

## STILL GOOD FRIENDS

THE on-off-on engagement between BOAC and MEA, first announced in 1955, has now been finally broken off. A joint announcement by the two chairmen, Sir Matthew Slattery and Sheikh Najib Alamuddin, on August 10 said in effect that BOAC have agreed to the Sheikh's suggestion for the sale of BOAC's 48.5 per cent shareholding in MEA. Both felt that the future of MEA would be "best assured" by this arrangement; MEA would become "a completely independent Lebanese airline."

BOAC declined last week to comment on the terms of the deal, which ends a relationship that has often been rather strained. BOAC has invested more money in MEA than in any other associate. This investment appears in the BOAC 1960-61 annual report as £3.6m less provision for losses. Official figures of the amounts advanced by BOAC to MEA have never been published. In evidence before a Parliamentary select committee in 1959, Sir George Cribbitt, then chairman of BOAC AC, said that the investment to that date was of the order of £6m. This figure was presumably made up of advances for equipment and general funding purposes, and it may or may not have included BOAC's investment in MASCO (Mideast Aircraft Service Co), the Beirut engineering concern disbanded in August 1960 after heavy capital expenditure by BOAC, and taken over by MEA.

Twice in the past the BOAC/MEA association has been close to rupture. In September 1959 the Sheikh took strong exception to the now notorious suggestions in Parliament that MEA was "one big sieve through which public money has been poured," and to subsequent adverse comments by the then Minister, Mr Harold Watkinson. The Sheikh said MEA would buy out the BOAC shareholding (about £400,000), and would raise money in the Lebanon to repay the BOAC funding loans by 1962 and the BOAC equipment loans by 1968. The disagreement was patched up in the next month, October 1959, when BOAC offered to lend MEA an additional £1.13m as capital, and to help MEA purchase Comets. Agreement on the latter point was not finally reached until March 1960 when the Sheikh threatened to "go elsewhere" for new jets, either Caravelles or Convairs, unless Treasury approval for the Comet deal

was forthcoming. Treasury approval was almost immediately forthcoming; MEA placed an order for four Comet 4Cs, and BOAC guaranteed the financing arrangements in what was described by the Chancellor of the Exchequer at the time as "a highly complicated and intricate case," details of which have never been disclosed.

The break has come now because MEA needs more capital to further its plans for pan-Arab air transport. The Sheikh has long sponsored the idea of greater Arab air transport unity, an idea which has held the promise of further Comet orders in the Middle East—from Iraqi Airways, for example, and from Kuwait Airways. But a political and ideological *entente* with UAA (who have their own ideas about pan-Arab air transport leadership) appears to be elusive.

At any rate, the Sheikh evidently feels that BOAC is not willing to invest in pan-Arab air transport; and he also is known to deplore the delays that arise through having to deal with two BOAC boards (BOAC and BOAC AC) and two Government bodies (the Ministry and the Treasury). Furthermore, he is outspoken about alleged BEA poaching in the Middle East (a subject on which he and BOAC probably see eye to eye).

There is no truth, say MEA, in reports last week in the *Daily Express*, that the Sheikh is now seeking to join forces with one of Britain's two biggest independents, British United or Cunard Eagle. Nor is he likely to do a deal with a foreign BOAC competitor; MEA wants to be independent.

It would probably be fair to sum up the situation by saying that MEA have had a very generous financial deal from BOAC and the British Government over the past six years. On the other side of the coin BOAC has maintained valuable traffic and feeder rights, and political influence, in the Middle East; and the British aircraft industry has received orders for Viscounts and Comets from MEA amounting, with spares and so on, to perhaps £9m. It is for such reasons as these that the Government (which is said to have been politically against the breaking of the BOAC/MEA engagement) must hope that the two airlines will remain good friends. MEA insist that they hope so too.

J. M. R.

## BREVITIES

Mr C. G. Carroll has been appointed general commercial manager of BUA. He has hitherto held the post of personal assistant to Mr F. A. Laker, executive director.

Lufthansa took delivery of its tenth Viscount 814 at Hamburg on July 31; a further Viscount is to be delivered shortly, bringing the total owned by Lufthansa to 11.

A repeat order for three Boeing 720B medium jets has been placed by Northwest; two will be leased from Boeing and the third purchased. Northwest now has nine 720Bs on order, of which four are in service.

Lord Brabazon has accepted an invitation by Mr Peter Thornycroft, Minister of Aviation, to become chairman of the Air Safety Board in succession to Air Marshal Sir Charles Guest, KBE, CB.

The President of Brazil, in a move to strengthen international air transport operations, has approved the joint participation of REAL and Varig in Aerovias Brasileiras, and the reorganization of Panair do Brasil.

Delta, following their recent order for three Douglas DC-8 Series 50s for delivery in May, June and July 1962 (the airline already has five DC-8 Series 10s), have ordered four more Convair 880s to bring their fleet of these aircraft up to 16.

According to *Interavia*, the British Aircraft Corporation is reported to have offered £16m credit to enable UAA to purchase new long-haul jets. As already reported, UAA is considering the purchase of either Boeing 707, 720 or Vickers VC10 jets.

Replying to PanAm's complaint to the CAB regarding KLM violations of the US/Netherlands bilateral air agreement, KLM opposes possible institution of proceedings by the CAB on the grounds that the CAB has no power to take such unilateral action, and that procedures are explicitly laid down in the air agreement for discussion in case of a difference of opinion between the parties.

The Prime Minister of Ceylon, Mrs S. Bandaranaike, has appointed a three-man committee to investigate Air Ceylon's affairs and to make recommendations on the airline's future. The committee comprises Mr M. Senanayake, Minister of Industries; Mr P. B. G. Kalugalle, Minister of Transport; and Mr F. D. Bandaranaike, Minister of Finance.

Now an all-New Zealand airline, following the purchase of Australia's shareholding, TEAL now has an all-New Zealand board. They are, left to right: A. F. Gilkison, A. R. Guthrey, F. A. Reeves (general manager), Sir Leonard Isitt (chairman), A. A. Watson (secretary), G. A. Nicholls and G. N. Roberts

Mr A. M. Blakemore, secretary of BIATA, is to join British United Airways in October.

Austrian Airlines is reported to have negotiated a loan worth \$3,120,000 (over £1.1m) from the Morgan Guaranty Trust Company in the USA to pay for its six Viscount 837s.

According to a report in the *Financial Times*, negotiations are going on between Fokker and East African Airways for the sale of three Friendships.

Mr L. F. E. Coombes, technical secretary of BALPA, is to join the technical sales department of Smiths Aircraft Instruments Ltd in September.

A Dakota of the Hungarian airline Malev on a summer sightseeing flight crashed in a residential district of Budapest on August 6, with the loss of all four crew and 20 passengers on board.

Sydney's Kingsford Smith airport will have its main runway extended for use by big jets, making a second runway suitable for these aircraft. The present jet runway is from east to west. Extensions to one of the runways at Perth's airport are planned to bring it to jet standard before the Empire Games in November 1962.

The US State Department announced on August 7 that agreement had been reached on all basic questions in the US-USSR civil air agreement talks which are now being carried on between PanAm and Aeroflot. An agreement was expected to be signed as this issue went to press.

