

ROD EDDINGTON SPEECH TO IAC

WASHINGTON : 20JAN04

GOOD AFTERNOON LADIES AND GENTLEMEN, AND THANK YOU CHARLES FOR YOUR MOST GENEROUS INTRODUCTION.

I'M GRATEFUL FOR THE OPPORTUNITY TO ADDRESS YOU AT YOUR FIRST MEETING IN 2004.

TODAY I'D LIKE TO GIVE YOU A EUROPEAN PERSPECTIVE ON HOW WE ARE RESPONDING TO THE CONSIDERABLE CHALLENGES FACING OUR INDUSTRY, AND THEN GO ON TO TALK ABOUT SOME OF OUR ASPIRATIONS FOR THE FUTURE.

THE OPERATING ENVIRONMENT FOR THE SO-CALLED LEGACY CARRIERS HERE IN THE USA HAS BEEN PRETTY BLEAK FOR A WHILE, GOING BACK EVEN BEFORE 9/11.

WELL, IT'S NOT BEEN A BED OF ROSES IN EUROPE EITHER.

MANY OF THE ISSUES ARE THE SAME AS WE FACE HERE IN THE USA - HOWEVER THE IMPACT HAS IN MANY INSTANCES BEEN WORSE FOR BRITISH AIRWAYS, AS WE ARE A PREDOMINATELY INTERNATIONAL BUSINESS.

9/11 HAD A DISPROPORTIONATELY NEGATIVE IMPACT ON BA COMPARED TO OTHER EUROPEAN CARRIERS, GIVEN THE IMPORTANCE TO US OF OUR TRANSATLANTIC BUSINESS.

THE IRAQ WAR FORCED THE SUSPENSION OF SERVICES TO THE MIDDLE EAST, AND HIT OUR MARKETS THERE VERY HARD.

SARS AND THE BALI BOMBING CARVED A DEEP HOLE IN OUR BUSINESS IN ASIA.

THE ONGOING SECURITY ISSUES CONTINUE TO ACT AS A DISINCENTIVE FOR CUSTOMERS TO FLY WITH US.

AND THE GENERAL ECONOMIC CLIMATE POST 9/11 HAS NOT BEEN STRONG, PARTICULARLY IN THE FINANCIAL SECTOR WHICH HAS BEEN SUCH AN IMPORTANT PART OF OUR BUSINESS.

WE HAVE ALSO HAD TO COMPETE AGAINST AGGRESSIVE GROWTH IN OUR SHORT-HAUL MARKETS FROM THE NO-FRILLS SECTOR, WHICH IN EUROPE HAD ITS BIRTH IN THE BRITISH ISLES, AND IS NOW SPREADING ACROSS THE WHOLE OF EUROPE.

I'M SURE ALL THIS SOUNDS VERY FAMILIAR TO YOU - WHAT IS DIFFERENT IN EUROPE HOWEVER IS THE MANNER IN WHICH WE HAVE RESPONDED.

THE SINGLE MOST IMPORTANT DIFFERENCE IS THAT WE HAVE HAD TO RELY ON SELF-HELP.

ACROSS THE EUROPEAN UNION THERE HAS BEEN A POLICY OF NO STATE AID TO AIRLINES THAT GOES BACK TO BEFORE 9/11.

AS A CONSEQUENCE WE HAVE HAD TO DEAL WITH THE FINANCIAL IMPLICATIONS OF OUR RECENT DIFFICULTIES OURSELVES.

THOSE AIRLINES WHO COULDN'T ADJUST TO THE CHANGED MARKET CONDITIONS, SUCH AS SABENA AND SWISSAIR, WENT BROKE, AND WERE REPLACED BY NEW, SMALLER BUSINESSES.

