

ISRAEL'S STAR

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FINDS
NEW WINGS

Story by KEN DONOHUE

Resourceful. Respected. Resilient. That's how I describe El Al Israel Airlines (LY). Formed in 1948, the founding year of the State of Israel, the airline mirrors the successes and challenges of Israel itself. As the flag carrier of a constantly embattled nation surrounded by enemies, the airline has been forced to develop the most stringent and intelligent of security measures, many of which have been copied by airlines the world over. Bearing the Star of David—the emblem on the Israeli flag as well as the traditional symbol of the Jewish people—El Al's planes connect the Jewish state with every major continent.



EL AL WAS OFFICIALLY formed on November 15, 1948, but its first flight had taken place a few weeks before, on September 28, when the newly appointed President of Israel, Chaim Weizmann, needed to be flown from Switzerland to Israel. As Israeli military aircraft were not permitted to land in Europe because of an arms embargo, the fledgling Israeli government took one of its Douglas C-54 Skymaster transporters and converted it into a civilian airliner, fitting it with extra fuel tanks and painting it with markings in Hebrew and English that read Israeli National Aviation Company.

Resourcefulness was the name of the game in El Al's first few months. Because the airline had no aircraft of its own, when the need arose, military aircraft were put into service with civilian registrations. This changed at the beginning of 1949, when El Al took delivery of its first aircraft, two second-hand DC-4s, from American Airlines (AA). These were retrofitted in New York, and the first (4X-ACC • MSN 10410/LN DC141) departed for Tel Aviv in February 1949 via Gander, Shannon, and Paris.

A few months later, in July 1949, El Al began scheduled service. Its first route was to Paris Orly (ORY) with a refueling stop in Rome Ciampino (CIA). By the end of the year, the airline expanded its network to Zurich (ZRH) and London Heathrow (LHR). The following year it began flying to New York Idlewild (IDL) with a weekly DC-4 charter service, with stops en route usually including Rome, Paris, Shannon, and Gander. However, the airline couldn't remain competitive operating unpressurized DC-4s while other carriers were flying newer aircraft. So, in 1950, The Jewish Agency Inc. purchased two Lockheed L-049 Constellations and transferred them to El Al. The airline acquired a third Constellation the following year.

Less than three years after its founding, the airline's network had grown to 12 cities on four continents. But it wasn't all high-flying. The airline was losing money on many of its routes at the same time at which Israel itself was struggling financially. And yet, El Al provided vital service to the state and the Jewish Diaspora, especially to those facing persecution. In 1950, El Al airlifted some 47,000 Jews from Yemen in what was called Operation Magic Carpet, and the following year the airline had brought 113,000 Iraqi Jews to Israel. Further airlifts of this kind would occur in Russia and Ethiopia.

Unwittingly, the 1956 Sinai War with Egypt was a positive turning point for the airline. It was a time at which foreign airlines stopped service to Israel. As would be the case in decades to come, El Al was the only airline to fly passengers in and out of Israel during the conflict. The airline's worth was beyond question now—and the Israeli government sought to build El Al into a major international carrier.

In 1957, El Al became the second Bristol Britannia operator in the world, after BOAC (BA), with two aircraft dedicated to non-stop transatlantic flights to New York, a route still in service to this day.

1 El Al operates six Boeing 747-400 passenger aircraft. Here is 4X-ELB (MSN 26056 / LN 1032) at New York's JFK Airport.





PHOTO: ELDAN DAVID, GOVERNMENT OF ISRAEL PRESS OFFICE 2



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the right to be El Al's main controller, and it now has a 36% controlling stake in the airline.

The most recent knock on El Al was its aging fleet. But that is no longer the case. Over the past two years, the airline has purchased five Boeing 737-900s, and last year made an unprecedented investment in new aircraft, announcing the acquisition of 15 Boeing 787s and options for 13 additional Dreamliners. The estimated value of the purchase is \$1.25 billion. "We are planning for the future," says Nimrod Borovitz, El Al's Business Development Director. "This is the biggest transaction in El Al history."

A mix of purchase and lease, the new Boeings will replace the carrier's aging 747s and 767s. Borovitz tells *Airways* that they had looked at both Airbus and Boeing for new equipment and had taken more than a year to consider proposals from both manufacturers. The Airbus A350 and A330neo were considered before the airline settled on Boeing's Dreamliner.

