



Gulf Air is aiming to phase out its Airbus A340s and Boeing 767s (above), as new Airbus A330-200s are introduced. The first of up to 12 A330s will arrive in June

Brian McElligott, Gulf Air's new manager for alliance development and interline, recently joined the airline from oneworld partner Canadian Airlines. He describes Gulf Air's relationship with American as "very close" and "depends heavily on the power of the 'AA' code for feed into our Gulf network - it works beautifully." He adds that an extension to the codeshare is being studied. This could lead to adding three more US destinations to the Gulf Air network in the near future.

TRANSATLANTIC OPTIONS

American is not its only potential associate or its only option for transatlantic traffic. As far as North America is concerned, Van West does not rule out the possibility of Gulf Air "returning to that market in its own right". He adds, however, that Gulf Air does not have the appropriate aircraft to relaunch direct transatlantic services. To return to the market, Van West sees the need to acquire the new breed of ultra-long-haul aircraft such as the A340-500 or Boeing 777-200X. Any decision on such a move, and a return to North America, is at least two years away, he says. For now, the airline is "much better off relying on the codeshare" for its US traffic, he adds.

Despite its strong links to American, however, McElligott warns that Gulf Air "is not heading in the oneworld direction yet, but we know it's there". The airline is also talking to other carriers about tactical links, particularly on Asia and East Africa. Van West adds that it is Gulf Air's intention "not to get involved in any global groupings, but focus on the niches".

The airline is keen to undertake further fleet rationalisation to drive down costs and boost productivity. It has reined in its fleet from a peak of over 40 aircraft in 1994-6 to fewer than 30 aircraft. This was achieved largely through the

retirement of ageing Lockheed L-1011 TriStar 200s and the disposal of several 767-300ERs. Some 767s were transferred off the books and on to operating leases, providing an important cash boost.

At the same time the airline cancelled orders for 777s and Airbus A321s. It also revised its future fleet plan, with an order for six Airbus A330-300 twinjets switched for a similar number of smaller, longer range A330-200s.

The airline's fleet consists of 13 Airbus A320s, five A340-300s and 10 767-300ERs, plus the six A330-200s on order. While the 123-seat A320s meet the airline's short-haul requirements in capacity terms, Van West is keen to boost utilisation. This aim will be helped by expanding co-operation with GAMCO, which is setting up a maintenance base at Gulf Air's Bahrain hub. This will enable more efficient scheduling of light maintenance, with work being undertaken at Bahrain and so eliminating wasteful "dead-leg" ferry flights to and from Abu Dhabi. Utilisation gains from the revised maintenance arrangements are expected effectively to provide the airline with an extra aircraft available for service.

A more pressing concern covers Gulf Air's long-haul fleet of 263-seat A340-300s and 200-seat 767-300ERs. Delivery of Gulf Air's 243-seat A330-200s will begin in June, and Van West would like these aircraft to replace the A340s, but the airline has so far been unable to remarket the four-engined Airbuses.

"We would prefer to dispose of the A340s. They don't fit our network as the average sector length is too low," he says.

With the elimination of the US services for which they were originally intended, Gulf Air's three- to-five year old A340s are operated on routes to Europe and Asia. The aircraft can also be found flying short intra-Gulf sectors of less than 30min which are operated as extensions of international services.

Gulf Air takes its first four Rolls-Royce Trent 700-powered A330-200s during the summer.

The airline would ideally like two A340s to leave its fleet this year and the other three in 2000, says Van West. An early departure of A340s is unlikely because of the lack of any takers, so the carrier looks likely to have to switch to the less favourable option of dropping more of its 767s.

"Four of our 767s are on operating lease through Rolls-Royce, while the other six are on financial lease," says Van West, who explains that the current plan will see two of the operating leased aircraft returned this year and the other two in 2000. He says this plan could change if a taker is found for the A340s.

AIRBUS AIM

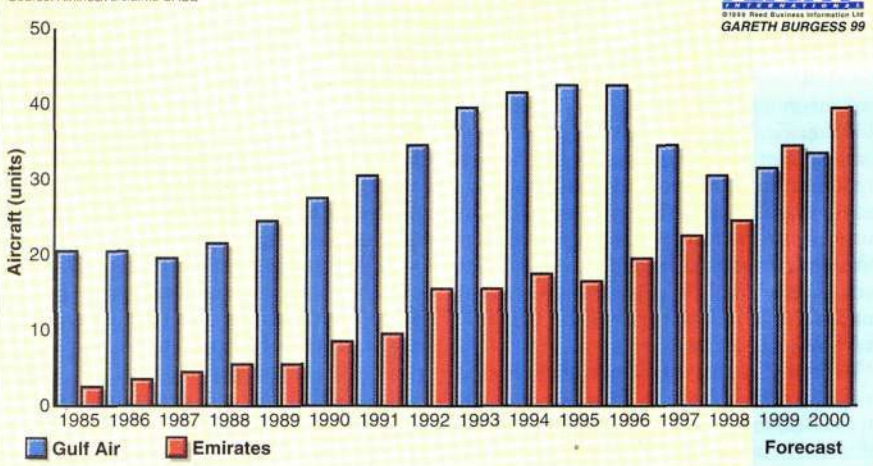
The long-term aim is to operate an all-Airbus twinjet fleet of A320s and A330-200s, with the remaining 767s to be gradually replaced by the A330 as the airline's six options are exercised. With the carrier seemingly lumbered with the A340s, at least in the short term, a cabin configuration revamp is planned which will increase capacity by 10% to 293 passengers for deployment on the airline's services to Asia. Van West says the new layout will be achieved by reducing the first-class cabin, providing a less dense, more comfortable business-class cabin and increasing the number of seats in economy.

Gulf Air's fleet plans are clearly focused on consolidation and the assimilation of its small order backlog in the short term. Van West says short-haul traffic growth will initially be catered for through frequency increases, rather than a move to a larger aircraft, but concedes that more A320s will be needed "in a few years". He adds that at the same stage, the airline will have to address the capacity gap between its A320s and the widebodies.

The pressures of recent years have forced a mini-revolution in Gulf Air's strategy, and a moderately successful turnaround in fortunes. But with ever greater threats from the increasingly consolidated and globalised airline industry, only time will tell whether the airline really has learned its lessons of the mid-1990s. □

Gulf Air/Emirates year-end fleet totals 1985-2000

Source: Airlines/Airclaims CASE



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