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Britain, Malaysia to hold new air talks (HL)

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BRITISH Airways (BA) chairman Lord Colin Marshall says Britain and Malaysia will enter into a fresh round of air talks late next month, which he hopes will not turn into another "Battle of the Skies", as was the case in previous negotiations.

"I hope not ... but I learn, over the years, not to be optimistic," he told Business Times in Kuala Lumpur yesterday.

Negotiations between the aviation authorities of the two countries have never been easy, especially when reciprocity was involved.

The exercises had been less than amicable, hostile even, and often required government intervention to achieve breakthroughs.

The aviation authorities and national carriers of both sides may no longer see the Kuala Lumpur-London sector as a "point of contention", but coming to an agreement on additional frequencies from Kuala Lumpur into points in Australia, such as Sydney, is unlikely to be a straight-forward matter.

Earlier, speaking to the press about his three-day visit to Malaysia, Marshall said he hopes "over time, and I don't know how long that will be, we (British Airways) will be able to move to a daily service routine between Kuala Lumpur and London, and increase the frequencies to Sydney from Kuala Lumpur."

Under the existing air services agreement, BA has rights to mount daily flights into Kuala Lumpur.

It is currently operating five flights a week into KL International Airport at Sepang, of which three terminate in Sydney, and two in Jakarta. Malaysia Airlines has been flying to Britain since July 1 1974.

From operating 707s into Heathrow Airport in the early days of the service, it has gradually deployed larger and larger aircraft on the route, including DC10s, B747-200s and, now, the B747-400s.

The national carrier currently flies twice daily into Heathrow - half of the 14 flights a week of which are code-shared with Virgin Atlantic.

In addition, since March this year, it has been flying twice a week, via Munich, into Manchester. A third frequency will be added in July.

Marshall acknowledged that the routes BA is operating in the sector is profitable with "full or almost full loads."

He also said that while airlines which are based in the region and those that fly in and out of the region had been adversely affected by the economic situation over the past two years, there are now firm signs of a turnaround.

He is optimistic that the economic rebound will continue and this will be translated into improved air traffic.

Marshall arrived on Monday for a three-day visit to Malaysia as "an ambassador for British business", together with several British corporate leaders, to assess for themselves the commercial and investment opportunities available here.

While here, he will meet Prime Minister Datuk Seri Dr Mahathir Mohamad, First Finance Minister Tun Daim Zainuddin, Transport Minister Datuk Seri Dr Ling Liong Sik and International Trade and Industry Minister Datuk Seri Rafidah Aziz.

He also addressed the monthly luncheon of the British Malaysian Industry and Trade Association (soon to be renamed British Malaysian Chamber of Commerce).

Marshall said British investors remain confident in Malaysia as an investment destination and this is reflected in the STG1.1 billion (RM1 = STG0.16) in new investments in the country last year.

"It reflects the level of confidence that British companies have in Malaysia, especially last year, when the country did not have the best of public exposure in the world.

"We saw clearly that Malaysia was moving in the right direction ... taking hard decisions that have proven justified," he said.

Malaysia's continued privatization drive is of considerable interest to British companies looking for investment opportunities, Marshall added.

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