IT'S BEEN A VERY DIFFERENT PICTURE HERE IN THE USA, WHERE YOU DON'T NEED ME TO DETAIL FOR YOU THE FINANCIAL ASSISTANCE RECEIVED BY BOTH LEGACY AND NO FRILLS CARRIERS, SUCH AS CASH INJECTIONS, SECURITY FUNDING, TAX BREAKS, LOAN GUARANTEES, INSURANCE COVER AND RELIEF FROM PENSION OBLIGATIONS.

LET ALONE THE ADVANTAGEOUS RESTRUCTURING OPPORTUNITIES PROVIDED BY THE CHAPTER 11 FACILITY.

IN EUROPE ITS A VERY SHORT LIST.

SOME GOVERNMENTS ( INCLUDING THE BRITISH ) DID, WITH THE ENDORSEMENT OF THE EUROPEAN UNION, COMPENSATE THEIR CARRIERS FOR THE REVENUE LOST WHEN TRANSATLANTIC FLYING WAS GROUNDED IMMEDIATELY POST 9/11.

AND GOVERNMENT SUPPORT FOR WAR RISK INSURANCE WAS PROVIDED FOR A SHORT TIME UNTIL THE MARKET WAS ABLE TO REASSERT ITSELF.

AND THAT WAS IT.

WE HAVE FUNDED ALL ADDITIONAL SECURITY MEASURES OURSELVES, INCLUDING FOR EXAMPLE THE FITTING OF STRENGTHENED COCKPIT DOORS, AT A COST OF \$180M PER ANNUM.

WE PAY INSURANCE AT MARKET RATES.

WE HAVE HAD NO TAX BREAKS

WE HAVE HAD NO RELIEF ON OUR CONSIDERABLE PENSION OBLIGATIONS - IN FACT QUITE THE REVERSE - WE HAVE RECENTLY HAD TO INCREASE OUR ANNUAL CONTRIBUTION TO OUR PENSION PROGRAMMES BY AN ADDITIONAL \$240M.

TO MAINTAIN OUR FINANCIAL VIABILITY WE HAVE HAD TO INTRODUCE A PROGRAMME OF DIFFICULT MEASURES ON BOTH THE COST AND REVENUE SIDES OF OUR BUSINESS.

THE IMPLEMENTATION OF THIS PROGRAMME, CALLED FUTURE SIZE AND SHAPE, WILL BE COMPLETED THIS YEAR.

IT HAS INVOLVED SIGNIFICANT CUTBACKS IN CAPITAL EXPENDITURE, IN CAPACITY AND IN EMPLOYEE HEADCOUNT - 13,000 WILL HAVE LEFT THE COMPANY IN THIS PERIOD.

WE HAVE INCREASED AIRCRAFT UTILISATION AND EMPLOYEE PRODUCTIVITY.

WE HAVE NOT BEEN RELUCTANT TO LEARN FROM OUR NO FRILLS COMPETITORS, AND HAVE STRIVEN HARD TO DRIVE COMPLEXITY FROM OUR BUSINESS.

WHAT WE HAVE NOT DONE, HOWEVER, IS TO COMPROMISE ON OUR PRODUCT FOR OUR CUSTOMERS

IN FACT WE CONTINUED TO ROLL OUT THE VERY POPULAR CLUB WORLD PRODUCT WITH ITS FLAT BED ACROSS OUR LONG HAUL NETWORK DURING THIS PERIOD, INCLUDING OUR 3 DAILY FLIGHTS FROM WASHINGTON - I HOPE MANY OF YOU WILL HAVE THE OPPORTUNITY TO EXPERIENCE IT.

IMPLEMENTING FUTURE SIZE AND SHAPE HAS NOT BEEN EASY, AND WE HAVEN'T ALWAYS BEEN ABLE TO GET IT RIGHT - WE TOOK A SHORT BUT DAMAGING STRIKE BY CHECK-IN AGENTS LAST SUMMER THAT COST US \$70M.

HOWEVER THE NET EFFECT IS THIS - OUR ANNUAL REVENUES HAVE SHRUNK FROM \$16BILLION PRE-9/11, TO \$13.5 BILLION THIS YEAR.

