Has Armenia’s Yerevan-Zvartnots Airport got what it takes to become a key regional hub for passengers flying between Europe and Asia? Joe Bates reports.

Its gleaming new terminal building and state-of-the-art technology make Armenia’s capital city gateway, Yerevan-Zvartnots, stand out from other airports in the region.

As operator, Armenia International Airports (AIA) has spent the best part of $100 million on the terminal, runway and airfield and security enhancements, it probably should.

And things will get even better in 2010 when an extension to the new terminal opens and passengers no longer have to check in at its old circular-shaped terminal, considered the height of Soviet sophistication when unveiled by the communists 30 years ago.

Airport director, Juan Pablo Gechidjian, claims that Zvartnots is now equipped to become a transfer hub between Europe and Asia – particularly the fast developing countries of China and India, and nations such as Kazakhstan, Turkmenistan or Tajikistan.

He is, however, not so naïve as to believe that a clutch of major European or Asian airlines will be lining up to launch non-stop flights to Armenia just because it has a new terminal. His ‘realistic’ reading of this situation is the reason why AIA is about to embark on the most aggressive marketing campaign in its history in a bid to lure more airlines to Yerevan.

The drive will involve publicity campaigns, with the airport’s top management team targeting specific airlines and routes – and then going out to get them.

Armenia’s Department of Civil Aviation has certainly done its bit by agreeing ‘fifth freedom’ rights that allow transiting airlines to pick up passengers in Yerevan.

But for Zvartnots to take that next vital step forward, it really needs national flag carrier, Amavia, to be stronger and more competitive than it is now – and for the Armenian Government to be less protective of its airline.

Says Gechidjian: “I would say the job is 75% done in terms of having the necessary infrastructure to fulfil our aim of becoming a regional hub. Now we have to tell the world’s airlines about the new-look Zvartnots and impress on them why it makes sense to serve Armenia. I know it won’t be easy, but the strategic location of Yerevan and the fact that we
have the most modern gateway in the region says we can do it.”

On the plus side, Armavia, the successor to bankrupt Armenia Airlines, certainly appears to be getting more ambitious.

The airline has announced plans to lease an additional A320-200 and placed an order for two Russian SuperJet 100s. They will join its existing seven aircraft fleet of two A319s, one A320, 2 Yak-42s, one B737-300 and an Ilyushin-86, currently under repair.

It has also signed an agreement with Sabena Technics that will allow its home base to be used as a maintenance base for the Airbus family and B737-size aircraft.

And Armavia owner, Mikhail Baghdasarov, has publicly declared that he wants to launch flights to Los Angeles to appeal to the city’s large Armenian population – the third biggest in the world outside of Armenia and Russia.

The airline also launched services to Cologne and Lyon from Zvartnots in the first six months of 2007, during which time it handled 227,000 passengers (+25%).

Gechidjian is pleased with Armavia’s performance and its decision to expand its fleet, which he believes up until now has not been the “right mix” to allow it to develop a regional network.

Yerevan, he suggests, is in range for the A320 fleets of Europe and India’s airlines, from where passengers can take advantage of the airport’s “excellent network of routes” to southern Russia and destinations such as Tehran, Beirut and Istanbul.

Gechidjian also believes that routes such as London-Zvartnots-Lahore or Prague-Yerevan-Lahore have “great potential”.

Armenia is about to sign an Open Skies agreement with the US, which will help the gateway’s cause and possibly lead to Delta Air Lines launching codeshare flights to Yerevan next year in conjunction with SkyTeam partner Air France.

Gechidjian insists that Delta’s new fleet – and the fact that the airline now flies direct to Kiev and Tel Aviv – must mean that Yerevan is now “on its radar screen”. New aircraft deliveries also mean that Air France is set to increase frequency on its Yerevan-Paris route to six or seven weekly flights from 2008.

Addts Gechidjian: “The potential is definitely there for Armavia to operate up to three daily departures to destinations such as Beirut, Tehran and Southern Russia.”

It appears as if the airline may be also about to get a new, more experienced management team –
something that Gechidjian believes will provide a major boost both for it and for Yerevan-Zvartnots.

“The airline is in the process of receiving loans from the International Finance Corporation and the World Bank, based on stipulation that it will bring in a management team from abroad. This holds the key to its future success,” says Gechidjian. “Armavia, like other fledgling airlines across this region, needs a management team with the experience and knowledge of the business and developing an airline.”

The airline currently accounts for nearly 40% of the traffic at Zvartnots, its dominant position somewhat protected by the Armenian Government’s strategy to place a quota on the number of flights allowed to serve any destination.

This decision restricts competition – Aeroflot, for example, would serve some destinations three or four time daily from Yerevan if permitted – and allows Armavia to keep its prices artificially high, according to the airport’s general manager, Marcelo Wende.

Armavia currently charges anything up to $400-$500 for an economy return fare to Dubai, yet Air Arabia recently launched services to Abu Dhabi with ticket prices of just $30-$40.

Says Wende: “Armavia has to review its prices to stimulate growth for the benefit of passengers and the whole country.”

Armenia’s continued close ties with Russia assures that Aeroflot is the second biggest operator at Zvartnots today, accounting for 8-10% of all passengers. Siberia Airlines – which serves Novosibirsk, Moscow and Chelyabinsk in Russia – is the third biggest, responsible for around 6% of today’s passenger throughput.

Other carriers serving Yerevan include Austrian Airlines and Lufthansa as a total of 45 airlines operate flights to 60 cities across Europe, Asia and Africa. But with few daily frequencies, this amounts to around 25 daily departures, vastly under-utilising the airport’s newly renovated 3,850m runway.

Not surprisingly, Russia is by far the most popular destination out of Yerevan, with Moscow being served up to ten times a day during the summer, courtesy of Aeroflot and Armavia.

Zvartnots is on target to handle up to 1.3 million passengers (+20%) in 2007 following an average 25% per month increase in throughput during the first half of the year. The healthy upturn is in no small part due to the cessation of flights between neighbouring Georgia and Russia – a decision that has led to many Georgians flying to Russia via Yerevan.

However, the long-term passenger forecast for Zvartnots is quite modest, Gechidjian expecting the gateway to be handling around 2mppa by 2016.

It may not make the top 100 list of airports for passenger throughput, but if ambition and a determination to succeed were the deciding factors, it would enjoy a top ten ranking.

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