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MAS still looking for a foreign partner

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MALAYSIAN Airline System Bhd (MAS)'s hunt for a strategic foreign partner is still on but the national carrier is not constrained to finalise the arrangement by a specific timeframe.

Prime Minister Datuk Seri Dr Mahathir Mohamad said the Government is still looking for MAS' strategic foreign partner and that no deadline has been set to finalise the partnership.

He said the Government is now talking to a number of foreign airlines for possible tie-ups with MAS.

"I'm quite sure that we would find a strategic partner," he told a news conference after opening the 50th Pacific Asia Travel Association (Pata) in Kuala Lumpur yesterday.

Dr Mahathir said the Government is still studying the possibility of splitting Malaysia Airlines operations into domestic and international.

"You know there is this problem of domestic and foreign (routes). Domestic basically loses money and foreign airlines are not keen to subsidise local flights," he said.

On when the Government will finalise its decision, he said: "It will be a matter of months".

Last Thursday, Transport Minister Datuk Seri Dr Ling Liong Sik said the proposal to split the national carrier's operations was aimed at allowing its foreign partner to operate profitably without having to subsidise the domestic routes.

He was quoted as saying a decision on the matter will be made after a comprehensive study is completed and that the Government would not rush to make a decision very soon.

The Government had re-purchased a controlling stake in MAS for RM1.792 billion or RM8 per share from Naluri Bhd, which is owned by Tan Sri Tajuddin Ramli.

With the deal signed on December 20 last year, Ministry of Finance Inc now controls 29.09 per cent stake in the airline.

The Government, since then, is under pressure to turn around the carrier's sliding earnings after it inherited debts amounting to more than RM8 billion after the takeover.

According to Asian Airlines and Aerospace magazine, between 1992 and 2000, Malaysia Airlines incurred an accumulated loss of RM2.48 billion, of which RM1.25 billion (56 per cent) was due to domestic operations.

Dr Mahathir also said that the KL International Airport (KLIA) is not losing out to other airports in the region although four airlines have stopped flying into the country.

"Four airlines have stopped flying into Kuala Lumpur but the number of passengers coming through has increased.

"They have their own problems and we can appreciate that," he said.

He said there are three major airports competing in the region, namely Bangkok, Singapore and Kuala Lumpur.

Some of the foreign airlines prefer just to come to Singapore and then shuttle to KLIA.

"We would prefer that they come to Kuala Lumpur and shuttle to Singapore. But anyway, we are not losing out and we will go ahead to promote KLIA," he said.

Australia's Qantas, Germany's Lufthansa, British Airways and Japan's All Nippon Airways have stopped flying into KLIA.

The Prime Minister said the Government will meet the carriers to see how it can attract them to fly to the country again.

"They can put up a wish-list for us and we will try to meet all their wishes," he said.

The RM9 billion KLIA has been recording growing passenger arrivals since it was opened in 1998. The passenger arrivals increased 5.2 per cent to 13.2 million in 1999, and rose further by 11.8 per cent to 14.7 million last year.

The average growth in passenger traffic at the airport is expected to be about 7 per cent in the next few years.

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