



El Al looks for route and fleet expansion

Jack Gee reports from Tel Aviv

EL AL ISRAEL AIRLINES, grounded for 19 days last autumn by the costliest strike in the country's history, is now grappling with the prospect of staff reductions, tough salary negotiations and an IE140 million (£6 million) deficit, the first major loss in its 17-year history.

But in spite of these handicaps the carrier hopes to conclude agreements for new routes to North and South America and South-East Asia. If these moves are successful the present 14-aircraft fleet will be built up.

The cost of the stoppage by linesmen last October and November is estimated at £120 million. During this period over 20,000 passengers were transferred to other airlines. El Al president Mordechai Ben-Ari reckons that between 120 and 150 short-contract employees—between three and four per cent of the 5,000 total—will be made redundant this year.

El Al's finances might also be hurt by impending income-tax reforms, the cost of which must be borne by the company under a national agreement which requires that take-home pay must not be eroded by tax increases. Transport Minister Gad Ya'acobi estimates that this new burden could cost El Al £4 million a year.

But optimism about expansion of El Al's traffic is running so strongly, both within the company and in the Israeli Government, that the carrier is scheduled to acquire seven new aircraft over the next few years.

Ben-Ari tells *Flight*: "We shall undoubtedly acquire more Boeing 747Cs to join the first, which was delivered to us in Seattle on December 30. This aircraft is ideal because we can use it for both passengers and cargo nine months a year and convert it to an all-cargo configuration during the three peak months for export of our agricultural produce."

For medium-haul routes, says Ben-Ari, El Al needs a 300-passenger aircraft capable, ideally of conversion to all-cargo configuration, and having a range of 2,000 n.m. and good cargo capacity. The 747SP could be a solution and the El Al president would welcome a convertible SP if Boeing decided to produce one. But Ben-Ari considers that neither the Airbus A300 nor, as envisaged, the Boeing 7X7 and McDonnell Douglas DC-X-200 possesses the range and capacity which El Al needs for its medium-haul operations. So the airline intends to continue using for several years to come its 707s, 720s and 707-320s, the first of which were purchased in 1961. Comments Ben-Ari: "Our calculations show it is still worth our while to operate aircraft which have high variable costs, principally for fuel, but which have been fully amortised. Since we can find no

aircraft which comes out better for the time being we will continue to operate our 707s until the end of their technical and mechanical life."

El Al will never foreseeably be a customer for Concorde because first-class traffic is marginal on its North Atlantic routes. But, Ben-Ari adds: "There would be no problem about landing rights in Israel if foreign operators wanted to make a stop here."

This year will be marked by an arduous series of negotiations for new landing rights. "We want to expand our United States network, which is so far confined to New York, by adding Miami, Chicago and Los Angeles," explains Ben-Ari. "We also want to extend our existing route to Bucharest across the Atlantic to New York. We believe there is a market for American travellers who would combine visits to Eastern Europe and Israel." Negotiations will begin soon to add Toronto to El Al's present Canadian destination, Montreal.

El Al also awaits implementation by the Argentinian Government of a pool agreement reached with Argentina Airlines a year ago. An Israeli delegation is going to Mexico in January to negotiate an air agreement. There are also plans to extend the existing Tel Aviv-Tehran route to Bangkok, but the Middle Eastern political climate makes premature any consideration of operations into Arab airports.

El Al looks forward to operating international flights to Eilat, the Israeli port and resort on the Red Sea's Gulf of Aqaba, as soon as the new £5 million airport is ready. Construction is scheduled to begin in April and the airport should be ready to receive the big jets within four years.

Ben-Ari hopes that agreement on a pool with British Airways will be reached soon. "Both sides are basically willing to agree," he comments. "This is a change from past attitudes." Summing up the expansion programme, Ben-Ari says: "We have a lot of irons in the fire. This is a three-year to four-year programme. The success of all these negotiations will determine the type of equipment we purchase."

Security measures against terrorism put a considerable strain on El Al's finances and affect scheduled performance, but Ben-Ari says that inconvenience to passengers has been minimised. Far from losing passengers, the company has gained traffic thanks to its reputation for putting security first.

El Al is a keen proponent of a "three-class" fare system. It hopes for a favourable response to the concept at this

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