

Newsletter EAP – August 2004 / No.45

à WE SAY HELLO

à ETHNIC TRAFFIC still under-performing

à LATE PICK-UP Times as advantage says Stanford Research Institute

à BA's ROAD SHOW heralding a strong return

à UK-LAW prohibits service animals on board if transiting at British airports

à TAT Industries to open a technical base

à Express cargo by the month

à Hello to Dakar

WE SAY HELLO and welcome aboard. A company portrait of Hello the youngest Swiss charter airline was drafted by staff members explaining the future course of the carrier. As a niche player Hello will keep an eye on regional European, Swiss and non-European markets. Quite explicitly, Hello is looking for opportunities at its home base at EuroAirport, should troubled SWISS either withdraw from major routes out of Basle-Mulhouse-Freiburg airport or fold operations altogether. These are comforting news for customers left in the dark about the destiny of the financially hard-pressed flag-carrier. As was Swissair, SWISS is still holding on to unrealistic plans trying to uphold an extensive intercontinental network. The difference to its European competitors is its tiny home market and prohibitive costs concerning its hub strategy in Zurich.

Hello received the airline operator's certificate and a general operating license from the Swiss Federal Office for Civil Aviation on 5 August thus ending unfounded criticism directed at the chairman of the company and former CEO of Crossair by Aeropers, Swissair's pilot union. Many of its pilots now flying with SWISS still consider him solely responsible for the fall of Swissair in October 2001. Clearly, they also look at the new airline as an unwanted competitor to SWISS Sun, Belair and Edelweiss where ex-Swissair pilots have found new jobs. Some even fear that Hello could change the Swiss airline market again with direct consequences for SWISS pilots.

The AOC allows flight operations (scheduled and wet-lease charters) on behalf of airlines and tour operators (Starter Voyages of Mulhouse). Hello's philosophy is one of lean management, low costs and efficiency on the ground and in the air. Safety as well as maintenance standards will be kept high in order to guarantee maximum aircraft reliability and utilization.

Hello's reference to non-European markets is leaving much scope for interpretation. Could this include air-travel for corporate needs? As interest is high and airlines are eager to capture a slice of this market offers have not materialized yet. However, except for Lufthansa's US operations out of Germany (Düsseldorf and Munich) so far there has been much talk and little action.



FEDERAL EXPRESS has responded to the temporary ban of heavy trucks on France's highways during the holiday season by adding Saturday departures and Sunday arrivals to Paris CDG with A310-200 freighters during July and the beginning of August. It is the second year that this measure is necessary.

Stanford Research Institute has studied the hub-and-spoke system of Federal Express in Memphis which makes possible overnight shipments (Financial Times, 9 August). The institute interviewed 130 companies from 22 countries. The companies cited the later pick-up times for overnight deliveries as a major factor for setting up their business in the Memphis area. Back at EuroAirport the availability of the same advantage is inspiring the life science and biotechnology industry to follow suite.

ETHNIC TRAFFIC is a good business for airlines and tour operators as it helps them to optimise their fleet utilisation and services throughout the year. In the German-speaking world "Ethnie" refers to the origin of people as is the case in English. People from countries such as Algeria, the Balkan states, Portugal and Turkey have come to work and live in the TriRhena region over the years representing a large proportion of the population in this area. Ethnic traffic denotes services geared specifically to the travelling needs of those groups.

This traffic is presently underperforming at the EAP with only a few players active. Flights of Algerian carrier Khalifa Airways which folded in March 2003 have not been fully replaced yet. Both Aigle Azur and Air Algerie offer year-round services to Constantine. Two seasonal services to Anaba and Constantine are added during the summer season.

Turkey is a mixed market with Western tourists filling hotels in places such as Antalya and Izmir. In contrast flights to Ankara are seasonal and those to Istanbul include both scheduled and regular charter services. Again, there may be new life emerging as Turkish Airlines introduces a third weekly flight and Pegasus continues two charters a week throughout the year. These services are supplemented with ad-hoc operations on a fairly irregular basis.

Largely due to missing tour operators catering for the tri-national area of the airport, destinations in the Balkan region of Europe are an uncharted market. Present activities prioritise departures ex Zurich and only as a last-minute resort are there flights originating at EAP. Some flights to Pristina were offered in June and July. Meanwhile, Riga-based LAT and Dardanair have cancelled any further services.

Another community of ex-pats comes from Portuguese-speaking countries such as Cabo Verde and mainland Portugal. Portugalia started direct air-services between Lisbon, Oporto and EuroAirport ten years ago and remains the only provider of flights, now in codeshare with TAP Air Portugal since November 2003.

Guide dogs in company of visually disabled persons cannot board any **BRITISH** aircraft.

