

Airlines for Eritrea:

The Newest Country in Africa

Is it possible?

A preliminary study

*By
Emnetu Tesfay*

**ERITREAN PUBLIC HEALTH PROGRAMME**

6 White Lion Street, London N1 9PF

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**TENTATIVE AGENDA ITEMS FOR DISCUSSION
ON THE ESTABLISHMENT OF AIR TRANSPORT
IN ERITREA**

MEETING PLACE : ERITREAN RELIEF ASSOCIATION
96 WHITE LION STREET
LONDON N1 9PF
U.K
TEL. (071) 837 92 36
(071) 490 46 79

ATTENDEE: P.K. TEKLU AND EMNETU TESFAI
REPRESENTING ERITREA

KJELL NORDBAEK AND KARL OLSSON
REPRESENTING EAC LTD.

MEETING DATE: THURSDAY 25/7/91

MEETING TIME: 14:00 HOURS (local)

OPERATIONAL OPTIONS FOR DISCUSSION AIMED AT ESTABLISHING A COST
EFFECTIVE AIR TRANSPORT SYSTEM FOR ERITREA ENSURING SOLID
FOUNDATION FOR SUSTAINABLE GROWTH AND DEVELOPMENT.

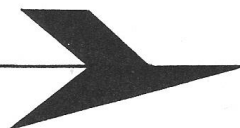
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- A.1.0 LEASE
 - 1.1 WET
 - 1.2 DRY
- 2.0 LEASE/PURCHASE
- 3.0 JOINT OWNERSHIP
- 4.0 JOINT USE OF AIRCRAFT
- 5.0 JOINT USE OF CAPACITY
- 6.0 ROYALTY PAYMENT
- 7.0 PURCHASE AIRCRAFT

} these

European Aviation Consulting

SOLA AIRPORT, STAVANGER, NORWAY



EMNETU TESFAY
ULAKROKEN 12

4000 STAVANGER

P.O. BOX 28
N-4051 SOLA
BANK: ROGALANDSBANKEN
ACT. NO.: 8507.07.05066
PHONE:
TELEX:

Your ref.:

Our ref.:

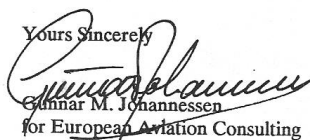
DATE:

Stavanger
August 26, 1991

FURTHER TO OUR PRE-PROJECT STUDY REPORT DATED 5.AUGUST 1991.

Reference is made to the informal meeting held in Stavanger last week between yourself and Kjell M. Nordbæk and the undersigned. In this meeting we agreed to elaborate a bit more in the areas of leasing and purchasing aircraft, and that you also would like to know what kind of complications you might experience by establishing and offshore company in Cyprus, and to register aircraft there. And finally you wanted to know more about the possible application for a membership in ICAO.

Yours Sincerely


Gunnar M. Johannessen
for European Aviation Consulting

Enclosure

E-A-C FOR SOLIDITY, COMFORT AND SAFETY

EPLF Minutes of Meeting

Department:		Page: 1	of: 4
Subject:		Date:	
ESTABLISHMENT OF A NATIONAL AIRLINE IN ERITREA		5/8/91	
Location:		From:	
ERA / UK CONFERENCE ROOM		EMNETU TESFAY	
Date and time:		Ref. No.:	
25/7/91 14.00 - 19.00 HRS			

Participants:	
REPRESENTING ERITREA ----- PAULOS KAHSAI TEKLU EMNETU TEFAY	REPRESENTING EUROPEAN AVIATION CONSULTANTS ----- KJELL NORDBAEK KARL OLSSON
Attachments:	
1. MAPS 2. ADDRESSES 3. LOGO	
Distribution:	
- PROVISIONAL GOVERNMENT OF ERITREA / OFFICE OF THE SECRETARY GENERAL - PROVISIONAL GOVERNMENT OF ERITREA / DEPARTMENT OF TRANSPORT	