In March 1960, the airline ushered in the jet age, placing an order for three Boeing 707-420 aircraft, with deliveries starting in 1961. During 1961, 1964, and 1967, El Al placed orders for seven additional aircraft. These planes remained the mainstay of the fleet for several decades, enabling the airline to fly between New York and Tel Aviv in less than 10 hours and allowing it to enjoy a period of relative stability.

El Al continued in transformation into an all-Boeing fleet in the 1970s, when it introduced the Boeing 747-200 and, a decade later, the Boeing 767-200(ER) for its long and medium length routes. Short-haul sectors were flown by Boeing 757s. In 1994, it introduced the Boeing 747-400, and in 2001, Boeing's popular long range twin aircraft, the B777-200(ER), to serve the far reaches of El Al's network in North America and eastern Asia.

New and faster aircraft didn't always bring financial success. El Al went through periods of ups and downs during much of its history. The airline was government-controlled until 2003; then came privatization. The government gave Knafaim, a company with other aviation interests,



5 PHOTO: ROBERTO LEIRO - ZRH



6 PHOTO: JOE PRIES - JFK



7 PHOTO: JOE PRIES - JFK

The Boeing 787s, which will be powered by Rolls-Royce Trent 1000 engines, will be used on long-haul flights to North America and Asia, along with key routes in Europe such as London (LHR) and Paris (CDG). El Al currently operates seven Boeing 747-400s, one of them a freighter, operating to Liege, Belgium, (LGG) and New York JFK.

“Our intention is to offer a better product with these new aircraft,” says Shali Zahavi, El Al’s Vice-President of Commercial and Industry Affairs.

This is welcome news for those flying with El Al. My recent Economy Class experience on the airline’s longest route, between Los Angeles (LAX) and Tel Aviv (TLV), aboard a Boeing 777-200(ER), was mediocre.

For the most part, El Al’s cabin crew was welcoming and personable and the catering was good. However, no snacks were offered between the two meals on the more than 15-hour flight. The airline’s hard product could be improved. The inflight entertainment system was decidedly dated, with small, first-generation seat-back monitors, and, on the return flight, the aircraft in service had no audio-visual on demand (AVOD). Instead, there were a handful of movies on a continuous loop. With limited offerings from the inflight entertainment system, and with the cabin lights dimmed, I couldn’t even read because the reading light was broken. The new aircraft have given El Al a renewed sense of confidence. “This is a dramatic change for El Al and our customers,” says Borovitz. “For a long time, we’ve been flying older aircraft but, when the 787s come, 70% of our fleet will be just a couple of years old.”

The airline introduced an Economy Plus product in 2012, offering marginally more seat pitch, a basic amenity kit, and the ability for passengers to check-in at the Business Class. Now they are considering a true Premium Economy product with the new aircraft.

The immediate challenge for El Al is absorbing its new fleet between 2017 and 2019. “We have never received this many aircraft before,” says Zahavi. “There is a lot of work that needs to be done before we put them into operation, including ensuring the look of the product, crew training, and orienting our maintenance staff. It’s huge.”

El Al currently serves 32 destinations. North America is its most important market, generating one third of revenues, though the airline goes to

only four cities there—Toronto, New York (JFK and EWR), Boston (BOS), and Los Angeles (LAX). In the peak summer months, the airline operates four flights a day to New York.

“We pay particular attention to this region,” he says. “We are looking to increase our presence to more cities in North America, but in the meantime, we have a codeshare agreement with JetBlue (B6). From their Boston and New York hubs, we are able to increase our ability to connect passengers throughout the United States.”

El Al added Boston to its network in 2015; an attractive market for the airline as it has become a



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center of high-tech industry, with some 200 Israeli companies present in the area. There is also a strong academic market with the large universities in the region, along with the significant Jewish population of the state of Massachusetts. Zahavi says that El Al has seen very high load factors on the Boston route.

While El Al has a modest presence in Asia, it is looking to open new routes there.

Not surprisingly, El Al is hugely impacted by geopolitical events. The airline tries to stimulate travel while keeping a close eye on capacity. Its finances often take a big hit when tensions escalate between Israelis and Palestinians. In 2014, for example, Israel launched Operation Protective Edge, a military response to rockets being fired into Israel from the Palestinian territory of

2 The Lockheed Constellation joined the fleet in 1951, making its first scheduled flight from Tel Aviv to New York Idlewild Airport.

