Laker has no loan-repayment problem

"THERE is no High Noon situation"
a Laker spokesman tells Flight, ex-
plaining the airline's view that the
Press has gone overboard recently in
reports of Sir Freddie Laker's loan-
rescheduling discussions with the US Eximbank.

The airline can meet all planned interest and capital repayments, Laker insists, but is trying to find ways of knocking the peaks off variations in his sterling repayments caused by dollar/pound value fluctuations. The proposed solution is a "release and re-capture" clause to be written into loan agreements, which would allow deferment of instalments until ster-ling rises or the dollar falls. Interest would accrue in the meantime, but Sir Freddie calculates that he could save money this way and would not have to dig into his £18 million cash
reserves.

The original 30-day deferment granted by Exim on a $6 million in-terest repayment to banks and the US Private Export Funding Corp (Pefco), has just been extended for another 30 days. This proves Laker says, that no-one is worried about his ability to pay up. In any case, the discussion on release and recapture will continue. Exim is guarantor for this particular $75 million loan, which helped Laker buy five DC-lOs. The airline has loans of £130 million in all, the remainder from four further sources which include two in-ternational banks and two finance organisations. Loans for Laker's first three Airbus A300s stand at $31 mil-

lion, and he has completely paid off his first six DC-lOs. Deliveries of the remaining seven ordered A300s are spread over the next four years. The Press reports which have particularly annoyed Laker suggest that the UK Trade Department, the Bank of England, and even Prime Minister Margaret Thatcher have been putting pressure on the US lenders to help "save" his airline. He denies this, and the need for it. It is possible that the Bank of England may have been a party in Laker's loan rescheduling negotiations, because for the last 18 months it has offered a forum for discussion between com-panies and bankers, the intention of which is to "discourage precipitate action which might damage perfectly viable companies." The Bank's Indus-try and Finance Division describes its role as that of a "referee or umpire," and says that it does not give forum-users' names because no-one would then make use of the service.

Laker's spokesman responded with enthusiasm to a question about how business is going right now. "Our aeroplanes are virtually full on all the routes . . . our operations are very profitable. All five Airbuses we'll have by next year are already fully com-mitted."
The Airbus fleet is all for charter work on which DC-lOs were used be-fore. The DC-lOs are now busy on the transatlantic routes, and the A300s are more efficient for European charter work. To suggestions that it will soon have a surplus of Airbuses, the Laker

response is that by 1984 there will be wide cracks in continental resistance to new, cheap schedules, and the air-line will be right in there.
Laker's new Regency Class fares, which are about a third of its main competitors' first class fares, have now been approved by the UK Civil Avia-tion Authority. The airline points out that none of the other carriers' pro-posed new low business-class and tour-ist fares have yet been approved, and Laker is opposing their approval on the grounds that, for British Airways, Pan Am and TWA, they are not cost-related. Laker's Regency Class ser-vice, starting November 1, is reckoned to compare with first-class service in all main respects other than the pro-vision of airport first-class lounges; and these may be provided in due course, Laker's spokesman says.
A final affirmation of present confi-dence: "Laker has never made a loss. We are no two-bit operator with no reserves."

• The UK's Export Credit Guarantees Department tells Flight that an inter-national agreement to increase export credit interest rates from about 8*2 per cent to between 10 and 11-25 per cent should be ratified any minute now. In talks held through the Paris-based OECD (Organisation for Econo-mic Co-operation and Development), 21 out of 22 countries have agreed to support this move, which would be-come effective possibly in mid-Novem-ber this year for new borrowers. Only Japan's decision is awaited.

British Airways plans to cut staff pensions
AS part of British Airways' survival
plan, the airline proposes to cut £14
million from its annual £67 million
staff pension contributions by reduc-
ing pensions by about £2,000 a year.
Already strong union opposition has been expressed. One official—a mem-ber of the special committee set up to fight the proposed plan—said "If this scheme goes ahead it will grind the airline to a halt. We are not having it and we are setting up a mas-sive campaign to fight the proposals.

Under no circumstances will we have pensions eroded."
BA staff were warned in September that in addition to imposing a 12-month wage freeze, the airline would negotiate ways of reducing its share of the cost of staff pensions. The new scheme means that employees will lose the equivalent of the State pen-sion, about £2,000, which is not inte-grated into BA's pension, and they will have their individual pension contributions reduced by about £150

per annum, depending on varying rates of pay. British Airways says that if this is approved the new con-tributions will probably take effect in three years' time. But the airline's staff will continue to receive index-linked pensions, like the Civil Service. Last year the carrier contributed £67-7 million to its pension fund, while BA staff contributed £25-5 million. British Airways' pension fund was valued at £948 million on March 31 this year.

THE death of World Airways' stewardess Karen Williams, who was trapped in a DC-10 service lift, has prompted the US National Transporta-tion Safety Board (NTSB) to recom-mend a mandatory redesign of flight attendant elevators.

During a World Airways' Baltimore-Gatwick flight, the stewardess became trapped between the top of a food cart and the top of the lift doorway, while attempting to remove the cart from the elevator in the lower galley. A preliminary medical investigation states that Karen Williams died of a heart attack.

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Safety update •. •

The NTSB has now recommended that the Federal Aviation Administra-tion should instruct US airlines to make circuitry changes which would stop cabin crew from using the eleva-tor without verbal confirmation that all personnel in the lower galley are clear. It also advises a redesign of elevator doors and frames to relocate the interlock switches to a position well clear of food service carts. And the NTSB says that all the crew must

understand the elevator systems. The Association of Flight Attend-ants requested Government action on elevator systems in 1973 following two similar accidents. In 1979 McDon-nell Douglas advised that the electrical interlock (designed to pre-vent such accidents) had failed twice, owing to contamination by liquids, and recommended installation of hermetically sealed switch mechan-isms. World Airways had complied with McDonnell Douglas' instructions. The NTSB says this "further exempli-fies the extreme hazard of this situa-tion."

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