Continuation Sheet

EPLF Minutes of Meeting

Department:	Page 2	Of 4
Matter under Discussion	Action by	Time limit
<p>BASED ON THE CONSIDERATIONS OF:-</p> <ol style="list-style-type: none"> 1 - MAKING ERITREA INCREASE LEGITIMACY AS A FREE STATE AND OBTAIN RESPECT AS EQUAL IN THE REGION BY ESTABLISHING A NATIONAL AIRLINE. 2 - ENSURING THAT A BIG SHARE OF THE INCOME GENERATED BY ERITREANS FLYING TO AND FROM ERITREA GOES TO THE BENEFIT OF THE ERITREAN ECONOMY. <p>A MEETING WAS CALLED WITH A NORWEGIAN AVIATION FIRM BASED IN CYPRUS TO MAKE EXPLORATORY DISCUSSION ON THE LEGAL, FINANCIAL, OPERATIONAL AND MANPOWER ASPECT OF ESTABLISHING A NATIONAL AIRLINE IN ERITREA.</p> <p>PRESENTATION OF PARTICIPANTS WAS MADE. KJELL NODBAEK IS A JET PILOT AND KARL OLSSON IS A HELICOPTER PILOT. BOTH LEFT NORWAY FOUR YEARS AGO TO FLY AIRPLANES OWNED BY A NORWEGIAN SHIPPING MAGNATE BASED IN CYPRUS. AT THE SAME TIME THESE TWO PILOTS HAVE OPENED AN AVIATION CONSULTANT FIRM IN CYPRUS. AVIATION MAINTENANCE AND TRAINING LICENSE IS GIVEN TO THE FIRM BY THE AUTHORITIES IN CYPRUS.</p> <p>A STATEMENT OF INTRODUCTION, APPRECIATION FOR EARLIER INVOLVEMENT IN PROJECT "DENDEN" AND INVITATION FOR SOCIAL EVENING WAS MADE BY PAULOS TO CELEBRATE ERITREAN INDEPENDENCE AND TO CONSOLIDATE OUR RELATION WITH THE CONSULTANTS. UNFORTUNATELY THE NORWEGIANS HAD A TIGHT SCHEDULE FOR THE DAY AND DECLINED THE INVITATION.</p> <p>BACKGROUND INFORMATION TO PRESENT SITUATION IN ERITREA INCLUDING MILITARY POLITICAL, ECONOMIC, LEGAL STATUS OF THE NEW COUNTRY AND THE GOOD RELATIONS WITH OUR NEIGHBOURING COUNTRIES WAS EXPLAINED BY EMNETU AND PAULOS.</p> <p>THE SUMMARY OF THE WHOLE DISCUSSION WAS BASED ON THE FACT THAT ... IN THE ABSENCE OF INTERNATIONAL RECOGNITION AND LACKING NECESSARY CAPITAL BUT PROMISING MARKET POTENTIAL, HOW WOULD ERITREA BE ABLE TO ESTABLISH A NATIONAL AIRLINE OF ITS OWN ?</p> <p>LEGAL MATTERS</p> <ul style="list-style-type: none"> - AS FOR ESTABLISHING A NATIONAL AIRLINE, IN THE ABSENCE OF INTERNATIONAL RECOGNITION, THE MOST CONVENIENT STEP TO DO IS REGISTER AN OFFSHORE COMPANY IN CYPRUS. THE COMPANY CAN HAVE ANY NAME YOU WANT INCLUDING "ERITREAN AIRLINES". IT CAN BE OWNED BY THE STATE, OR AN ORGANIZATION OR EVEN AN INDIVIDUAL. THE HEADQUARTERS OR BASE AREA OF THE AIRLINE CAN BE IN ASMARA. THE AIRCRAFTS TO BE PURCHASED OR LEASED CAN BE REPAINTED AND CARRY THE NAME OF THE AIRLINE. - THE OFFSHORE COMPANY IS TO BE A LIMITED COMPANY WITH 100% SHARE. IT IS NOT A MUST TO DISCLOSE SHAREHOLDERS NAMES IF SO WISHED. IN THE APPLICATION FORM YOU CAN WRITE NAME OF SHAREHOLDERS TO BE NOMINATED AND REMAIN UNNAMED FOR ALL THE TIMES. - REGISTRATION COST FOR A COMPANY IN CYPRUS IS REASONABLE. IT WON'T BE MORE THAN 2.500 U.S. DOLLARS INCLUDING A LAWYERS ASSISTANCE TO COMPLETE THE APPLICATION FORM AND SUBMIT IT TO THE AUTHORITIES. - PARALLEL WITH THE ESTABLISHMENT OF A NATIONAL AIRLINE STEPS MUST BE TAKEN TO ESTABLISH A NATIONAL CIVIL AVIATION AUTHORITY. - FOR ICAO, WHICH IS A U.N. ORGAN, TO ACCEPT YOU AS A MEMBER THE FIRST REQUIREMENT IS TO ESTABLISH A CIVIL AVIATION AUTHORITY IN THE COUNTRY. TO CONSIDER APPLICATION FOR MEMBERSHIP THEY HAVE TO GO THROUGH THE RULES AND REGULATIONS, MANUALS AND FACILITIES AVAILABLE AT THE AIRPORTS. <p>PAULOS - CAN YOU PROVIDE US DOCUMENTATION SHOWING ICAO REQUIREMENTS FOR ESTABLISHING A NATIONAL CIVIL AVIATION AUTHORITY?</p> <p>KJELL - WE CAN PROVIDE YOU WITH DOCUMENTATIONS REGARDING THIS MATTER TOGETHER WITH A QUESTIONNAIRE SO THAT WE CAN CHECK WHAT IS AVAILABLE AND WHAT IS MISSING. REMEMBER MANPOWER (PROFESSIONALS) IS MOST ESSENTIAL.</p> <ul style="list-style-type: none"> - TO WRITE A DRAFT OF THE RULES AND REGULATIONS OF THE ERITREAN CIVIL AVIATION AUTHORITY (ECAA) YOU CAN HAVE A LOOK AT DIFFERENT COUNTRIES CIVIL AVIATION RULES AND REGULATIONS AND SIMPLY COPY THE ONE THAT SUITS YOUR SITUATION. THAT IS HOW NEW STATES START. OFCOURSE SOME ANNEXES AND MODIFICATIONS SHOULD BE MADE. THE BRITISH ONE IS NOT RECOMMENDED. 		

