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A truly Asian airline, OK?

A FARE review for domestic air travel is probably the single most important factor that will determine whether Datuk Md Nor Md Yusof, the new man in charge of Malaysia Airlines, can turn the debt-ridden company around. Prime Minister Datuk Seri Dr Mahathir Mohamad's hint yesterday that the Government could approve the airline's request for a selective fare review, therefore, is a good sign. The sooner the approval is given, the better. To get the airline to fly high and proud as it once did not too long ago, however, will take a lot more than just a fare hike.

As Md Nor would surely have established by now, Malaysia Airlines' problems are wide-ranging and deep-rooted and will only be partially resolved with restructuring, fare reviews, and new blood. The key to the solution lies in the direction that the carrier wants to take. Previously - not just during the tenure of former owner Tan Sri Tajudin Ramli - the whole thinking was to make the carrier a global airline that competes with the likes of British Airways and Singapore Airlines. In terms of international network, Malaysia Airlines was not lagging too far behind and if it had not been for the regional financial crisis, which took a huge toll on the airline's plans, it could have come very close to the key players. But the price we would have to pay, even if the Asian crisis was not in the picture, would have been quite big.

With a net loss of RM1.33 billion for the year ended March 31 2001, Malaysia Airlines' pursuit to become a global airline will now take longer and much more investments. Md Nor has outlined his plans for the airline in the next three years and it does seem that the man has figured out what needs to be done to turn the company around; hence, the request for the fare review and an organisational restructuring that will focus on greater productivity and cost efficiency. The proposal to become a member of the Wings Alliance will help Malaysia Airlines tap the growing traffic in certain routes without needing to increase aircraft size or fleet. In a crucial way, this alliance will also raise the airline's stature as an "international" player without the pressure of having to establish itself as a global airline.

Malaysia Airlines needs to carve a niche for itself in this increasingly competitive business. In the US, the biggest airlines are not even half as international as the Malaysian carrier, yet they are bigger and more profitable because of the massive domestic traffic. British Airways and Singapore Airlines both became global airlines partly because they do not have the baggage of domestic operations to worry about. They also do not fly to destinations that do not bring them profits. Imagine, British Airways even terminated its operations to Kuala Lumpur even though that sector was not totally hopeless. On the other hand, Malaysia Airlines keeps on flying to Europe and Australia despite big losses on those sectors, not to mention those destinations in Africa and Latin America which it operates to keep the spirit of South-South cooperation alive and kicking.

Md Nor will not be able to decide alone on some of these issues; the Government has the last say on Malaysia Airlines' direction. The carrier can pursue the dream of becoming a global carrier but in a globalised world that will not mean much anyway. It will be more practical, perhaps, to establish ourselves as THE Asian airline while maintaining the most profitable international routes. China alone expects to be responsible for

domestic and global travel of 200 million passengers a year by 2014, when Asia's annual air traffic is forecast to reach almost 900 million. With that kind of potential, the world can take a back seat. If Malaysia Airlines can cut for itself a sizeable slice of that market by then, it will be able to afford to let people fly domestic for peanuts.

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