WORLD NEWS

Bermuda II

clears way
forBA

LONDON ~

The UK Department of
Transport has announced
that British Airways will be
privatised "in the early weeks
of 1987".

The latest hold-up was
caused by uncertainty over
the Bermuda II negotiations
between the UK and the USA.
This was resolved to the
Government's satisfaction
last Tuesday. Annex II
covering capacity, the section
of the treaty under discussion,
has been renewed with built-
in safeguards for British car-
riers which, the DoT says, will
"prevent US airlines from
dumping spare capacity on
the North Atlantic".

The new wording limits any
one airline's capacity on the
route to a set proportion of the
total mounted by the com-
petition. It follows broadly the
lines of the expired annex, but
with the following changes,
which apply to all UK and US
airlines operating across the
Atlantic:

• Airlines are entitled to a
daily transatlantic frequency
as of right.
• An airline on any route can
operate up to 150 per cent of
the subsonic frequencies of
carriers on the other side.
This should effectively keep a
curb on frequency increases.
• If there is no agreement on
the 150 per cent rule, an auto-
matic fallback applies: each
airline can add up to 30 flights
to its summer schedule and 20
over the winter period. Under
the old rules the limits were 20
and 15 respectively.
• The agreement lasts at
least three years and is subject
to 12 months' notice of termi-
nation from either side. This
provides the stability the UK
Government was looking for,
to encourage potential inves-
tors in BA.
Bermuda II was the latest
in a series of setbacks for
British Airways. Earlier
flotation dates were post-
poned because of pending
anti-trust litigation over
alleged malpractice by BA
and other airlines when
Laker Airways went out of
business.

BA was in danger of miss-

BA should be launched on the stock exchange within months

ing its slot in the Govern-
ment's privatisation pro-
gramme. It now has to follow
British Gas, which is expected
to be sold in November. It was
vital to complete the sale of
the airline before the next
general election, which would
be any time after the Budget,
in March 1987.

Spain
fights for
equality
LONDON

Spain has given the UK
Government six months
notice of the end of the bilat-
eral air services agreement
after months of fruitless nego-
tiations. A new agreement will
have to be drawn up by March
next year, or flights between
the two countries will be
grounded.
The Spanish have been

complaining about the imbal-
ance in traffic between the
two countries since March
1985. More than 80 per cent of
passengers on UK-Spain
routes are carried by UK
airlines, Iberia says. The air
services agreement (ASA)
dates from the 1950s, and
covers only scheduled flights,
while the majority of pas-
sengers go by charter flights.

Spain wants charter
services to fall under the
umbrella of the ASA, to
reflect the actual market, and
is seeking new legislation to
go some way to restoring the
balance.
British charter airlines
have seen trouble looming
over charter rights for some
time, and many of them have
applied for and won scheduled
licences as a safeguard.
British Airways, British
Caledonian, Air Europe,
Britannia, Orion, and Dan-
Air all have scheduled licences
to Spain, although some are
unused, whereas only Iberia
flies scheduled services into
the UK.

Israel asks

USA for Nato-

type status
TEL AVIV

Israel will be able to bid for
maintenance contracts for
US Air Force and Army
aircraft in Europe if it is
successful in obtaining the
status of a major non-Nato
ally. Israeli Defence Minister
Yizhak Rabin has discussed
the change of status in his
talks in Washington, which
began on September 10,
reports Arie Egozi.
The US Administration
told Rabin that it will seri-
ously consider Israel's request
for a change of status. After
meeting US Defence Sec-
retary Caspar Weinberger and
Secretary of State George
Schultz, Rabin said that he
was not promised anything.
Israel wants to ease the
burden of its defence budget
by being able to purchase US-
made arms on the lower terms
that are common within the
Nato framework. In addition,
Israel wants to be able to
participate in bidding for the
contracts issued by the US
forces in Europe for aircraft
maintenance.

Rabin also asked the
Pentagon to consider the lease
of Bell AH-1 Super Cobra
attack helicopters to Israel.

MDC and

Airbus speak
in unison
TOULOUSE

McDonnell Douglas and Air-
bus co-operation is not dead
yet (see page 4). The two have
sent out simultaneous and
identical telexes "to set the
record straight", saying "dis-
cussions on possible cross-
co-operation have, as yet,
proved inconclusive". They
add, interestingly, "McDon-
nell Douglas would like to par-
ticipate with Airbus on the
A330".

Up to now talk has been on a
combined long-range aircraft,
either the A340 or MD-11.
"The major problem remains
with the A330/A340 com-
bined strategy against the
MD-11 family," the manufac-
turers add.

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