

Europe and Asia. Within Ethiopia, the airline serves 20 destinations.

Recently, the airline signed *pro rata* agreements with American Airlines, British Airways and Air Canada. Kellow regards these as valuable expressions of confidence in Ethiopian Airlines from some of the world's top operators: "With their own reputations at stake, those airlines would not enter such agreements unless they were sure they were aligning themselves with a good airline."

In terms of traffic, all of Ethiopian Airlines' international routes are "thin", and many of them are "long and thin". One reason for its net profitability is that it has followed an operating strategy which contrasts with that of other airlines in the region. Many African airlines run their most important services between the capitals of their countries and capital cities in Europe, but they cannot compete with large European carriers in service or reliability. The result is that many of these African airlines run at a loss. Ethiopian Airlines has taken a different course. The carrier has built a hub-and-spoke operation, using the "thin" routes which run across sub-Saharan Africa to support other parts of its network.

Executive officer marketing Teklemariam Tedla explains: "Because of the nature of our route network, we are forced to fly to areas that, if taken in isolation, would be loss-making operations. Hardly anybody flies between Addis Ababa and Niamey, Bamako or Lome to do business, for example." If the airline had to rely solely on the third- and fourth-freedom traffic generated on those routes it would lose money. Instead, exploiting its sixth-freedom rights, it carries many of these passengers to destinations beyond Addis Ababa.

Tedla adds: "Our flights from Addis Ababa to Dubai carry passengers from Bamako, from Niamey, from Lome. We might get five, perhaps ten or more passengers from each of those places. They arrive at Addis Ababa and transfer to the Dubai flight which then has 30 or so passengers more than it would otherwise have had. Even the very good operations that we have from Addis Ababa to Frankfurt or London would hardly be justified without the support we get from our African routes."

The airline can exploit the thin traffic generated on its trans-African routes because it has a better reputation for reliability and service than its competitors. That lifts any pressure for the company to sell tickets at a discounted price.

The airline's cargo-management department operates as an independent unit. It is working on a long-term plan to make Bole a hub for cargo flights serving the region, in the same way as it has for passenger operations.

Ethiopian Airlines also has plans to increase the capacity on its domestic services. Kellow sees a big potential tourist market waiting to be tapped: "From nearly nothing, we are now coming up to more than 100,000 tourists a year. But considering the wealth of tourist sites in



*Dr Ahmed Kellow*

*"We now see that the composition of our international fleet is not what we really require."*

Ethiopia, the historic sites and the nature reserves, that is very little."

Neither of the aircraft types now used on the domestic services (the DHC-6 Twin Otter and the ATR 42) is considered satisfactory. Kellow considers that the Twin Otter is too small for the main internal routes. "It all depends on what you are trying to do," he says. "Do you want to fly trunk routes and leave the rest for land transport? Or do you want to fly to every single place? The latter was the case previously, when the airline was supposed to fulfil a social function, irrespective of the costs. But we no longer operate like that."

**ATR 42 OPERATING DIFFICULTIES**

The ATR 42 has problems with the "hot-and-high" operating conditions at many Ethiopian airfields — for example Bole International Airport, Addis Ababa, is at 7,620 ft (2,300m). Kellow comments: "There is nothing wrong with the ATR 42, but it is not the aircraft for this country. It is not suited to hot-and-high conditions, and its range under these conditions is not as good as had been said. At some airfields; there is limited refuelling capability, and the aircraft has to carry fuel for the outward and the homeward flights. Because of this, although theoretically the ATR is able to carry 42 people, you end



*Schweitzer Ag Cat Super Bs are built under licence by Ethiopian Airlines*

up carrying only 20 because of the fuel uplift."

In 1995, the airline signed a contract to lease five Fokker 50s, with deliveries scheduled to begin in the first half of 1996. These aircraft were to replace the two ATR 42s and most of the DHC-6s. Following the collapse of the Dutch manufacturer, the airline has been forced to rethink its re-equipment programme.

Ethiopian Airlines runs its own maintenance division, with a staff of about 1,500 personnel of all grades, of which more than 200 are licensed engineers. The division carries out B, C and D checks on all aircraft types operated by the airline, and also performs these tasks for several other airlines in the region. Its engine shops carry out overhaul work on a range of engines up to and including the JT9D and JT8D.

The airline recently opened a new engine test-site at Bole, designed for the ground running of engines of up to 445kN (100,000 lb) thrust. Labour costs in Ethiopia are much lower than those for comparable work in other countries. By holding down operating costs, the maintenance division makes a useful contribution to the airline's balance sheet.

The airline runs a small production line to build under licence the Schweizer Ag Cat Super B Turbine crop-spraying aircraft. The first airframes were assembled from components supplied by Schweizer, but those of later aircraft have been built at Bole.

The maintenance division is now preparing for a change in its status. Sultan Mohammed, executive officer operational and technical, explains: "We have a long-term strategy to restructure our operation, to make it a self-sufficient business within five years." The intention is to make the division into a wholly owned subsidiary.

At Bole, the airline runs its own flying school with a fleet of 13 Cessna 172s and two Piper Aztec trainers. At the end of the course, which lasts 18-24 months, successful students gain their commercial pilot's licence on multi-engined aircraft. The school now trains about 25 pilots a year. The airline also runs a technical school which provides two-year courses on airframes, powerplants and avionic systems. This produces about 75 technicians a year.

There are now many state-owned airlines actively being prepared for privatisation. Ethiopian Airlines is not one of them — yet. Kellow does not conceal his personal feelings, saying that, "...at the moment, privatisation is not on the cards, it is not part of the Government plan. But, in my opinion, the Government is interested in beefing up the airline and improving its trading position, in readiness for privatisation. That happened with British Airways and other British state-owned industries. I am an advocate of privatisation."

As Ethiopian Airlines begins its second half-century of operations, it is the major carrier and provider of maintenance services and training in equatorial Africa. The future looks bright and it will be interesting to observe the airline's fortunes in the years to come. □