BUT OUR COSTS HAVE SHRUNK BY OVER \$2.5 BILLION PER ANNUM, AND OUR CASH POSITION IS GOOD.

HOWEVER PROFITABILITY HAS NOT YET BEEN RESTORED TO AN ACCEPTABLE LEVEL.

GIVEN THE CONTINUING PRESSURE ON REVENUES, WE ARE GOING TO HAVE TO MAKE FURTHER CHANGES TO OUR BUSINESS TO ENSURE ITS LONG TERM SUSTAINABILITY.

BUT LET ME SAY THAT I AM NOT COMPLAINING.

FRANKLY I PREFER TO OPERATE MY BUSINESS IN A COMPETITIVE INTERNATIONAL MARKET, FREE OF OBLIGATION TO GOVERNMENTS, WITH NO SAFETY NET IN THE EVENT OF FAILURE - IT'S A GREAT INCENTIVE - ADAPT OR DIE.

THE ALTERNATIVE OF RUNNING A PIECE OF PUBLIC TRANSPORT INFRASTRUCTURE ON BEHALF OF MY GOVERNMENT, WITHOUT BEING ABLE TO GO BROKE EVEN IF I DESERVED TO, WOULD HOLD LITTLE APPEAL TO ME, OR I SUSPECT, MY SHAREHOLDERS.

.....

ENOUGH OF THE PAST - LET ME TURN TO THE ISSUES WE SEE FACING US GOING FORWARD.

THERE ARE SOME SIGNS OF A GLOBAL ECONOMIC RECOVERY - BUT THE SIGNALS ARE MIXED.

WE'RE MOVING OFF A VERY LOW BASE THOUGH, AND WE'RE A LONG ,LONG WAY FROM THOSE HALCYON DAYS OF THE MID-90S - IN FACT I DOUBT THEY WILL EVER RETURN.

THE PRICING TRANSPARENCY OF THE INTERNET, NO FRILLS COMPETITION, AND STRICTER CORPORATE TRAVEL POLICIES, WILL WORK AGAINST THE RESTORATION OF OUR YIELDS TO LEVELS WE HAVE PREVIOUSLY ENJOYED.

WE ARE ALL GOING TO HAVE TO MATCH OUR BUSINESS MODELS TO THE NEW MARKET REALITIES OF LOWER YIELDS FOR THE FORESEEABLE FUTURE.

THE OTHER UNCOMFORTABLE REALITY WE HAVE TO DEAL WITH IS THE SECURITY ENVIRONMENT WE FIND OURSELVES IN POST 9/11.

NO-ONE CAN PRETEND IT IS EASY TO GET THE BALANCE RIGHT BETWEEN, ON THE ONE HAND, PROTECTING OUR CUSTOMERS AND EMPLOYEES FROM TERRORIST ATTACK, WHILE ,ON THE OTHER, RESPECTING THEIR DESIRE TO GO ABOUT THEIR BUSINESS WITHOUT UNNECESSARY HINDRANCE.

OUR INDUSTRY IS TOO IMPORTANT A DRIVER OF ECONOMIC ACTIVITY, PARTICULARLY FOR REGIONAL DEVELOPMENT, FOR IT TO BE THE VICTIM OF THE TERRORISTS' GOALS.

WE HAVE TO WIN THROUGH THIS WAR ON TERROR, AND CONVINCING OUR CUSTOMERS THAT THEIR TRAVEL WILL BE SAFE, SECURE AND HASSLE-FREE.

WE AT BRITISH AIRWAYS ARE 100% SUPPORTIVE OF THE EFFORTS BEING MADE BY GOVERNMENTS ALL AROUND THE WORLD TO ACHIEVE THIS GOAL.

WHAT WE DO ASK FOR, THOUGH, IS MORE CO-OPERATION AND CONSULTATION BETWEEN GOVERNMENTS.

