

Estonian revival



Western philosophies are about to pay dividends for Estonian Air, which is on the verge of its first operating profit

ANDREW CHUTER/TALLINN

LOOKS ARE DECEIVING, I hoped, as the taxi approached the dowdy Soviet-style offices of Estonian Air at Tallinn Airport. I had come to the Estonian capital to report on the transformation of the country's aviation industry since the small Baltic state regained independence from Moscow in 1991.

But, judging by my arrival the previous night through an airport terminal that resembled a cargo hangar and the drab exterior to the national airline's headquarters, this was not to be an "ugly duckling changes to beautiful white swan" story.

First impressions, however, can be dangerous and it soon became evident that my fears were misplaced. The architecture of the offices may have been from the Soviet era but the style and philosophy of the management housed in the Estonian Air headquarters is Western.

As for the airport terminal, it is an old cargo hangar drummed back into service while the passenger building is refurbished in a \$32 mil-

lion upgrade which will almost treble capacity.

Estonian Air was born in late 1991, immediately following the country's independence alongside its Baltic Sea neighbours, Latvia and Lithuania.

Throwing off decades of economic mismanagement has proved no easy task, however, even for a nation which remained staunchly Nordic in its outlook throughout its more than 50 years as a Soviet satellite.

BREAKING AWAY FROM MOSCOW

At its height, the Estonian arm of Aeroflot carried 800,000 passengers a year with a fleet including 13 Tupolev Tu-134As, four Yakovlev Yak-40s and 12 Antonov An-2s. The breakaway from Moscow resulted in the reformed airline being bequeathed any aircraft sitting on the runway in Tallinn on the day of independence.

The change from providing air transport for the proletariat to being an efficient airline with a long-term future has been painful. The extensive Soviet route network has been severely pruned, aircraft sold or scrapped and jobs lost.

Thornbech: leading Estonian's profit push

But at the end of the decade the Estonian Air of today is unrecognisable from the airline with which Estonia stepped into independence in 1991. The fleet has been reshaped around three leased Boeing 737-500s and two Fokker 50 turboprops. Its route network covers 13 international destinations stretching from Moscow to London and Frankfurt. Perhaps most importantly, the airline is on track to make its first profit this year. It is also building new offices to go alongside a recently completed hangar capable of holding two 737s.

The reason for the change in fortunes lies in the Estonian Government's 1995 decision to sell 66% of the carrier, accepting a successful bid from Maersk Air and its local partner Baltic Cresco Investment.

In September 1996, Danish-owned Maersk officially acquired 49% of the airline and its partner 19%. Maersk also took over the day-to-day running of Estonian Air, principally in the shape of the airline's new president: Børge Thornbech, a financial and strategic planning specialist who had previously been managing director of Maersk Travel.

Thornbech is coy about revealing the extent of the turnaround achieved since Maersk took over, beyond making the point that his 1996 target of making a profit this year is in prospect.