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A toehold in Hanoi

Hongkong: In the face of the continuing United States trade embargo against Vietnam, Hongkong Aircraft Engineering Corporation (HAECO) has signed an agreement with the Vietnam National Machinery Import and Export Corporation for the overhaul of Vietnam's ageing fleet of DC-3s, DC-4s and DC-6s.

Although in revenue terms the deal is relatively minor, it may also improve the atmosphere for negotiations by HAECO's sister company, Cathay Pacific Airways, aimed at obtaining flying rights over Vietnam for its aircraft. Both companies are controlled by Swire Pacific.

As the first capitalist aviation company to sign such an agreement with the Vietnamese, HAECO was following up its success in 1975, when it won the first long-term aircraft and engine maintenance contract China has awarded to a non-communist country.

Although there was no direct link between the Chinese agreement and that with the Vietnamese, HAECO's

relationship with the Chinese, begun unofficially in 1973 with the overhaul of China's Viscounts and Rolls-Royce Dart engines, obviously did no damage to HAECO's negotiations with Hanoi, conducted over the first half of this year.

COMPONENTS: The deal covers a limited number of components – engines, propellers, electric motors and hydraulic pumps – and presents a problem for HAECO, which must find replacement components outside the US in the surplus stocks of Australia, New Zealand, Canada, France and Britain.

The components needing repair will be sent to HAECO from Vietnam by sea. Although the Chinese have sent liaison teams to work with the group's engineers in Hongkong, there will be no exchange of Vietnamese and Hongkong personnel.

The magnitude of the work is not specified in the contract, which extends only to the end of this year. But HAECO executives seem unconcerned with the relatively small amount of money involved in the deal or the inconvenience of circumventing the US embargo.

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