

USA and Australia settle route dispute

BY PAUL PHELAN
IN CAIRNS

Australia and the USA have reached agreement on the year-long battle over Australia-Asia-US route rights. The deal is expected to be formalised by 31 January.

Two US-designated carriers may now each fly three services weekly between Japan and Australia, while Australia has US approval to fly an equivalent number of services from Asia to the USA.

The agreement, however, does not provide automatic access for Australian carriers to Japan-USA routes. Australia has

no traffic rights as yet between Japan or any other Asian country and the USA, and an airline source in Japan says that an application for such rights would be vigorously contested by Japanese carriers.

"It's a deal that's been made on paper, to give a paper balance," says the source.

The Australian rights, subject to approval of the country concerned, would also allow Australian carriers to fly to the USA from Hong Kong, Seoul, Taipei, or "one other point" in an Asian country.

The deal provides for:

- removal of the former restriction guaranteeing US carri-

ers eight weekly services on the North Pacific route between the USA and Australia as a pre-requisite to the first Australian service between Asia and the USA;

- a designation cap of two carriers on the USA-Asia-Australia route for Australia and two for the USA;

- a maximum start-up capacity for each carrier on the routes of three services weekly;

- one additional weekly service for Australia from Hong Kong, Seoul, Taipei "or one other point", to one or more of Australia's unused primary US gateways;

- growth on the route to be subject in each case to performance criteria based on the carrier achieving a 70% load factor and a minimum of 55% through traffic between the USA and Australia;

- approval for Australian carriers to use Mexico as a stopping point, either as an extension of Australia-USA services or *en route* to the USA from Australia;

- removal of several of the existing US restrictions on Australia's "beyond rights" to Can-

ada, the UK and Europe;

- Permanent route licences issued by US authorities to Qantas, removing a long-standing requirement for re-application every six months.

Australian aviation minister Bob Collins' office says that the agreement puts Australia in a position to negotiate with other Asian countries, "...where they can get something in return", but admits that Japan-USA rights would be a problem.

"We're not under any illusions. It's difficult, as the US carriers have found themselves, within the existing agreement. We will be negotiating with Japan this year, however, and that's one of the things which will be on the table," it says.

The agreement does not remove the 50% upper limit on Japan-Australia passengers, imposed by the Japanese Government on Northwest Airlines, which has accepted the ruling. Northwest's permit to operate has been reviewed monthly by Japan. United Airlines, which had been subjected to the same limit by Tokyo, has not yet accepted the condition or taken up the route. □

BA plans to double cargo capacity

British Airways has unveiled plans to double its cargo-handling capacity at London Heathrow to 1 million tonnes a year by 2000.

The airline's proposed new cargo centre will be able to handle New Large Aircraft types. Its commitment to massive investment on the site also ends the notion that it has been tentatively floating the idea of a new parallel runway on Heathrow's south side.

Airport operator BAA has approved the plan in principle. Final BA board approval is expected by the end of 1994, with phase-one construction starting immediately approval is given.

The plan involves £150 million being spent on completely re-building BA's present cargo centre on Heathrow's south side. The ground area covered by the new centre will increase from the present 45,000m² (485,000ft²) to 60,000m².

BA's cargo centre today handles 450,000t a year, but the airline predicts a demand for 800,000t a year by 2004. There is no intention, says World Cargo managing director Kevin Hatton, for BA to invest in any pure freighters for its fleet.

Demand which cannot be accommodated by belly-hold

capacity will continue to be provided by chartering *ad hoc* freighter capacity.

Building-design improvement and installation of the latest handling equipment will increase the efficiency of the new centre by more than 50% per unit of floor area, according to Hatton.

Phase one of the new development will be complete by the end of 1996 with the second and third (final) phases completed in 1998 and 2000, respectively. Meanwhile, a £3 million investment is being made to improve efficiency at the existing centre. □

Hatton: no plans for pure freighters



Czechoslovak prepares salvage plan

Czechoslovak Airlines (CSA) has prepared a crisis re-structuring programme and appointed a new president in an attempt to resolve its mounting financial problems.

The plan includes re-structuring of the flag-carrier's management and route network and re-negotiation of leasing agreements on CSA's five Boeing 737s and four ATR 72s, as well as the leases on two Airbus A310s which have been blamed for substantial losses, despite 70% load factors (*Flight International*, 22 December-4 January, 1994).

The salvage plan was drafted in co-operation with the Czech transport ministry, following a shareholders' meeting on 20 December, and it is to be put forward for approval at an extraordinary general assembly

on 6 January.

Government estimates of the company's 1993 losses stand at over CKr1 billion (\$33.6 million). The international partners in CSA — Air France and the European Bank for Reconstruction and Development, both 19.1% shareholders — have claimed that their stock was overvalued in the original 1992 deal to partially privatise the airline.

CSA says that discussions on the valuation continue, but points out that the investment agreement forbids the partners to sell their stock before 1999. Air France confirms that it has no intention of withdrawing from the joint venture.

Former CSA president Jiri Fiker has been replaced by Antonin Jakubse, once CSA's representative in Toronto. □