EPLF Minutes of Meeting

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Matter under Discussion		Action by	Time limit										
<p>FINANCE</p> <ul style="list-style-type: none">- AFTER REGISTERING THE COMPANY THERE ARE TWO WAYS OF GETTING AIRCRAFTS TO OPERATE IN THE TRAFFIC LINES AGREED FOR THE AIRLINE. ONE IS TO LEASE AIROPLANES FROM A LEASING COMPANY. AND THE SECOND ONE IS TO PURCHASE. THERE ARE VARIOUS WAYS OF LEASING AIROPLANES. BUT OUR ADVICE TO YOU IS FIND WAYS OF GETTING THE NECESSARY FUND AND BUY. IF YOU LEASE AIROPLANES YOU WILL BE IN THE THIRD LINE TO SHARE THE BENEFIT OF THE MARKET. IF YOU OWN THE AIROPLANES THE INCOME GENERATED BY THE OPERATIONS WILL GO STRAIGHT TO THE NATIONAL ECONOMY OR SHARE IT WITH A SECOND BODY LIKE A BANK OR OTHER SOURCE OF LOAN.- TODAY PASSENGER JET AIRCRAFTS ARE AVAILABLE AT LOW PRICES. EASTERN AIRLINES HAS GONE BANKRUPT, PANAM IS IN DEEP CRISES. THESE TWO AIRLINES ARE SELLING THEIR FLEET OF AIRCRAFTS AT VERY REASONABLE PRICES. THERE ARE OTHER AIRLINES TOO THAT HAVE AIROPLANES FOR SALE. <p>MARKET</p> <ul style="list-style-type: none">- ROUGH ESTIMATION OF ERITREANS LIVING ABROAD IS GIVEN TO MAKE THE BASES OF MARKET EVALUATION. <table><tr><td>EUROPE.....</td><td>CA. 40.000</td></tr><tr><td>N.AMERICA.....</td><td>50.000</td></tr><tr><td>S.ARABIA.....</td><td>100.000</td></tr><tr><td>SUDAN.....</td><td>200.000</td></tr><tr><td>ETHIOPIA.....</td><td>400.000</td></tr></table> <p>IF 1/4 OF THE TOTAL NUMBER OF ERITREANS TRAVEL ONCE A YEAR IT MUST BE A GOOD MARKET FOR THE AIRLINE.</p> <ul style="list-style-type: none">- TRAFIC LINES FOR THE AIRLINE IS NEGOTIATED ON BILATERAL BASES WITH THE COUNTRY CONCERNED. IF ERITREAN AIRLINES REQUESTS FOR THREE FLIGHTS A WEEK FROM ASMARA TO KHARTOUM THEN SUDAN AIRWAYS CAN ASK TO GET THE SAME NUMBER OF FLIGHTS ON THE OTHER DIRECTION. IF ALITALIA WANTS TO FLY FROM ROME TO ASMARA BUT ERITREAN AIRLINES IS NOT INTERESTED TO FLY IN THAT LINE THEN ERITREAN AIRLINES CAN ASK ALITALIA FOR ACCESS TO ITS SALES DATABASE SO THAT ERITREAN AIR LINES CAN USE ALITALIAS TICKET OFFICES TO SELL ITS OWN TICKET AS A COMPENSATION. <p>OPERATION</p> <ul style="list-style-type: none">- A SMALL AIRLINE WITH FEW INTERNATIONAL TRAFIC NEED NOT BE A MEMBER OF THE INTERNATIONAL AIR TRAFIC ASSOCIATION (IATA). WHEN OPERATIONS INCREASE SUBSTANTIALLY IT CAN BE NECESSARY BUT NOT MANDATORY TO BE A MEMBER OF IATA. MEMBERSHIP FEE IS VERY EXPENSIVE.