



Autair International's first BAC One-Eleven 400 (G-AVOF, "Halcyon Breeze") taxis in at Luton Airport for the official handing-over earlier this month. One of Autair's HP Heralds is in the background

AIR TRANSPORT...

persuade the ATLB not to admit the exhibits introduced by BOAC at a late stage in the proceedings was described by Mr Forrest as "outrageous." Both Mr Bebchick and Mr P. Webster, QC, for British Eagle, seemed to agree that much of the material was irrelevant to BOAC's objections, but the ATLB accepted the exhibits with a reminder that they would disregard any irrelevancies. Mr Forrest thought the material relevant as a rebuttal to the others' evidence.

Mr Webster, in cross-examination of Mr Forrest, asked whether it was not so that, although BOAC's western region appeared less profitable than the other regions, some of the routes in that region were a good deal less profitable than that between the UK and the East Coast of the USA. Mr Forrest could only be certain of one route that was less profitable, but he agreed that BOAC's South American services were included in this region.

With regard to BOAC's own performance in the UK/USA charter market, said Mr Webster, should not BOAC have taken the comparison in its exhibit as far as 1967? This would have reflected a sharp drop in that year. Mr Forrest pointed out that scheduled services had expanded at that time, but Mr Webster thought that this expansion was not on the London-New York route.

There was some difficulty and embarrassment in the British Eagle ranks, said Mr Webster, at receiving BOAC's revision of their projected financial results only on the penultimate day of the hearing. As he later remarked in his summing-up, the relevant material for compiling it had been available throughout, and its late appearance betrayed a lack of confidence on the part of its sponsor. While he agreed with BOAC's figure of 6 per cent for the effect of pro-rate absorption, it was irrelevant to apply it to the British Eagle figures, since their seat-unit rate overall was a very conservative one. Their seat yield was about £6, some 10 per cent lower than Caledonian's and—if only one could know the exact figure—probably lower than BOAC's. He hoped the ATLB would get the figure from BOAC before deciding the issue. The Corporation's document purported to show that London-New York operations were not really profitable, and this was a questionable conclusion. "Can you make a profit?" he asked. BOAC was not proposing exactly to withdraw from the route, Mr Forrest admitted.

Commercial Secrecy

Mr Bebchick, cross-examining, considered that Mr Forrest had been ill-advised to dwell on the near-merger of Pan American and TWA. If he had read TWA's 1963 annual report, he would have seen that it was the airline's economic recovery that had rendered a merger unnecessary.

Several attempts were made to get BOAC to disclose its future plans, its estimates of capacity increase in 1968-70, and its projected load factors. Without these, said Mr Bebchick, it was impossible to check the validity of BOAC's remarks about the applicants' figures. But Mr Forrest pleaded commercial secrecy in the face of his potential competitors, and offered to give the information to the ATLB in confidence. Likewise, Mr Bebchick wanted BOAC's route-by-route experience of pro-rate figures, but Mr Forrest said that there were no figures; he agreed that, as a result, no other routes could

be compared to find out whether the 6 per cent figure was generally applicable.

Summing up, Mr Forrest said that, although at first the outcome of the hearing had seemed almost a foregone conclusion, and BOAC had been preparing accordingly to fight it on appeal, as things progressed the likelihood of an appeal had receded and BOAC had become more hopeful. The prognostications of traffic were not disputed by BOAC; but if the ATLB was satisfied with the applications on traffic grounds, then it became all the more important to look at the applicants' finance and resources. Eagle, he noted, had had no support from the Governments of either Bermuda or the Bahamas, and the airline's charter licence to serve the Caribbean would play havoc with its proposed scheduled services. Neither applicant had the necessary resources for the proposed operations, or sufficient finance. Their charter operations would suffer as a result. Caledonian had added as an afterthought that other British charter companies could step into the breach, but "Caledonian's manoeuvres lead me to believe that this BOAC point has gone well and truly home."

Policy Decisions

British Eagle had overestimated its profits, and the support of its merchant bankers was subject to the accuracy of the financial forecasts. Caledonian had promised of a further £3 million capital, to make a total of £3.75 million; one had only to compare this with the resources of its potential competitors to see the inadequacy.

While both Mr Forrest and Mr Webster agreed that the ATLB was entitled to take Government policy into account in arriving at its decision, Mr Webster thought that this could only be done if it was treated as expert opinion, in the way that, for example, CAB policy decisions might be considered; the question was how much expertise was actually employed in arriving at Government policy. There was proof that double-designation generated traffic, and evidence had been given as to the greater effectiveness for the national effort as a whole that was provided by two sales organisations.

When deciding which applicant to licence, said Mr Webster, the ATLB should ask themselves: "Which operator will sell as many seats as possible?" The answer depended on the marketing organisation and the technical efficiency of the airline. Precise details of Caledonian's financial arrangements had not been produced in open court; furthermore they had only a small sales force, and technical personnel numbered only 50.

Mr Bebchick said that Mr Forrest had claimed that Caledonian should not be allowed to carry mail, but this was not in issue as BOAC had not entered an objection on this score. Nevertheless, Caledonian's projected mail-carrying activity would certainly not result in a material diversion of mail from BOAC. But for his main attack he returned to BOAC's poor performance on the North Atlantic and its "withdrawal from West of Manhattan." The corporation had given no indication of its future plans, no hope that the trend would be reversed. He spoke of the benefits of multiple designation—multiple because a third US carrier would be appearing, on Miami-London, soon. "This," he told the ATLB, "is your last chance to licence a second British carrier. In five years' time you won't be able to do it; no one will be able to enter without SSTs, so the market will become impenetrable." One could either get into the market now and make the transition, or else forget about it for all time.