

'AG pressure is blackmail—airline

By ROY EDMONDS

The Hongkong Government is exerting unfair pressure "verging on blackmail" to help Sir Freddie Laker get landing rights here for his airline, British Airways claims.

The airline accused the Attorney-General, Mr John Griffiths, of trying to influ-

ence the Air Transport Licensing Authority by threats of retaliatory trade actions from London against Hongkong if Laker was not licensed.

British Airways assistant general manager in the East, Mr Geoffrey Nolan, said the Attorney-General's statement at the beginning of the week-long public inquiry into

Laker's licence had been "outrageous."

"It was verging on blackmail," Mr Nolan told the hearing on its last day yesterday.

The part of the Attorney-General's statement which BA object to advised the seven-man panel chaired by Mr Justice Penlington to bear in mind the Multi-Fibre Agreement was coming up for re-negotiation soon.

They should consider the effect on Hongkong generally in other fields of a decision which appeared to be against free competition, the Attorney-General had said.

Mr Nolan explained his attack on the Hongkong Government in an interview after the hearing with the SCM Post.

"The Multi-Fibre Agreement is very important to the Colony. Obviously the Attorney-General made his comment to influence the authority or he wouldn't have bothered making it," he said.

"It was out of place to put it mildly. It showed how invidious the Hongkong Government's intervention was in the past hearing," he said.

The hearing he referred to was the one held in November last year when the Hongkong Government supported British Caledonian and Cathay Pacific receiving licences for the London to Hongkong route.

"It is not a matter for the Hongkong Government. It is a matter for the airlines," he said.

Both the Governor, Sir Murray MacLehose, and the British Secretary of State for Trade, Mr John Nott, have expressed support for Laker's application.

Their support was purely political, claimed Mr Nolan.

"They don't wish to be seen to be restrictive," he said.

At the hearing yesterday Mr Peter Allan, for the Hongkong Government, said they supported Laker's application and the lifting of the present flight restrictions on Cathay Pacific and BCal.

But he stressed that the Government was not attempting to give the Licensing Au-

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thority directions and that it was quite independent despite its members being elected by the Government.

"It is the duty of the authority to ensure the avoidance of uneconomic overlapping while ensuring the most effective service to the public," he said.

It was a balancing act, he added.

British Airways claims that there is no room for Laker in the market and that its own already small profit last year in the eastern division would be turned into a loss of more than \$72 million if Sir Freddie was licensed.

"Laker's forecast of the market is based on hunch or intuition," said Mr Trevor Philipson, counsel for British Airways.

"The market is not expected to be bigger than 300,000 passengers next year," he said.

He said 416,000 seats are available at the moment, but "if you remove the restrictions on British Caledonian and Cathay Pacific as they request this would increase the number to 500,000 seats.

"You would be throwing transport economics and planning to the winds if you license Laker.

"Survival of the fittest is not permitted to you by the regulations."

Mr Philipson said that it was in the public interest to have healthy airlines.

For BCal, Mr Leonard Bechick said that the market was expected to grow by about 30 per cent in the next year.

This was enough to justify limitations being raised on BCal's frequency of flight.

"There are only four British international airlines. If you have a bloodbath and lose one or two of these where are you going to replace them?" he asked the panel.

"You have to ensure that these valuable assets are not destroyed. The three-carrier regime has made Laker's proposals old hat," he said.

"Time has, I am afraid, passed the old warrior by. The fares submitted by him are higher than those operating now."

Cathay Pacific is also asking for restrictions against it to be lifted but is opposing any lifting of BCal's restric-

tions and opposing Laker's licence.

Laker's product had not changed, said Mr Peter Martin for Cathay Pacific.

"We are Hongkong's airline. The frequency limitations should be lifted at least to the point where Cathay Pacific have equality to compete with British airlines," he said.

Rounding off the hearing, Mr Robert Beckman, for Laker Airways, said forecasting future markets was difficult.

All of the other airlines had changed their plans and expressed their willingness to operate at their own managerial discretion rather than being limited by the Licensing Authority.

He claimed the record of Laker showed there was a great untapped demand waiting and responsive to his sort of promotion.

"Step out of the doorway, and allow normal commercial standards to tailor the market," Mr Beckman told the panel.

"How long do you think will it take the Secretary of State and the Governor to change the regulations?" he asked them.

And he warned the hearing that a decision against Laker would bring down an undoubted hail of public criticism on their heads.

Mr Justice Penlington promised a decision on all the applications as soon as possible but it is unlikely one will be announced sooner than two weeks from now.