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1997 poses fears on Cathay Pacific

From GISELLE
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DOUBTS about the autonomy of Cathay Pacific Airways after 1997 may affect prospective lenders' views of the airline's credit-worthiness, says an official of the Boeing Commercial Airplane Group.

Boeing's manager for market research, Mr Kim Cheung, said Hongkong's future, the new airport problem and the destiny of Cathay were all inter-related in what he described as an "aeropolitical game".

These issues needed to be cleared up, he said, pointing to whether Cathay would be headquartered in Britain and whether it would have to rely on China for its routes.

If Cathay was to be based in Britain, the route structures would pose a problem.

"I don't think China will damage Hongkong because Hongkong is a jewel," Mr Cheung said. "What I'm afraid of is that the banking community would look at it differently. Will it lend money to Cathay? That's a problem we have to fix; not that

Cathay is in this situation now."

Mr Cheung said Boeing realised the important role the Asia-Pacific region played in the global aviation industry.

"Cathay is right in the middle of the growth area - Asia-Pacific. Hongkong is right in the middle of it," he said.

According to Boeing, Hongkong is second only to Japan in terms of US-Far East air traffic.

Gateways in Japan, Singapore, Hongkong and Thailand account for 80 per cent of Far East-Europe traffic.

Mr Cheung said banks and financial institutions should be informed of these facts as well as the long-term potential of Asia-Pacific carriers.

He said some banks had been hesitant in lending to Asian carriers due to the economic slowdown in the United States and Europe.

The funding requirements of Asia as a whole would be vast, with regional carriers accounting for 28.3 per cent of the US\$617 bil-

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lion worth of aircraft to be delivered between now and 2005.

As at the end of March, the region accounted for 55 per cent of the orders for Boeing 747s, totalling 282.

Cathay has option to buy four more 747-400s and is

discussing the purchase of Boeing's new aircraft, the 777, for intra-regional operations.

According to Boeing officials, nearly 70 per cent of orders for 747-400s were from Asian-Pacific operators. Cathay accounts for 14 orders.