

Executive Summary - Ethiopian Airlines' Cargo in Belgium -

Background:

In February 2016, the Belgian authorities and Ethiopian Airlines signed a memorandum that granted traffic rights for 28 5th freedom flights per week, departing from Belgian airports (BRU and LGG).

The signature of this memorandum was the result of an intensive campaign threatening to relocate to Maastricht and using employment blackmail, with the promise to create 400 jobs^{1,2}.

Current situation:

Ethiopian Airlines owns 6 B777s Cargo (B77L) registered:

- [ET-APS](#), [ET-APU](#), [ET-ARH](#), [ET-ARI](#), [ET-ARJ](#), [ET-ARK](#)

This memorandum limits the number of flights "full freighter" operated in 5th freedom to 28 per week.

Both delegations finally agreed to increase the number of frequencies in 5th freedom up to 28 per week.

The analysis of 6 weeks of flights gives the following results:

	Max	Week 5 23/01-29/01	Week 6 30/01-05/02	Week 7 06/02-12/02	Week 8 13/02-19/02	Week 9 20/02-26/03	Week 10 27/02-05/03
Total flights B77L	-	73	64	60	70	73	79
5th freedom	28	27	18	20	23	24	23
□Belgium ↔ HKG	8	4	1	2	4	4	4
□Belgium ↔ DWC	4	4	3	4	3	3	3
□Belgium ↔ PVG	4	2	0	1	2	2	2
Belgium → ADD	-	2	7	2	0	1	1
ADD → Belgium	-	11	12	13	16	14	14
% flights via Belgium	-	54,79%	57,81%	58,33%	55,71%	53,42%	48,10%

¹ [La Libre - 11 September 2015](#)

² [De Tijd - 20 February 2016](#)

Analysis of destinations of Ethiopian Airlines' B77L fleet:

With its 6 B77Ls, ETH operates 70 flights per week on average. **Over 55% of the total production goes through Belgium!** Around 13 flights per week are operated from Addis Ababa (ADD) to Belgium, which means that almost **20% of B77L flights departing from ADD go to Belgium**. Belgium is by far the main destination of ETH's B77Ls. It is worth mentioning that only a few flights are operated from Belgium to ADD (see table above).

10 destinations in 5th freedom departing from Belgium



10 destinations departing from Addis Ababa



It should be noted that there are similarities with a **hub operation** between operations made from ADD and from Belgium.

We don't have any information regarding the quantity of cargo transported from ADD that remains in the airplanes departing from Belgium and going to the ten airports that ETH is serving. If it was proven that ETH's airplanes departing from ADD to these destinations do not transport any cargo, for example if they arrive empty or are emptied in Belgium, these flights could not be considered anymore as 5th freedom flights, but should be considered as 7th freedom rights³, which are **prohibited by the memorandum**. A detailed investigation by the Belgian authorities is needed.

2. Full Freighter 7th freedom traffic rights:

The Ethiopian delegation requested full 7th freedom traffic rights on Africa and the USA.

The Belgian delegation answered that it was not in position to accept such request.

We believe that ETH may not comply with this provision. Given that it has direct flights to Hong Kong (HKG) or Shanghai (PVG) from ADD, it is unlikely that, with the only aim to respect the definition of a 5th freedom flight, ETH transports cargo to these destinations passing through Belgian airports.

It should be noted that most countries that have similar agreements protect themselves from these infringements, by limiting the frequency and the quantity of cargo loaded in their territory. The memorandum only limits frequency on 3 destinations (Hong Kong (HKG), Shanghai (PVG) et Dubai (DWC)). It therefore seems that Belgium has been very naive in this respect.

After discussions, both delegations agreed on:

- Hong Kong: limit the 5th freedom rights operations up to maximum 8 frequencies per week, counted on a monthly basis;
- Shanghai: limit the 5th freedom rights operations up to maximum 4 frequencies per week, counted on a monthly basis;
- Dubai: limit the 5th freedom rights operations up to maximum 4 frequencies per week, counted on a monthly basis;

Ethiopian Airlines and the Ethiopian export market:

ETH is fully owned by the Ethiopian State, which means that it enjoys advantages that its

³ https://en.wikipedia.org/wiki/Freedoms_of_the_air

competitors do not have⁴. Furthermore, ETH benefits from **exclusivity regarding the transportation of the national production of flowers**^{5,6}. Indeed, very few cargo competitors are present in Addis Abeba airport⁷, given that they virtually do not have access to the export market.

In 2014, 78% of exports to Belgium were flowers and 2.9% vegetables⁸. The rest of the local production, such as coffee (11% of the total exports to Belgium), is not transported by air. As a consequence, Belgian airlines cannot access the Ethiopian export market. This **contradicts article 4 of the memorandum, which is supposed to ensure fair competition and a free access to the Ethiopian market.**

4. Fair Competition and Market access:

The Belgian delegation reminded the Article 9 of the initialled BASA and insisted that fair competition and market access are key elements of the principle of reciprocity.

Any restriction which prevents doing business or any unjustified administrative burden will be considered as an infringement of the initialled BASA.

Therefore, there is no reciprocity possible to traffic rights granted to ETH.

Jobs created in Belgium:

To our knowledge, out of the 400 jobs promised with the arrival of ETH in BRU and LGG, less than a dozen ground-handling jobs have been created in LGG to manage the twenty weekly flights. In Brussels, it seems that the additional work was absorbed by the staff already in service. If hundreds of jobs have been created, it was mainly in Ethiopia.

These figures must be compared with those of an equivalent long-haul operation based in Belgium. We would, in this case, talk about hundreds of jobs created in Belgium, a big part of them being highly qualified jobs!

Conclusion:

ETH acts as a **local operator**, exporting cargo from Belgium (**over 55% of the total production of B77L goes through Belgium!**) to around ten destinations in the world, but

⁴ [Ethiopian soars with help from the state](#)

⁵ http://siteresources.worldbank.org/INTETHIOPIA/Resources/PREM/Ethiopia-Transport_Cost-Final.pdf

⁶ <http://www.worldbank.org/en/country/ethiopia/publication/ethiopia-economic-update-strengthening-export-performance-through-improved-competitiveness>

⁷ https://en.wikipedia.org/wiki/Addis_Ababa_Bole_International_Airport#Cargo

⁸ http://atlas.media.mit.edu/en/visualize/tree_map/hs92/export/eth/blx/show/2014/



it does not compete on a level playing field with Belgian operators (social laws, State aids, etc.).

Ethiopia currently applies strong **protectionist measures**, as it gives monopoly to ETH on the flower exports, impeding de facto its competitors who have to go back empty given the absence of access to the Ethiopian market.

As a conclusion, Belgium must denounce this memorandum as soon as possible.

Additional references:

- Memorandum of 12 February 2016
- Data collected on the flightradar24 website:
 - <https://www.flightradar24.com/data/aircraft/ethiopian-airlines-et-eth>