TERRORISTS AND AIRLINES HAVE ONE THING IN COMMON - THEY BOTH OPERATE GLOBALLY.

WE NEED AN INTERNATIONAL APPROACH TO AN INTERNATIONAL PROBLEM IF WE ARE TO BE SUCCESSFUL.

THIS IS ESPECIALLY TRUE BETWEEN THE USA AND EUROPE.

WE BOTH SHARE THE SAME OBJECTIVES. WE BOTH HAVE SIMILAR CAPABILITIES. AND WE CAN BOTH LEARN FROM EACH OTHERS' DIFFERENT EXPERIENCES OF DEALING WITH TERRORISM.

WE UNDERSTAND THAT IT IS SOMETIMES IMPERATIVE FOR ONE PARTY TO ACT UNILATERALLY TO ENSURE THAT AN IMMEDIATE THREAT CAN BE COUNTERED.

HOWEVER A UNILATERAL IMPOSITION OF LONGER TERM SECURITY MEASURES CAN BE COUNTER-PRODUCTIVE.

THE RECENT EXAMPLE OF THE NEGOTIATIONS BETWEEN THE EU AND USA FOR THE PROVISION OF PNR DATA SHOWS HOW CONSULTATION AND COOPERATION CAN PRODUCE A PERFECTLY ACCEPTABLE RESULT.

HOW MUCH BETTER, AND QUICKER, IT WOULD HAVE BEEN IF A JOINT APPROACH TO THE PROBLEM HAD BEEN ADOPTED FROM THE OUTSET.

LOOKING FORWARD, THERE ARE A NUMBER OF SENSITIVE ISSUES FACING US, SUCH AS THE PROVISION OF SKY MARSHALLS ON NON-US CARRIERS, AND THE REQUIREMENT FOR BIOMETRIC DATA ON PASSPORTS.

THESE ARE SURELY BEST TACKLED BY A CO-OPERATIVE DIALOGUE RATHER THAN BY EXTRA-TERRITORIAL IMPOSITION.

AS PIGGIES IN THE MIDDLE OF THESE PUBLIC DEBATES, WE FIND OUR CUSTOMERS ARE ALL TOO OFTEN DETERRED FROM FLYING BY THE MEDIA COVERAGE SURROUNDING THE ISSUE, AS MUCH AS BY THE TERROR THREAT ITSELF.

THE COST IMPLICATIONS OF LAYERING ADDITIONAL LEVELS OF SECURITY ONTO EXISTING MEASURES IS ALSO A DELICATE JUDGEMENT.

IN THE USA YOUR GOVERNMENT HAS ACCEPTED THE ARGUMENT THAT TERRORIST ATTACKS ON AIRCRAFT ARE IN EFFECT ATTACKS ON THE STATE.

IN MAKING TRADE-OFFS BETWEEN THE BENEFITS OF ADDITIONAL SECURITY MEASURES AND THE COST OF PROVIDING THEM, IT HAS ASSUMED ITS RESPONSIBILITIES IN PROVIDING THE NECESSARY FUNDING.

THIS IS NOT THE SITUATION IN EUROPE, WHERE ALTHOUGH THE EUROPEAN UNION IS SYMPATHETIC TO THE SITUATION, MANY MEMBER STATES ( INCLUDING BRITAIN ) ARE STRONGLY OPPOSED TO FULLY FUNDING ANY ADDITIONAL SECURITY MEASURES.

ALTHOUGH WE AT BRITISH AIRWAYS HAVE ABSORBED THE ADDITIONAL COSTS INCURRED TO DATE, THE PROSPECT OF FUNDING SOME OF THE ADDITIONAL MEASURES THAT ARE IN PROSPECT, SUCH AS ANTI -MISSILE DEVICES, IS DAUNTING TO SAY THE LEAST.

RECOUPING SUCH COSTS FROM OUR CUSTOMERS IN HIGHER FARES WILL HARDLY BE AN OPTION WHEN OUR AMERICAN COMPETITORS HAVE NO SUCH NEED.