Additional information has been provided by BA trying to clarify the company's stance on this issue:

"UK-law prohibits the transfer of visually disabled passengers accompanied by service animals aboard any aircraft at UK airports. This extends to all airlines offering flights to overseas and European destinations via Britain. Flights within the UK and to Ireland are exempt from this regulation". Britain is concerned about diseases such as rabies entering the country even though measures are in place to prevent any outbreaks.



BRITISH AIRWAYS is embracing the Basle region with a road show from 29 October to 4 November. A classic London Transport bus will tour the city. Sales talks with travel agents, representatives of major key accounts and public figures as well as static displays of seats in first, business, world plus traveler and world traveler class configuration will follow. BA is allocating a promotion budget for this road show which exceeds CHF 100,000.



CORSAIR AIRBUS will start a Wednesday charter to La Romana (DomRep) with Airbus A330-200 on 22 December on behalf of Nouvelles Frontières the French arm of TUI. Flights will operate via Lyon.

HELLO has contracted TAT Industries to do heavy maintenance (C/D-checks) on all MD90 in Nimes. The company has opened a branch office and storage facilities for MD90 parts at EuroAirport thus providing jobs for three mechanics to perform line-maintenance and A-checks after 450 flying hours. Its technical base is located in the hangar of Air Services which also does maintenance work on Farnair's ATR42/72 fleet.

TRAFFIC REPORT JULY 2004

Schedule Passengers	187,814	(168,566)	+11%
Charter Passengers	80,316	(77,767)	+ 3%
Taxi Flights	554	(293)	
General Aviation	327	(167)	
Transit/Transfer	10,216	(18,417)	
Total Passengers	269,013	(246,793)	+ 9%
Total Passengers January to July	1,399,435		- 4%

Negative trends are starting to ease off (April -122,794 -16%, May -92,163 -9%, June -75,241 -6%).

Commercial aircraft movements posted a 1% hike the first one in months (5,402 against 5,323). Total movements are down by 17% (33,392 against 40,457) however, slightly improving from -28% in April, -24% in May and -19% in June.

SWISS traffic will continue to slip as London LHR will be shifted to BA. Flight cuts in July (-170) can explain the ongoing negative trend of Swiss this year (-10,767 passengers in July 2004, 318,700 boardings in the first seven months of 2004 down from 373,909 in the same period of 2003).

CARGO VOLUMES IN JULY 2004 (in tons)

	Seven months 2004		
General cargo	880	4,932	+34%
Express cargo	2,116	14,165	+ 5%
Charter	29	264	+21%
Cargo flown	3,025	19,361	+11%
Cargo trucked	5,000	32,825	+ 9%
Total cargo	8,025	52,186	+10%

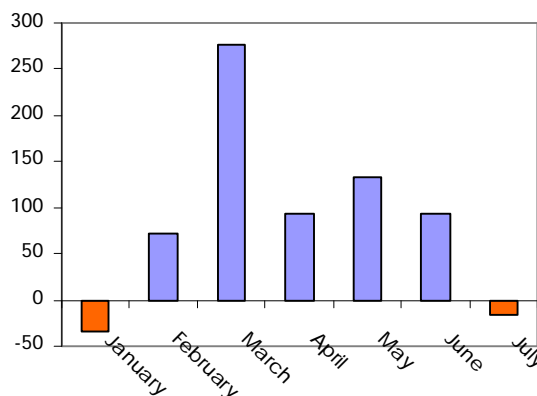
Aircraft movements

General cargo	22	114	+97%
Express cargo	289	1,918	+ 2%
Charter	4	26	
Total			
Movements	315	2,058	+5%

EXPRESS CARGO VOLUMES HANDLED PER MONTH

MONTH	2004	2003	in %
January	1,776	1,810	
February	1,907	1,836	
March	2,273	1,996	
April	1,973	1,880	
May	1,969	1,836	
June	2,151	1,957	
July	2,116	2,132	
Average/month	2,023	1,921	
Total volume	14,165	13,447	+ 5.3%

The diagram below shows the tonnage difference in 2004 against 2003.



FTI WINTER CHARTERS to Antalya (days 5/6, Sun Express/MNG Airlines), Sharm el-Sheik/Hurghada (days 6/7, Hello), Lamezia-Terme (day 7, Gexx), Las Palmas (day 7, Spanair) and Teneriffa (day 7, Iberworld).

EASYJET has welcomed 100,000 passengers so far. The carrier saw 54,330 passenger boardings between April and June. New figures just released by the airport show a sharp upturn in volume since 30 June. The total number of departures and arrivals so far amount to 840.. Destinations such as Amsterdam, Barcelona, Milan, Nice and Paris will be added to the network within the near future. Berlin will see a third flight and Luton Airport will be added to the Basle network on 1 November. EasyJet's Traffic share has climbed from 5% to 7.1% in the first seven months of 2004.

Hotel occupancy in Basle has gone up reaching 50% the best ever in years. EasyJet may contribute to this fact as more Britons are booking stays in the Basle area.