

# A Herculean task for AIA?

## The Paraschis interview

*Athens International Airport (AIA) 'Eleftherios Venizelos' opened a little over three years ago and rapidly secured an enviable reputation – in 2002 it was voted world's best airport in the up to 15 million passenger category in IATA's Global Airport Monitor survey. Today it is preparing for an enormous operational challenge – at least half a million extra passengers – as Athens will host the **Olympic and Paralympic Games** in August and September. It also faces another mighty challenge: its home airline Olympic Airways remains in deep trouble. Does Athens face a rerun of the Brussels and Zurich calamities? AIA Deputy Chief Executive and ACI EUROPE Vice President Yiannis Paraschis explained to [John Frank-Keyes](#) why it does not.*

First, the good news. The airport will be ready to handle the estimated 500,000 to 600,000 extra visitors that will pour in for the Games. The last major piece of infrastructure, for which the airport is responsible, under construction on the airport site is the railway station for the metro line and suburban rail link that will speed passengers to the city centre in less than 30 minutes.

The rail lines – which are not the airport's responsibility - are due to be operational for the Games. Another vital piece of off-airport infrastructure, the six-lane Attiki Odos motorway link to the city – is already complete. A second key development has been the enlargement and improvement of the airport's capability to handle business and general aviation flights – a large additional number is expected for the Games period.

"When Athens successfully bid for the 2004 Games, it promised to deliver a new airport. This was a key element of the bid, and derived from the stark recognition that the old airport – Hellinikon - had become obsolete", Paraschis said.

The old airport, he noted incidentally, has been re-modelled into exhibition centres and also some peripheral facilities for the Games.

AIA has been working on about 30 other enhancements, but these are all relatively minor and represent "overlays and adjustments", said Paraschis.

These include the modification of the out-of-gauge lines, the conversion of information counters to check-in counters, the installation of additional security screening units, as well as the construction of additional intra-Schengen bus lounge and gates. Also, for the period of the Olympics, additional aircraft parking positions in various locations of the airport have been identified for long-term parking.

## **Passenger handling at the Games**

Paraschis said the key issue would be the operational peaks. In July, August and September, Athens would normally expect a total of about four million passengers.

“This year we are forecasting approximately 500,000 to 600,000 extra passengers. Peaks are crucial. The day after the Games close, will be the single busiest day – we have approximately 900 flights planned for that day, which represents a 30% spike in movements.”

Local rules on slots will apply for the Games period, but will only be temporary. “Airlines have to apply for slots, which include parking, handling, refuelling and catering in a regulated system. Slot files show we are not yet up to the 60 movements per hour declared runway maximum capacity for this summer. This is all being co-ordinated with the Hellenic CAA, which is responsible, of course, for air traffic control matters,” he explained.

### **But will the city be ready?**

“I can give my opinion only as a private citizen – this is not an official statement by the airport company. The argument was that Athens prepared about 75% of necessary infrastructure for its 1996 bid, but subsequent considerations, especially in terms of security now mean that extra adjustments are required, but I am pretty confident all will be ready in time. There is always criticism and agony right up to the last minute.”

Would the change of government – the conservatives ended 10 years of socialists rule in early March – have any impact on preparations?

“I don’t think so. The Olympic Games is an issue of national priority and the political parties have taken a consensual approach. The new prime minister has taken control of the key cultural ministry overseeing games preparations.”

However, the English language version of a local paper, Kathimerini, published on the day of this interview, reported on its front page that Olympic spending was “out of control” with costs for the main Olympic stadium 50% above the initial budget.

Would a new government have any impact on the airport company? Again, no, said Paraschis.

“The Airport Development Agreement, ratified in 1996, set out a 30-year concession period of which the first five, to 2001, were construction and the following 25, operational. This has given us the benefit of a very stable framework concerning both business and operational aspects such as aeronautical charging levels. It’s a very secure foundation with the Greek state holding 55% of the equity and having four of the nine main board members.”

45% is held by private sector investors, mostly HOCHTIEF AirPort. The project received about € 1 billion from the European Investment Bank and € 312 million from commercial banks, representing almost 60% of the project costs.