SECURITY FUNDING IS CLEARLY AN AREA WHERE WE DO NOT HAVE A LEVEL PLAYING FIELD, AND COMPETITION IS DISTORTED.

PERHAPS, HOWEVER, WHEN ALL THE SECURITY HARDWARE AND SOFTWARE IS IN PLACE WE WILL SEE A SERVICE DIVIDEND FOR OUR CUSTOMERS AS THEY ARE ONCE AGAIN ABLE TO MOVE FREELY AND QUICKLY THROUGH OUR AIRPORTS.

.....

TURNING TO ANOTHER ISSUE, BACK IN BRITAIN THE GOVERNMENT HAS GOT TO GRIPS WITH THE AIRPORT CAPACITY ISSUE, AND IN ITS RECENT WHITE PAPER HAS PROPOSED THAT 2 NEW RUNWAYS BE BUILT IN THE SOUTH EAST OF ENGLAND, FIRSTLY AT STANSTED AND THEN AT HEATHROW.

NATURALLY WE APPLAUD THE HEATHROW DECISION, AND HAVE NO PROBLEM WITH FURTHER EXPANSION AT STANSTED AS LONG AS IT IS PROPORTIONATE TO THE NEEDS OF THE USERS OF THAT AIRPORT, AND IS FUNDED SEPARATELY.

THE GOVERNMENT HAS ALSO RECOMMENDED THAT A MIXED-MODE OPERATION BE CONSIDERED FOR HEATHROW WHEREBY AIRCRAFT COULD TAKE-OFF AND LAND ON THE SAME RUNWAY.

THIS COULD PROVIDE SIGNIFICANT MUCH-NEEDED EXTRA CAPACITY AT HEATHROW IN A MUCH SHORTER TIMESCALE THAN IT WILL TAKE TO BUILD A NEW RUNWAY, AND FRANKLY CAN'T COME SOON ENOUGH FOR US.

MANY OF YOU I KNOW HAVE FOLLOWED THE PART PLAYED BY HEATHROW IN BILATERAL NEGOTIATIONS BETWEEN BRITAIN AND THE USA OVER MANY YEARS - IN FACT I UNDERSTAND THAT WHOLE CAREERS HAVE BEEN BUILT ON IT!

YOU MAY MARVEL TO HEAR A CEO OF BRITISH AIRWAYS SAY THAT THE DAY CAN'T COME SOON ENOUGH WHEN HEATHROW IS NO LONGER A BONE OF CONTENTION BETWEEN US.

BUT THE TRUTH IS, OPERATING AN INTERNATIONAL HUB ON 40% OF A CONGESTED 2 RUNWAY AIRPORT IS NO JOKE, EITHER FOR US OR OUR CUSTOMERS.

BY MY MATHS OUR TOTAL HEATHROW OPERATION, THE CORE OF OUR BUSINESS, HAS TO OPERATE ON NOT MUCH MORE THAN TWO-THIRDS OF A SINGLE RUNAWAY.

AND THE OTHER ONE AND A THIRD IS FILLED BY OUR COMPETITORS - SO OUR OPERATIONAL FLEXIBILITY TO SCHEDULE FOR CONNECTIONS AND TO RECOVER FROM DISRUPTION IS EXTREMELY RESTRICTED.

MAINTAINING A HUB THAT WILL BE COMPETITIVE WITH PARIS, AMSTERDAM AND FRANKFURT WILL BE IMPOSSIBLE WITHOUT SOME GROWTH CAPABILITY.

THE HEATHROW ISSUE HAS ALWAYS BEEN ONE OF LACK OF CAPACITY RATHER THAN LACK OF COMPETITION. MIXED MODE AND THEN A 3<sup>RD</sup> RUNWAY IS THE MOST PRACTICAL SOLUTION.

WHICH BRINGS ME NEATLY ON TO THE QUESTION OF THE REGULATORY ENVIRONMENT IN WHICH WE OPERATE.