- TYPE OF AIRCRAFT FOR THE AIRLINE WAS DISCUSSED. ASKED TO COMMENT ON THE REPUTATION OF CHINESE MANUFACTURED PASSENGER AIRCRAFTS THE CONSULTANTS WOULD NOT RECOMMEND SIMPLY BECAUSE THEY DONT HAVE WIDE MARKET AND WOULD BE CONFINING OURSELVES IN THE AREA OF SPARE PART AND SERVICE.- DOMESTIC AIRTRANSPORT POSSIBILITIES WAS DISCUSSED. ALTHOUGH ERITREA IS RELATIVELY A SMALL COUNTRY THERE MIGHT BE A NEED FOR AIR TRANSPORT TO LINK ASMARA WITH REMOTE TOWNS LIKE ASEB AND NACFA. IN ADDITION SHORT RANGE DOMESTIC AIRCRAFTS CAN BE USED FOR EMERGENCIES, VIP TRIPS, AIRPORT CALIBRATION, COAST SURVEILLANCE AND AS COMMUTERS. COMPARISON BETWEEN TWIN OTTER AND CESNA CITATION AS POSSIBLE CANDIDATES FOR THIS PURPOSE WAS MADE. THE CONSULTANTS WERE IN FAVOUR OF CESNA CITATION WITH TWO ENGINES AND A SPEED OF 320 KNOT CITATION. FOLLOWING REASONS WERE GIVEN:<ul style="list-style-type: none">- THEY CAN BE USED AS REPLACEMENT FOR SHORT RANGE INTERNATIONAL TRAFFIC (JEDAH, PORT SUDAN, DJIBOUTI ETC.)- SPARE PARTS AVAILABLE IN ABUNDANCE- RELIABLE MACHINE- HIGH RESALE VALUE- CALIBRATE INSTRUMENT. IF ASMARA AIRPORT IS TO HOST INTERNATIONAL FLIGHTS IT IS ESSENTIAL TO CALIBRATE APPROACH PROCEDURES. GROUND INSTRUMENT CALIBRATION LIKE VASILITES, SLOP INDICATOR HAVE TO BE CALIBRATED 4 TIMES A YEAR.- CATERING. INFORMATION REGARDING HYGIENE STANDARDS AND OTHER DATA TO BE COLLECTED. "PURE PACK" A SWEDISH CATERING SERVICE COMPANY TO BE CONTACTED FOR INFORMATION.		EUROPE.....	CA. 40.000	N.AMERICA.....	50.000	S.ARABIA.....	100.000	SUDAN.....	200.000	ETHIOPIA.....	400.000		
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ETHIOPIA.....	400.000												

Continuation Sheet

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<p>- TRAINING. PAULOS REQUESTED FOR OPINION REGARDING TRAINING OF PERSONNEL FOR THE ECAA. THE CONSULTANTS ANSWERED BY SAYING THAT SELECTION OF PERSONNEL SHOULD BE DONE AS A FIRST STEP. AFTER CHECKING THE BACKGROUND OF THE PERSONNEL IT CAN EASILY BE IDENTIFIED AS TO WHAT THEY ALREADY KNOW AND WHAT THEY NEED TO KNOW. COURSES CAN BE ARRANGED BASED ON THAT ANALYSIS. SELECTION OF EQUIPMENTS HAS ALSO INFLUENCE ON THE TYPE OF TRAINING TO BE ORGANIZED.</p> <p>- CHARTER SERVICE. A LIST OF PAYABLE FEES AND SERVICE CHARGES TO CHARTERED AIRPLANES ARRIVING IN ASMARA WAS HANDED.</p> <p>AGREEMENT</p> <p>- THE CONSULTANTS HAVE AGREED TO MAKE THE FOLLOWING WORK:</p> <ul style="list-style-type: none">* PREPARE DOCUMENTS FOR APPLICATION OF OFFSHORE COMPANY.* SELECTION OF EQUIPMENTS FOR INTERNATIONAL AND NATIONAL TRAFIC.* COST OF EQUIPMENTS.* COST OF OPERATION. <p style="text-align: center;">-//////////--</p>	KJELL	A WEEK

