



AIR COMMERCE

Adios BOAC

By the Air Transport Editor

A DISGRACEFUL decision" were the words used both by British businessmen and union leaders to describe BOAC's decision to withdraw from its eastern South American routes. Perhaps the most disgraceful aspect of the whole sorry business are—and long have been—the draconian restrictions placed on Britain's national carrier by the governments of Brazil and Argentina. But there have been muddle and pulled punches on the British side.

Briefly to sum up the background, it seems to have been established that if BOAC should be required to do something in the national interest against its own commercial judgment, then it should be compensated. This was the implication of the formula for the new BOAC enunciated by the Minister of Aviation in his letter to the new chairman, Sir Giles Guthrie, on January 1. Mr Amery asked Sir Giles for a plan—a plan, in effect, to make BOAC profitable. The national interest was to be looked after by the Minister. In all the circumstances—and particularly in view of all the plans, select committee and consultants' inquiries that had gone before—this seemed to be asking for all the trouble that, in fact, BOAC's VC10 and South American decisions have caused.

Sir Giles has been doing what he was asked to do, namely, drafting a plan to put BOAC in the black. As he has said, "it is BOAC's business to take care of its own commercial interests, not to look after anybody else's." Thus he is not directly to blame for the damage that his VC10 and South American decisions have caused to broader British interests; he has been looking after his own.

The South American route system which BOAC is giving up



What is so baffling is that a Minister could, in effect, invite a State corporation to deliver such terms to the Government, as if State corporations financed by the State had no obligations to the State.

At a time when Britain is going out of her way to court friends and influence people in Latin America—at the very same time, indeed, as the Duke of Edinburgh and a special goodwill squadron of the Royal Navy are visiting Latin America—Britain's State airline writes off most of the area as a dead loss. Latin Americans hear that the British Government has "refused" to grant BOAC a subsidy. It may need more than royal goodwill and Royal Navy flag-showing to repair the damage that may now have been caused to British trade and influence in such countries as Brazil, Argentina, Uruguay and Chile.

The Minister has not, in fact, "refused" BOAC a subsidy: as explained in this journal for August 27, the Minister has no legal powers to subsidize BOAC. The word subsidize has never in fact been officially mentioned by Mr Amery, who in his letter to Sir Giles Guthrie of January 1 said: "How losses . . . should be presented in the accounts will depend on circumstances in each case."

Clearly, Sir Giles refused to carry a loss—even one attributed squarely to the Minister—in BOAC's accounts. No agreement could evidently be reached on the way in which to present the loss, which Sir Giles has assessed at £1½m per year.

BOAC have blamed "limitations on both frequency and passenger capacity imposed by certain South American Governments" for BOAC's inability to show a profit.

Political restrictionism in air transport is an art highly developed in Brazil and Argentina. No countries, except perhaps the Italians and French, are more protective toward their national carriers, and their mothering takes the form of restrictions on foreign carriers.

Brazil limits BOAC's service from London to Rio and São Paulo to two 70-seat Comets a week. She will not allow BOAC to introduce Boeing 707s. Furthermore, BOAC are not permitted to skip Brazil and overfly with big jets (perhaps from Nassau) straight down to Uruguay, Argentina and Chile. As if this were not enough, Brazil restricts BOAC to a quota of 700 passengers a year both ways between Brazil and Lisbon (in effect a Portuguese-speaking cabotage route), while the quota between Brazil and Madrid is 400 passengers a year. Quotas are imposed not only between Brazil and the Iberian peninsular, but also from Brazil to all stations beyond. All told, BOAC are allowed to put on 2,500 seats each way per year between Brazil and Argentina, Uruguay and Chile.

The Argentinians are not quite so unhelpful, limiting BOAC's frequency to two jets (which could be either Comets or Boeings) weekly, but she imposes a quota of nearly 2,300 passengers a year into and out of Buenos Aires. The Spaniards and Portuguese also seem devoted to making life as difficult as possible for Linhas Aereas Britannicas, imposing frequency and capacity restrictions respectively at Lisbon and Madrid.

What of BOAC's traffic results on these eastern South American routes? Load factors have been averaging out each year at about 40 per cent, picking up in the summer months to about 60 per cent, being of course very much lower in the winter.

The BOAC statement read:—

"BOAC is to withdraw its twice-weekly Comet jet services to the east coast of South America at the beginning of October. The last service from London will leave on October 1. This decision follows BOAC's announcement in July that it would withdraw from the route unless it received a request to continue operations at the Government's expense. "BOAC has taken this action because of losses on the route and because it sees no hope that the route can earn enough profit in the foreseeable future to justify the investment in aircraft, organization and staff. Since opening the present services with Comets in 1960, BOAC has made a determined effort to make the route pay, and has established