OUR VISION AT BA , AND IN FACT THE VISION OF THE ASSOCIATION OF EUROPEAN AIRLINES, IS TO MOVE FROM A BILATERAL WORLD IN WHICH TRAFFIC RIGHTS ARE TRADED BETWEEN SOVEREIGN NATIONS, TO A MULTILATERAL WORLD WHERE THERE ARE NO RESTRICTIONS ON WHERE AIRLINES CAN FLY.

REGULATION WOULD QUITE PROPERLY BE LIMITED TO THE AREAS OF SAFETY, SECURITY AND COMPETITION.

IT MAY SOUND LIKE PIE IN THE SKY, BUT IT IS HAPPENING IN OTHER SECTORS SUCH AS TELECOMS, FINANCIAL SERVICES AND INFORMATION TECHNOLOGY, SO WHY NOT AVIATION.

IT'S ALWAYS STRUCK ME AS IRONIC THAT AVIATION, WHICH FACILITATES TRADE BETWEEN NATIONS, IS STILL REGULATED BY RESTRICTED BILATERAL AGREEMENTS.

OF COURSE YOU CAN BLAME THE BRITS - YOU ENLIGHTENED AMERICANS DID WANT A MULTILATERAL REGIME AFTER THE 2<sup>ND</sup> WORLD WAR.

BUT IT WAS THOSE DAMNED BRITS ( I CAN SAY THIS BEING AN AUSSIE ! ) WHO HELD OUT FOR A BILATERAL APPROACH, AND WE'VE BEEN STUCK WITH THE CHICAGO CONVENTION EVER SINCE.

BILATERALS MAY HAVE SERVED THEIR PURPOSE WHEN COUNTRIES WERE BUILDING NATIONAL CHAMPIONS - BUT THEY DON'T FACILITATE THE NEXT STAGE WHICH IS THE EMERGENCE OF INTERNATIONAL BUSINESSES WITH GLOBAL NETWORKS.

THE FACT IS THAT ONLY UNDER A MULTILATERAL REGIME WOULD WE SEE THE EMERGENCE OF TRULY GLOBAL BUSINESSES COMPETING WITH EACH OTHER ACROSS MULTI-HUBBED GLOBAL NETWORKS, AND OFFERING THE INTERNATIONAL NETWORKS THAT TODAY'S INTERNATIONAL FLYERS WANT.

ALLIANCES HAVE GONE AS FAR AS THEY CAN IN MEETING THIS NEED, BUT TO COMPLETE THE PROCESS AND ACHIEVE THE COST SAVINGS THAT ARE AVAILABLE THROUGH CONSOLIDATION, LIMITS ON FOREIGN OWNERSHIP AND CONTROL NEED TO BE LIFTED.

THE CLEVERLY CRAFTED CORPORATE STRUCTURE PROPOSED BY AIR FRANCE AND KLM FOR THEIR MERGER DEMONSTRATES THE LENGTHS AIRLINES WILL HAVE TO GO UNDER THE CURRENT REGIMES TO PROTECT THEIR EXISTING TRAFFIC RIGHTS .

BUT IT IS CLEARLY NOT A MODEL WHICH WILL EASILY ALLOW THE ACHIEVEMENT OF THE BENEFITS WHICH SHOULD FLOW FROM SUCH A MERGER.

ACHIEVING THE VISION OF A DEREGULATED MULTILATERAL WORLD WON'T BE EASY OR QUICK. THE US MODEL OF OPEN SKIES HAS STRETCHED THE BILATERAL MODEL AS FAR AS IT CAN GO.

TO BREAK THROUGH INTO A MULTILATERAL MODEL WILL REQUIRE A GROUNDBREAKING AGREEMENT THAT HAS THE CAPABILITY OF TAKING THE REST OF THE WORLD WITH IT - AND BY FAR THE BEST HOPE FOR THIS IS THE CURRENT NEGOTIATION BEING CONDUCTED BETWEEN THE EUROPEAN UNION AND THE USA.