### **Sabena, Swissair parallels?**

There is no escaping the fact that Olympic has been in trouble for years, decades even. Despite repeated efforts at privatisation, nobody wants to buy it. The airline is heavily unionised, and not with one union, but dozens, and is not even a member of any of the airline alliances. Is there a risk of Athens facing the same problems as Brussels and Zurich?

“No, this is a different situation. Athens, unlike Brussels and Zurich, is not dependent on international transfer traffic. 96% of the airport’s passengers are solid origin-destination traffic to and from Athens or transfer traffic to other Greek destinations. This traffic can not be lost to

other airports. Furthermore, we actually have not one, but three home-based carriers – Olympic, Aegean and Hellas Jet, a daughter company of Cyprus Airways.

“Of course, Olympic is important as it represents about 38% of our passenger total and 28% of our revenues. Aegean is 12% of passengers numbers and Hellas Jet just 3%. But this is a more distributed spread than in those other airports.

“So although Olympic is a very troubled airline, and this may limit the speed of our growth, it does not represent a risk in the medium term. There might be a short sharp drop if it did fail, but other carriers could easily pick up that traffic.”

Olympic was re-structured (again) late last year, effectively split in two, with the misleadingly named Olympic Airways becoming responsible for ground handling, maintenance and training, and Olympic Airlines continuing to operate services from the effective date of 12 December 2003, but without the debts of the old set-up. Could this be salvation? “It is far too early to say how successful this arrangement will be,” replied Paraschis.

### **Growth forecasts**

Despite what Paraschis described as a “difficult first three years” which included 9/11 and the Iraq war, AIA last year registered “very satisfactory” growth of 3.6% to 12.3 million passengers, with movements up 6.7% to 170,000 and cargo up 2.7% to 110,000 tonnes.

The airport’s current growth forecast is for an average of 5.4% a year from 2004-2008. “We are seeing global and European recovery and some very beneficial pre-Olympic effects which have led to 12% growth in the first quarter year-on-year,” Paraschis said.

Indeed, AIA expects to surpass its nominal 16m capacity in 2008 and will require additional terminal facilities. A major masterplan review is currently underway, building on the three years worth of data collected so far.

“The original development plan said an additional satellite terminal would be the preferred expansion option, but this is now under review. There is a certain symmetry about the airport, so the original idea was to mirror development on one side with matching facilities at the other. We are now reviewing to see if this is still appropriate and it is possible that alternative solutions will emerge.

“We may have to consider the differentiated needs of different types of airline customers – low-cost and charter, as well as full service scheduled airlines. When the masterplan was drawn up the industry was much more homogenous – today there is a far greater variety of airline and passenger needs,” Paraschis observed.

### **Five key airports**

Considering Greece as a whole, the country has a network of 38 airports with 2003 total traffic of 35 million passengers. The Hellenic CAA controls all the airports, except AIA, is responsible for ATC issues and also has a regulatory function. There are five key airports, naturally led by Athens, and including Heraklion, Thessaloniki, Corfu and Rhodes, which together handle 75% of the annual total. Three of those (Heraklion, Corfu and Rhodes) are dominated by charter flights and are very seasonal.

**Key Olympic dates**

Olympic Village Opening	30 July 2004
Olympic Opening Ceremony	13 August 2004
Olympic Closing Ceremony	29 August 2004
Paralympic Opening Ceremony	17 September 2004
Paralympic Closing Ceremony	28 September 2004

**Non-aviation revenue**

Paraschis said that despite some criticism prior to the opening regarding the “linear shape” of the retail offer – it is, after all, a linear terminal – AIA has actually recorded very good commercial revenues.

Real estate is also an important element of the overall picture. “Athens’ first IKEA store is due to open very shortly at the airport. It is AIA’s second real estate project after the Accor-owned Sofitel Airport Hotel. Also in the pipeline are offices for cargo companies and a service station development with Shell.”

Plans are also under development for a retail park around the IKEA store which, it is hoped, will serve as a magnet to make the airport a retail ‘destination’.

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