PURCHASING AIRCRAFT

There are about 1,200 new and used passenger aircraft available on the market today, the problem is that there are nearly no buyers. Obviously, it is a buyers market. Declining traffic, in reaction to the Persian Gulf war and recessions throughout the world have, combined with more stringent noise-emissions and maintenance standards, slashed the values of older generation aircraft like f.i. the Boeing 727. This is one of the reasons we recommend to buy rather than lease. By surveying the market we believe that it is quite possible to do a very favourable deal.

LEASING AIRCRAFT

The trend today by well established medium (and up) sized airlines is to lease rather than buy.

Leasing aircraft brings a mixed bag of benefits and drawbacks. Leasing allows established airlines to re-equip their fleets without the huge capital outlays associated with the purchasing of new aircraft. On the other hand, it tends to understate their true degree of indebtedness. It allows them to accumulate cash that otherwise would go toward buying new airplanes, but it removes the cash cushion that is provided by depreciation and amortization. One outcome of the trend to lease is that net income has grown as a percentage of cash flow (cashflow is composed largely of net income and non cash expense items such as depreciation). This leaves cash flow more vulnerable to downturns in profitability. Also, since leasing is classified as an operating expense, it tends to drive up unit costs. Finally, airlines that lease do not benefit from any gain on the eventual resale of the aircraft to another operator.

To lease an aircraft the leasing company will require either deposit of a certain amount of cash, or a bank guarantee. How much cash, or how big a bank guarantee normally depends on the size of the lease and the customers quality. Today lenders are concentrating on fitting the financial package to the quality of the customers credit.

The following is a short description of the most common ways of leasing aircraft:

DRY LEASE, is a lease where the operator only lease the aircraft. All other parts of the operation of the aircraft is to be taken care of and paid for by the operator, f.i. crew, maintenance, fuel and fees.

As mentioned above, the leasing company will require cash deposit or a bank guarantee to secure their interest, apart from the lease payment. Please also bear in mind that full independence and freedom to take vital decisions will be limited.

WET LEASE, is a lease where the leasing company provide the aircraft with crew and maintenance. This lease can also be made to include fuel and all operating expenses.

It is our opinion that this type of lease is not very favourable to the operation that we are discussing here, because you, as the operator, will be left with no control over the personnel and/or equipment. This lease also leaves very little room for profit to the operator.

LEASE/PURCHASE, is usually a lease where some of the lease payment are set aside for a contracted future purchase of the aircraft. On a long term this type of lease is better than the two types of leases discussed above. The biggest disadvantage with this type of lease is that the money set aside by the leasing company may be lost if plans change.

CONCLUSION. If Eritrea wants to establish their own national airline it is our clear suggestion to you to purchase rather than lease aircraft. As mentioned above the "price tag" on used aircraft today is very low compared to the real value of the aircraft. Older generation jet aircraft such as f.i. the Boeing 727-200/737-200 and McDonnell Douglas DC-9 still have many years of valuable service to operators. However, such an aircraft, like all other aircraft of this generation, has received "aging aircraft" airworthiness directives that means rather extensive and expensive modifications to the airframes and engines (noise). Nevertheless, such an aircraft with and updated status in the areas mentioned above and a "fresh" heavy maintenance check still has a reasonable price, and about four years of service until next heavy maintenance.

Finally, we are sure that your country has qualified personnel home or abroad that can be trained to operate Eritrea's own aircraft (and airline).

SETTING UP AN OFFSHORE COMPANY IN CYPRUS

As we have discussed earlier, we propose to initially register an aircraft in Cyprus, and also to use Cyprus as the main hub outside Eritrea. In order to operate on Cypriot register the aircraft must be certified by the Cypriot Civil Aviation Authority once a year, and it is necessary to establish an offshore company there. The timeframe in order to establish this company is approximately 3 weeks.