FOR THE FIRST TIME THE EU IS NEGOTIATING ON BEHALF OF ALL ITS MEMBER STATES. IT HAS A CLEAR MANDATE TO AGREE AN OPEN AVIATION AREA BETWEEN AND WITHIN THE EU AND USA.

THIS OPEN AVIATION AREA WOULD BE A SINGLE AVIATION MARKET WITHIN WHICH AIRLINES COULD OPERATE ANYWHERE THEY WISHED, AND WOULD BE FREE TO ACQUIRE OR MERGE WITH OTHER AIRLINES.

AFTER 2 CONSTRUCTIVE ROUNDS OF TALKS IT IS CLEAR THAT, ALTHOUGH THERE ARE SOME ISSUES WHICH WILL BE DIFFICULT FOR EACH SIDE, THERE IS A WILLINGNESS TO WORK TOWARDS A COMPREHENSIVE LIBERALIZED AGREEMENT.

THIS IS AN HISTORIC OPPORTUNITY WHICH MUST NOT BE MISSED.

WE CALL ON BOTH SETS OF NEGOTIATORS TO KEEP THEIR SIGHTS HIGH - MERELY EXTENDING THE US MODEL OF OPEN SKIES ACROSS THE REST OF THE EU WOULD BE JUST TO LIBERALISE ROUTINGS RATHER THAN DEREGULATE MARKETS.

IT WOULD CEMENT IN THE OLD BILATERAL MODEL FOR YEARS TO COME.

THE KEY IS TO TACKLE THE OWNERSHIP AND CONTROL RESTRICTIONS.

ONLY WHEN THEY ARE LIFTED WILL WE HAVE AN OPEN AVIATION AREA THAT IS WORTHY OF THE NAME, AND WHICH WOULD CREATE A TEMPLATE FOR THE REST OF THE WORLD TO FOLLOW.

TO DATE THERE HAS BEEN LITTLE ENTHUSIASM AMONGST INDUSTRY STAKEHOLDERS IN THE USA FOR THIS CONCEPT - UNDERSTANDABLE GIVEN THE OTHER PRIORITIES THAT HAVE CONFRONTED THE INDUSTRY HERE SINCE 9/11.

HOWEVER WITH AN IMPROVING ECONOMY AND THE INEXORABLE GROWTH OF NO FRILLS CARRIERS IN THE DOMESTIC MARKET, SURELY IT IS TIME FOR THE LEGACY CARRIERS TO LOOK FURTHER AFIELD FOR THEIR BUSINESS OPPORTUNITIES.

HISTORICALLY AMERICAN COMPANIES HAVE RELISHED OPENING UP IN INTERNATIONAL MARKETS .

TODAY NO-ONE SERIOUSLY QUESTIONS THE BENEFITS OF AMERICAN CAR MANUFACTURERS OPERATING IN OTHER PARTS OF THE WORLD, OR FOREIGN MANUFACTURERS BUILDING THEIR CARS IN THE USA.

THEY EACH OPERATE UNDER LOCAL REGULATIONS, EMPLOYING LOCAL LABOUR.

WHY SHOULD AIRLINES BE ANY DIFFERENT?

I SUGGEST THAT WE WOULDN'T BE - AND JUST AS DEREGULATION IN THE US DOMESTIC MARKET SPAWNED A WHOLE NEW SET OF PRODUCTS, FARES AND COMPETITORS, SO THE SAME WOULD HAPPEN IF ECONOMIC DEREGULATION WERE APPLIED TO THE EU/US AVIATION AREA - TO THE BENEFIT OF CONSUMERS, EMPLOYEES AND AIRLINES ALIKE.

WHAT HAVE WE GOT TO LOSE ?

THANK YOU - I'D BE PLEASED TO TAKE ANY QUESTIONS YOU MAY HAVE.