3 An El Al Boeing 707 in front of the terminal building at Lod Airport.

PHOTO: COHEN FRITZ, Government of Israel Press Office

4 1971 New Boeing 747 for El Al on its maiden flight from Seattle to Tel Aviv’s Lod Airport.

PHOTO: Milner Moshe, Government of Israel Press Office

5 The first Boeing 757-200s arrived to El Al in 1987. The last of the type was retired in 2012 after 25 years of service.

6 El Al was among the first airlines to operate the Boeing 767-200. The type was finally phased out in September 2013.

7 El Al’s Cargo division has an all-Boeing 747 fleet. The Boeing 747-200, such as the one in the picture (4X-AXK/ MSN 22151 / LN 478), was replaced by the Boeing 747-400F.

8 El Al plans to standardize its long-haul fleet around the Boeing 787 and the 777.

/ airline review /

Gaza. This led to a significant decline in tourism, subsequently harming profits. To its credit, while other airlines were quick to halt service, El Al reliably soldiered on and continued to fly people to and from Israel.

An additional challenge and cost for the airline is having to route aircraft to and from eastern Asia in a circuitous route to avoid hostile nations that won't grant overfly rights. For example, for flights to Mumbai and Bangkok, instead of following a more direct route across Saudi Arabia and the Gulf States, El Al aircraft must first travel south the length of the Red Sea before turning east. Flights to Hong Kong and Beijing take a northerly track across Turkey to avoid Syria and Iran. All of this adds to flying time and fuel costs.

With little ability to negotiate traffic rights with neighboring countries in the region, the airline isn't able to operate much of a hub. "Tel Aviv is located on the edge of our network, and we have limited beyond traffic," says Zahavi, "We are primarily a point-to-point carrier, with all of its consequences." While 2014 was unkind to the El Al financially, with a loss of \$28 million, the airline posted a net profit of \$107 million in 2015.

Beginning in the late 1960s, El Al aircraft became targets for terrorists. One hijacking was successful and other aircraft were shot at. It was then that the airline developed security protocols that are today respected globally.



Rumors of anti-missile technology on its aircraft have circulated for some years. When asked, Zahavi wouldn't go into detail about the airline's security, but did offer that El Al invests heavily in security and unapologetically concedes that the measures, some of which are obvious, while others more inconspicuous, are strict. In my case, when checking in at LAX, airline security first peppered me with questions about my reason for travel to Israel and inquired about the contents of my luggage. Once satisfied that I wasn't a threat and didn't warrant further questioning, I was able to proceed to the check-in counter. After getting my boarding pass, I noticed three well-armed security personnel discreetly standing a short distance away from the check-in area. Despite the added security, I didn't feel burdened or put off by the experience.

Big changes in the Israeli airline market began in 2013, when the government signed an open skies agreement with Europe. Aggressive competition from European carriers ensued, especially from low-cost ones such as EasyJet (U2) and Ryanair (FR). "Two years ago, the low-cost carriers had about 6% of the market share in Israel," says Zahavi. "Now it's up to 17%, and we expect competition from the low-cost carriers will continue to intensify."

In 2013, El Al formed a low-cost brand of its own called Up!, operating 180-seat, high density aircraft—four converted Boeing 737-800s. To increase revenue and reduce seat cost, they began selling ancillary services—revenue from non-ticket sources. This was a big change for El Al, enabling higher frequencies to key destinations; Berlin (SXF) went daily, for example, and Budapest (BUD) service was increased to twice daily.

FAST FACTS | EL AL

IATA/ICAO: LY/ELY **RADIO:** EL AL
MAIN HUB:
 Ben Gurion International Airport
ADDRESS:
 27 Rothschild Boulevard, Tel Aviv, Israel.
TELEPHONE: (+972) 3 971 49 42 8 **FAX:** (+972) 3 620 36 98
WEBSITE: www.elal.com
EMPLOYEES: 6,100 **PASSENGERS:** 5.0 million (2015)
CEO: David Maimon
OWNERSHIP: Knafaim Holdings 36.30%
 Pinchas Ginsburg 9.98%
 Altshuler Shaham Group 5.11%
 Delek Group 5.04%
 Public shareholders 43.80%
FOUNDED: 1948 **FFP:** Etihad Guest
ALLIANCE: None