When Eritrea receive the ICAO membership it is no longer necessary to use Cyprus as the country of registry, and the aircraft can be transferred to the Eritrean registry.

APPLICATION FOR ICAO MEMBERSHIP

Through one of our contacts with long experience in dealing with ICAO business we have received information that it is fully possible to apply for an ICAO membership before Eritrea is officially approved by the UN. Eritrea will then receive a special membership on a contracted basis that will be changed to a full membership once Eritrea is fully approved by UN. We will receive the required information in the near future about what is necessary for an application to be submitted to ICAO under this condition.

We hope that the above information gave you a little bit more knowledge about the subject, but we will not hesitate to say that we feel it is the time to do a meeting similar to the one held in London last month, so that we can discuss all the areas you feel uncertain about, especially all the aspects by getting initially established f.i. in Cyprus. This meeting does not necessarily need to be held in London, we may suggest Asmara or in Cyprus (or somewhere else).



preprod4/word/gmj

Paulos Kahsai Teklu
Aviation coordinator
London
18/11/91
Fax 4471-833239

JOINT VENTURE - Inquiry report

As agreed I have been collecting information about existing joint ventures in the aviation industry. I have managed to obtain important documents from officials of the SAS airline about the organizational structure and legal articles that bind the three Scandinavian countries in their joint venture on forming and operating the SAS airline.

It may not be possible to use the SAS model as it is for the simple reason that we are two unequals. The Ethiopians have been in the airline business for quite a long time with considerable success while we are just starting. However all the necessary articles in a joint venture are mentioned so it can give you sufficient information with possible modification to fit our particular situation.

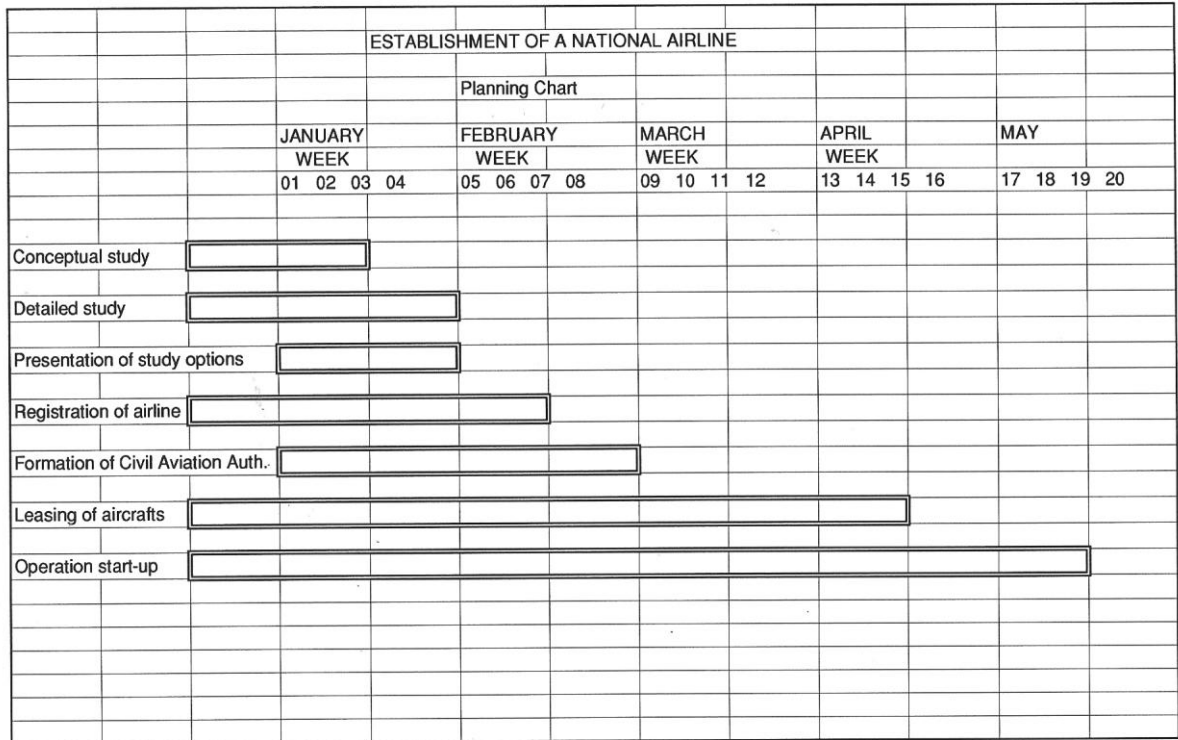
Since you will get everything you need in the enclosed documents I will cut short the information I got orally. I will only comment on the definition of a very important word in a joint venture agreement. It is the word UNITIZATION. In the course of our discussion with the SAS official I was surprised to know that the word unitization as used in the oil offshore industry is identical in its legal definition in the airline industry too. I am very familiar with the word in the oil offshore industry since the reservoir produced by the company I am working for extends 39% in the British territorial waters. After carefully mapping the boundaries of the oil reservoir the authorities came to the conclusion that 61% of the reservoir is in Norwegian territorial waters while the rest is in the British side. By unitizing the field it becomes very smooth and practical for the producing oil company to work under one country's national laws. For the rest it is simple mathematics. All capital investment and operation costs are shared by the two countries in 39% and 61% proportion. So is all revenue's shared in that proportion.

