

Threats are no use: PM

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KUALA LUMPUR, Sat. — The Prime Minister said today that negotiations with British Airways (BA) on MAS's request for an extra flight to London would not be conducted "under threat."

Datuk Seri Dr Mahathir Mohamad was commenting on BA's refusal to hold any managerial discussions with MAS on the matter unless the problem of tax exemptions for travel on MAS was resolved.

The British airline adopted this stand at the second MAS-BA joint working committee meeting held in London recently.

Dr Mahathir told *Bernama* that any negotiations between two parties should be conducted in good spirit and

that goodwill should prevail.

Sources said his statement reflected his exasperation with BA tactics to continue "forestalling" negotiations.

At the first meeting here in January, BA refused to discuss the extra flight on the grounds that it was not in the terms of reference for that meeting.

The sources said the deadlock in the negotiations between the two airlines would be the main topic of discussion between Dr Mahathir and British Prime Minister Margaret Thatcher during her proposed visit to Malaysia next month.

On Wednesday, the Board of Airline Representatives criticised the tax exemption granted to Malaysians who fly MAS.

The board said the exemption violated international air service agreements and that the "discriminatory legislation put foreign airlines in a highly-disadvantaged position."

However, a Finance Ministry spokesman said the Minister, Encik Daim Zainuddin, felt that it was Malaysia's sovereign right to provide such exemptions.

The Minister was also quoted as saying that the Government was not preventing Malaysians from travelling on other airlines.

The rationale behind the move, the Ministry spokesman said, was to redress the country's adverse balance of payments and to reduce the outflow of foreign exchange.