72 turboprops. While the Fokker 70s will be used to replace Tu-134s on certain routes, the aircraft have

Twelve Tu-134s account for only 5% of capacity

been ordered ostensibly for Government VIP use and are not regarded by Vinh as representing an additional type.

Vietnam Airlines intends instead to concentrate on expanding its ATR 72 fleet used on domestic and short-haul regional routes to Cambodia and Laos. Four turboprops are already in service, with two additional leased aircraft to be added in early 1996, and a further two likely to follow.

TRAINING AND SUPPORT

As part of Air France's partnership agreement with Vietnam Airlines to provide wet-leased A320s, the French airline has undertaken to train Vietnamese pilots and technicians. Of the 32 former Tu-134 pilots selected for A320 conversion, three captains and four first officers have so far completed training and are flying.

Converting former Tu-134 crews to operate the fly-by-wire A320 has proved to be a very difficult and time-consuming task, say Air France sources. A major problem for pilots has been the transition from a cockpit with five crew in the Tu-134, including a radio operator and navigator, to the digital two-man environment of the A320.

With around 50 French pilots and first officers now seconded to Vietnam Airlines, the carrier will still be heavily dependent on foreign crews after the return of Air France's wet-leased aircraft in 1996. A new contract is therefore being negotiated, extending Air France's support to the new dry-leased A320s.

Vietnam Airlines, in the meantime, has dispatched some 90 *ab initio* students to Australia and France for training. The largest batch, consisting of some 60 students, is receiving instruction at Hawker de Havilland's Australian Aviation College in Adelaide, funded by Australian Federal Government aid.

It is also sending a large number of technicians to Australia, France and the UK

for training in an attempt to bolster its maintenance capability. Vietnam Airlines' two existing maintenance sites, A75 in Ho Chi Minh and A76 in Hanoi, are limited to light C-checks on the A320 and ATR 72, with any heavier work being placed overseas. □