Otherwise other joint ventures in the aviation business tried in other parts of the world are not encouraging. The East African Airline ended in disaster so did others in the Middle East. The only one that is operating well so far is AIR AFRIQUE a joint venture of many states in West Africa. I would assume all materials in that airline must be in French since they all belong to the Francophone countries. By the way Girmay Afwerki (wedi chief) has been stationed in Mali as regional manager of the Ethiopian Airlines. Why don't you contact him if you think he can help?

Anything more information I get I will either fax you to Asmara at the Secretariat or transmit it to a PC in Asmara via modem. Have a nice trip to Asmara and convey my greetings to our colleagues there. Remember my telephone number is 04-542798 and my password is SELOME if you have to use the data transmission system.

Emnetu Tesfay

(unedited text)



0718332139
16-OCT-91 WED 19:56 ERA. UK.

FAX NO. 0718332139

P.01



ERITREAN PUBLIC HEALTH PROGRAMME

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TO: GUNNAR JOHANNESSEN
E.A.C
FAX: 010-474-503 - 300

FROM: P.K.TEKLU (AVIATION PROJECTS COORDINATOR)
DATE: 16 - 10 - 1991 TIME: 14:00 Hrs.
NO. OF PAGES TO FOLLOW: 1

MESSAGE: APPRECIATION/REQUEST CLARIFICATION/GREETINGS.

Dear Sir,

Please allow me to express my greetings and most of all my deepest gratitude for kind cooperation in sorting out the following outstanding items left over from our previous agenda items. I sent a fax during your stay in Cyprus but I have now learned that you were in Spain all the time.

Nevertheless, note the attached items and advise me in similar way that you elaborated the previous items at your earliest possible time.

Furthermore, I would highly appreciate if you could spell out some aspects of the so called JOINT OPERATION WITH ETHIOPIAN AIRLINES, because some fellows somewhere are entertaining this idea and need to equip my self to the best so that we can challenge on solid facts and figures so that no mistake is made in due course.

I feel sorry for the inconvenience that may be created at your end as the result of this request.

Thanking you for usual cooperation I look forward to hear from you soon.

Yours sincerely,


P.K. TEKLU
AVIATION PROJECTS COORDINATOR.

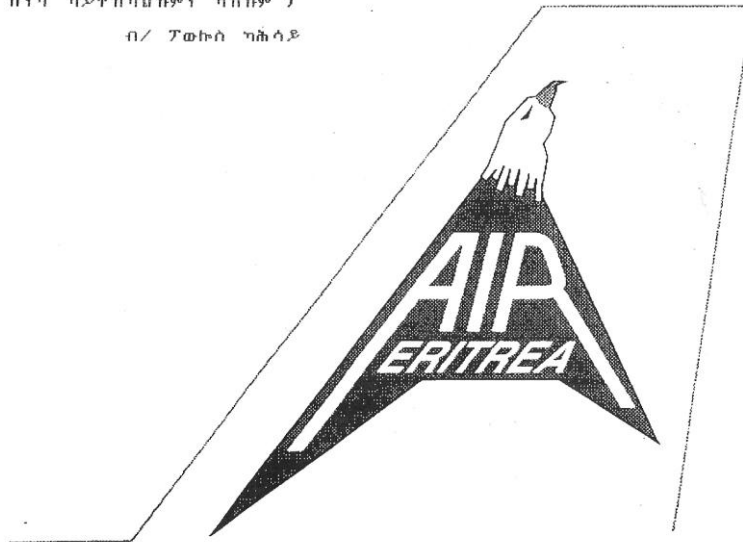
18/11/91

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20-NOV-91 MED 23:45

ERA, UK.

