



BROWN BAG PRESENTATION

THE REVAMPING OF ZAMBIAN AIRWAYS -
CHANGING THE WAY AFRICA FLIES

START

INTRODUCTION

BRIEF HISTORY

1. Zambia Airways was founded in 1964 as a subsidiary of Central African Airways, which later on became independent in 1967 through an Act of Parliament.
2. Destinations included; Botswana, Kenya, Liberia, Mauritius, South Africa, Swaziland, Tanzania, Cyprus, Germany, United States and 11 local flights.



WHAT WENT WRONG

- On the 4th of December 1994, Zambia Airways was liquidated due to its inability to meet its obligations.
- The airline had a total debt of 29 million dollars which resulted in the selling of the airline's property in London, New York, Tokyo, Nairobi, Johannesburg, Dar es Salaam, Rome, Frankfurt, Ndeke House and many other local properties in the towns which the airline operated.
- Poor Corporate Governance contributed to the downfall of the airline (*It was not treated as a separate entity*).
- Government also received pressure from the International Monetary Fund (IMF) to sell or privatize loss-making parastatals.
- The liquidation of the airline led to the unemployment of 2000 people of which 500 died due to depression.

REVAMPING ZAMBIA AIRWAYS

- Ethiopian Airlines (*ranked by the International Air Transport Association (IATA) as the largest airline in Africa by revenue and profit*) had announced that it had finalized shareholders agreement with the Zambian Government for the re-launch of Zambia Airways which was scheduled for the 24th of October 2018.
- The Zambian Government will be the majority shareholder with 55% and Ethiopian will have 45%. With an initial investment of 30 million dollars.
- Ethiopian Airlines operates and manages Malawi Airlines through a deal signed in 2013.
- It also has a deal with ASKY, a West African airline.
- The airline had a total revenue of 2.43 billion dollars during the 2015- 2016 business years and had projected a total revenue of 10 billion dollars by the year 2025.

AN ANALYSIS OF REVAMPING THE AIRLINE

MERITS

- Increase in air service levels, connectivity, and increased route competition resulting in lower fares.
- Employment opportunities.
- Opportunity of Kenneth Kaunda airport becoming a regional transport hub; its only logical that Zambia should tap into this venture, considering the 1 billion dollars investment that has been put into developing the infrastructure of the airport.
- The airline will facilitate the flow of investment, trade and tourism, which will contribute to the socio-economic growth of the country and the region.

AN ANALYSIS OF REVAMPING THE AIRLINE

DEMERITS

- The airline risks making losses if the business strategy is not suitable (just like Malawi which was re-launched).
- Projection by International Air Transport Association (IATA) indicate that Africa's airlines are expected to make a combined loss of \$100 million in 2018.
- Debt repayments may affect the ability to save money for the Airline.
- Poses a risk of local airlines such as proflight Air Services, Royal Air Charters and Mahogany Air.
- The new strategy should be shielded from abuse as was the case with the previous Zambia Airways.

CONCLUSION

Just as a coin has two sides, the revamping of the Zambia Airways has the possibility of making either profits or losses. Given the new infrastructure improvements of the Kenneth Kaunda International airport, Zambia's central location and good corporate governance, Zambia Airways has the potential of thriving and becoming independent as it did in 1967.

THANK YOU



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