 FLEET

TYPE	NUMBER	PLANNED	CONFIGURATION
Boeing 737-800	15		J16 Y138 W36 Y144* Y185**
Boeing 737-900(ER)	8		J16 Y156
Boeing 747-400	6		F8 J47 W34 Y314 F12 J50 W30 Y289 J26 W40 Y389
Boeing 747-400F	1		---
Boeing 767-300(ER)	7		J22 W28 Y168
Boeing 777-200(ER)	6		F6 J35 W34 Y204
Boeing 787		15	---
TOTAL	43	15	

*UP! low cost division | **Sun d'Or charter subsidiary

 DESTINATIONS

Amsterdam, Bangkok, Barcelona, Beijing, Berlin, Boston, Brussels, Bucharest, Frankfurt, Geneva, Hong Kong, Johannesburg, London (Heathrow and Luton), Los Angeles, Madrid, Marseilles, Milan, Moscow, Mumbai, Munich, New York (JFK and Newark), Paris, Rome, Sofia, Toronto, Venice, Vienna, Warsaw, Zurich.

9 The El Al Cabin Crews wearing their distinctive, timeless, classic navy blue uniforms, reflecting the corporate image of the airline.

10 The Boeing 737 Next Generation is now the mainstay of the short-to-medium haul in El Al's fleet.

11 El Al operates seven Boeing 767-300(ER)s, which will be replaced by the 787 Dreamliner from 2020 onwards.

"We don't want to neglect El Al's core model. We are one of the top brands in Israel, and recognized around the world," says Borovitz. "But this has definitely helped us become more competitive on certain routes." Up! currently serves five destinations and has stimulated traffic on the routes it serves. El Al is evaluating other routes that the low-cost subsidiary might fly.

Tel Aviv's Ben Gurion Airport (TLV), named after the country's first Prime Minister, has two passenger terminals. The low-cost carriers and domestic flights operate out of Terminal 1, which has eased congestion in Terminal 3. While landings are permitted through most of the day, takeoffs are not allowed between 01:40 and 05:30. This means that El Al needs to get its last flight of the day off from the gate at 01:20. And most of El Al's flights to North America depart after midnight.

El Al used to operate domestic flights to Eilat (ETH) in southern Israel, but was forced to discontinue in 2013 when the approach and departure patterns were changed in a way that, the airline determined, did not allow for the safe operation of its Boeing 737s. A new airport is being constructed 11 miles (19km) north of Eilat

and is expected to open next year. That's when El Al intends to resume domestic operations, with three of four waves of flights each day to be timed for onward connections from Tel Aviv.

Israel is recognized for its high-tech sector and innovation hubs. Given this, it's not surprising that El Al has joined the industry. The creative minds at the airline wanted to do something totally different, unaffiliated with El Al's core business of flying people around the globe. What they came up was an innovation hub, aptly named Cockpit.

The innovation hub was created in 2014 under the slogan 'Helping Technologies Fly'. Based in Tel Aviv under a separate management team, Cockpit's goal is to accelerate startup companies in the travel and transportation sector. "Lufthansa and Airbus have programs designed to encourage innovation, but our program is unique," says Borovitz. "We've received more than 100 applications from companies wanting to be part of Cockpit. They can test products and services before they go to market, and our passengers can be the first to use these new technologies."

Three startup concepts have been implemented, including Bidflyer, an online fare auction, and a 'smart blanket', designed to let passengers put their arms through the blanket and still be able to read or enjoy the inflight entertainment while getting cozy. And it's not always about new technology. Fugu luggage, an innovative concept in luggage design, has been part of Cockpit. "It's not just Israeli companies that can participate in the innovation hub," says Borovitz. "We want to recruit global companies."

"I am very excited for the future of the airline," says Zahavi. "I believe in the strength of the company."

There's a lot to like about El Al's future. Despite operating in a region filled with political uncertainty, the airline seems to be on the right course. 'El al' is a biblical phrase that means 'to the skies' or 'skyward' and, for almost 70 years, regardless of the obstacles, that's just where this airline has gone. ✈️



* Airways would like to acknowledge Marvin G. Goldman, who provided background on the airline's history. Goldman has published two books on the Israeli airline. *El Al: Star in the Sky* (1990) and *El Al Israel's Flying Star* (2008).