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MAS urged to take advantage of BA's move to halt direct service

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BRITISH Airways' (BA) decision to stop its London-Kuala Lumpur direct flights is a loss for the carrier and a gain for Malaysia Airlines.

The move is regrettable but offers Malaysia Airlines new opportunities, given that the national carrier is one of only a few airlines that fly direct between Kuala Lumpur and London, said Sir Jeremy Hanley, a member of a British trade and investment mission which arrived in Kuala Lumpur on Sunday.

"There is added mileage for Malaysia Airlines, of course. The decision was entirely British Airways'," Hanley said.

"Although it is hard to understand, such a commercial decision is usual for UK airlines as they are free to come up with such decisions.

"As to whether the London-Kuala Lumpur direct flight was not doing well or for whatever reasons, it is an advantage to Malaysia Airlines," he said.

Speaking to reporters in Kuala Lumpur yesterday, he said BA may have good and profound reasons to halt the direct service from Heathrow International Airport in London to the Kuala Lumpur International Airport (KLIA) in Sepang.

"I am not in a position to represent any of the British companies which have interests in Malaysia, but I personally would like to say that we are quite disappointed... they (BA) must have conducted a thorough study on the commercial aspects.

"But this is good news to Malaysia Airlines. I was made to understand that all flights from and to Kuala Lumpur are almost full or at full capacity.

"Malaysia Airlines should take the opportunity in this gap left by British Airways to improve its service to and from London. After all, Malaysia Airlines provides one of the best services to that region," he said.

Hanley, together with former British High Commissioner to Malaysia Duncan Slater, is leading a group of captains of industry from 13 British conglomerates on a five-day visit to Malaysia.

Earlier, Hanley said the British trade mission is looking to invest in key areas in Malaysia, namely the oil and gas sector, petrochemical, information technology (IT) and education.

The British delegation's visit is a testimony to the resilience of the Malaysian economy and the manner in which the government of Prime Minister Datuk Seri Dr Mahathir has managed to avoid the worst consequences of the recent Asian economic downturn, he said.

"Sir Patrick Gillam, co-chairman of the Malaysian British Business Council, says that opportunities for 'UK Plc' in Malaysia are 'legion' and that trade and investment climate in both directions are now buoyant.

"The tough measures taken by the Malaysian Government mean that for the year 2000 growth is estimated at a healthy 5.6 per cent, edging towards the 8.7 per cent per annum level increase in gross domestic product (GDP) achieved during most of the 1990s.

"As of March 2000, Malaysia's trade balance had been in surplus for 26 consecutive months and the projected surplus for 2000 is estimated to be in the region of US\$16.5 billion (US\$1 = RM3.80).

"This is why we are here today, looking to tap such opportunities in Malaysia's economic growth," he said.

Meanwhile, Slater said the British International Trade has identified the oil and gas sector as of particular interest to UK firms.

"The 22nd largest oil reserve and the 12th largest gas reserve in the world underpin Malaysia's overall economic position. The Malaysian Government has a stated policy of developing oil and gas reserves over the next five years and has allocated US\$16 billion to this end.

"It plans that 30 per cent of this should be provided by foreign direct investment," Slater said, adding that the competitive pricing of the ringgit - pegged at RM3.80 to the US dollar in 1998 - means Malaysia offers an attractive investment environment for companies wanting to establish a base for local and regional markets through joint ventures.

He said the current mission also aims to promote more trade between the two countries.

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