



ETIHAD-TUI JOINT VENTURE PLANS CANCELLED

News / Airlines



Abu Dhabi's Etihad Airways has called off plans to create a leisure airline with Germany's Tui Group, Europe's largest tour operator

Etihad and Air Berlin, of which Etihad owns a 29 per cent stake, last October announced the formation of a new leisure airline to connect key tourist destinations from Germany, Austria and Switzerland by merging Air Berlin's Austrian low-cost carrier Niki with TUI's leisure airline TUI fly.

Confirming the termination of the talks yesterday, Etihad said the company and TUI "were unable to reach agreement on the final nature of such a joint venture".

"The leisure operations of Air Berlin group will now continue to operate as a separate business unit, under the Niki brand," Etihad said. "Further details of this structure will be announced in due course by Air Berlin."

While the joint venture with TUI would have been a good fit, the tie-up would not have come cheap, according to Saj Ahmad, the chief analyst at London-based Strategic-Aero Research.

The termination of the talks "is a re-focus on efforts to ensure Etihad gets the best value for money, customers and its wider partnerships," Mr Ahmad said. "Etihad might instead look to work with Lufthansa and Air Berlin, and look to the leisure market with assets and links it already has."

Etihad announced a commercial partnership with Lufthansa in February, including collaboration agreements on catering and maintenance.

The proposed joint venture with TUI was intended to create "a strong European leisure airline", TUI said.

The group "remains open for a partnership or the formation of joint ventures serving the strategic goal of reshaping the market", it said.

"[The] aviation sector is characterised by overcapacity in Germany," said Sebastian Ebel, a member of TUI's executive board in charge of Germany, Austria, Switzerland and Poland. "We will push the repositioning of TUI to fly further ahead in order to develop long-term prospects."

Air Berlin, Germany's second largest airline, posted a loss of €293.3 million (Dh1.21 billion) during the first quarter, compared to €182.3m during the same period last year. The airline said this week that it was open to partnering with Lufthansa, as it seeks to secure its long-term future.

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