

08/03/2002

AirAsia to appeal to stay at Subang for 3 years (HL)

Eirmalasang Bani

SHIFTING its home base from Subang Airport to KL International Airport (KLIA) in Sepang will play havoc on AirAsia Sdn Bhd's cheap no-frills air travel business model, especially on certain routes in Peninsular Malaysia.

This follows the Cabinet's move yesterday to uphold its earlier decision to close the Subang Airport, which will force the carrier to re-strategise its routes, focusing more on the profitable ones rather than those convenient to consumers.

"We may have to increase flights to profitable routes such as the East Coast, Sabah and Sarawak and regional ones rather than Johor Baru, for example. And this will be a loss to travellers," AirAsia chief executive officer Tony Fernandes told the Business Times.

The move to KLIA will also work against the carrier's original concept of encouraging more Malaysians to travel by air.

Fernandes, however, said AirAsia will appeal to the Government over the decision and hope to get a three-year extension to continue operating from Subang.

"It is a big blow to AirAsia but we have to carry on and hope the Government and Malaysia Airports Holdings Bhd will be supportive by giving us more time to restructure our operations," he said.

The move to KLIA will make air travel to destinations along the West Coast less desirable as the airport is located a fair distance away from the Klang Valley, where most domestic inbound and outbound flights are concentrated. Better road infrastructure has reduced time taken for land travel to and from the Klang Valley.

The Subang Airport, also known as Sultan Abdul Aziz Shah Airport, was originally scheduled to cease operations in April when the high-speed Express Rail Link (ERL) services connecting Kuala Lumpur with KLIA begin.

The Cabinet is upholding its decision to end all commercial passenger operations at the Subang Airport to speed up the process of making KLIA a regional hub.

Following this, the Government has given both Malaysian Airline System Bhd (MAS) and AirAsia until July to prepare for the shift.

Fernandes said the moving cost alone will "severely" affect the carrier, which is currently in the process of returning to profitability.

The newly-revamped carrier had only in January introduced an aggressive cheap fares programme where some tickets are more than 50 per cent lower than those offered by MAS.

"We are disappointed because we have worked so hard to provide good service to Malaysians, but maybe we came in too late," he said.

He also said the process of moving to KLIA should be delayed until more Malaysians are comfortable with flying, so as not to see a "dramatic drop" in the number of air travellers.

AirAsia flies to six local destinations on three B737-300s and is expected to receive two more similar aircraft in April and June.

Transport Minister Datuk Seri Dr Ling Liong Sik, when announcing the Cabinet decision yesterday, said all commercial jet operators will be asked to move their operations to KLIA, leaving only the airlines using propeller aircraft in Subang.

This means Pelangi Airways and Berjaya Air, which use Fokker 50 and De Havilland Dash-7 respectively, will continue to operate from Subang.

"Aircraft using propellers will slow down landing and taking off activity at the KLIA," he said.

Cargo airline Transmile Air will also be allowed to continue operating from Subang for 10 years, as its freight services do not involve the travelling mass, Dr Ling said.

He said the move will contribute to KLIA emerging as a load centre, increasing both its international and domestic connectivity.

The time frame between now and July is given to both MAS and AirAsia to prepare for the shift as well as to set up their logistics at the KLIA, Dr Ling said.

KLIA handled about 14 million passengers last year while Subang managed 2.1 million passengers. There are currently 354 daily flights at KLIA and 231 in Subang.

The ERL services will be officially launched by Prime Minister Datuk Seri Dr Mahathir Mohamad on April 12, but commercial operations will only begin on April 19.

(END)