FAX NO. 0718332139

P.01



ERITREAN PUBLIC HEALTH PROGRAMME

96 The Lion Street, London N1 9PF

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Your Ref:

Our Ref:

FACSIMILE TRANSMISSION

TO: EMNETU TESFAY.
FAX NO. 010-474-542596
FROM: PAULOS KAHAY
DATE: 28-08-91 TIME: 19:00 Hrs.
NO. OF PAGES TO FOLLOW: 1.

DEAR EMNETU:-

REFERENCE OUR TELEPHONE CONVERSATION A WHILE AGO. I HAVE NOTED THE POINTS STRESSED ON THE QUESTION OF

①- LEASING ②- FORMATION OF CIVIL AVIATION IN ERITREA INCLUDING THE PROSPECT FOR BEING A MEMBER OF ICAO WITH BEING A FANALY OF THE U.N ③- PURCHASE OF AIRCRAFT.

I WOULD HIGHLY APPRECIATE IF YOU COULD APPROACH THE TEAM AND ASK THEM TO PROVIDE US WITH ELABORATED INFORMATION ON REMAINING TOPICS INDICATED ON AGENDA LISTED DATED 25/7/91. AND OTHERS OF RELEVANCE TO THE PROJECT.

THESE TOPICS ARE OF GREAT SIGNIFICANCE AT THE CURRENT SITUATION WHICH SHADE LIGHT ON SHAKING WITH ETHIOPIAN AIRLINES. IF SO HAPPENS, HOW DO WE GO ABOUT OPTIMIZING OUR STAKE AS WE STAND NOW? HOW DO WE NEGOTIATE, WHAT STRONG POINTS SHOULD BE PUT FORWARD? ADDITION? IMPLEMENTATION? MANPOWER PARTICIPATION... etc.

IN A NUTSHELL DISCUSS 1- JOINT OWNERSHIP 2- JOINT USE OF AIRCRAFT 3- JOINT USE OF CAPACITY 4- ROYALTY PAYMENT 5- COMPREHENSIVE STUDY ON CHARTER - CONTROL, MANAGEMENT - FINANCE LEGAL - OPERATIONAL, OTHERS etc. etc.

6- FIND OUT PER SAMPLE OF COSTING THAT YOU HAVE ON HAND - THE COST/RETURN ANALYSES ON ① B707 COMBI (MAX/ CARGO) ② B737 COMBI ③ A320 ④ ATR 42 ⑤ B757/67. ⑥ DASH 8/6. TO JUSTIFY DECISION MAKING ON PROJECT.

7- SEE IF THEY HAVE A COPY OF DOCUMENTATION ON THE ABOVE FLEETS - "ENGINEERING ORDERS + MANDATORY MODIFICATIONS LISTING ISSUED BY FAA.

8- HOW THE BUYER COULD ADVERTISE (PUBLICATION) IF WE WANT TO BUY THE ABOVE FLEETS etc.

THANK YOU FOR YOUR USUAL COOPERATION AND GOOD NIGHTS YOUR PV



Special programme of ERITREAN RELIEF ASSOCIATION - Registered as a Charity No. 800 543.
A/C No. 01031241

MOTTATT FRA 0718332139

S. 1



ERITREAN PUBLIC HEALTH PROGRAMME

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TO: EMNETU TESFAY.

FAK: 010-474-50-3140

FROM: DAVID

DATE: 11-10-1991. TIME: 12:00 HRS.

MESSAGE: REMINDER.

DEAR EMNETU:

GREETINGS TO YOU. I AM SORRY NOT HAVE
GOT IN TOUCH WITH SINCE LAST CALL MADE.

FROM WHAT I LEARNED YOU ARE QUITE BUSY.
NEVERTHELESS I WOULD HIGHLY APPRECIATE
IF YOU COULD FAX MATERIALS YOU HAVE
COMPILED TO DATE. MOST OF ALL I WOULD
BE GRATEFUL IF YOU COULD GET IN
TOUCH WITH KJELL AND LET ME KNOW
WHAT HE HAS GOT FOR ME. I AM
WINDING UP MY ACTIVITIES HERE
FOR THE MOMENT AND PLAN MY TRIP TO
ERITREA NEXT WEEK. BEST REGARDS

DAVID HARRIS