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BRITISH AIRWAYS

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PRESENTATION : PUBLIC MEETING 24 FEBRUARY 1999

PRELIMINARY COMMENTS

FEDERAL AVIATION ADMINISTRATION

SECURITY PROGRAMME: FOREIGN AIR CARRIERS

NOTICE OF PROPOSED RULE MAKING

(DOCKET No FAA -1998-4758 Notice No 98-17) -14

Panel Members,

Ladies and Gentlemen my name is Iain Jack and I am Head of Security with British Airways. I am grateful for the opportunity to appear before you to-day, particularly as I am the first airline representative to do so. Mr Lord of the UK Department of Transport, Environment and Regions and Mr Hutcheson from the UK major airport operator; BAA, have already given you their views of the impact of what I will now refer to as the Hatch Act would have on the UK aviation industry and on operations at London's Gatwick and Heathrow airports, in particular.

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British Airways operates return services to the United States of America

from these airports, as well as from Manchester. In 1998 we had 4026 departures from Gatwick, 8757 from Heathrow and 367 from Manchester. However, as you have already heard from Mr Hutcheson, the major impact of the Hatch Act will be felt at Gatwick and Heathrow and I will give an estimate of that effect on British Airways later.

I believe that there are four issues of principle on which objections to the Hatch Amendment NPRM should focus.

The first of these is **constitutional.** I am not going to discuss this as I consider it to be an inter governmental matter in the first instance and I know that others will address issues related to international agreements whose principles are breached by this NPRM.

The next issue is that of **risk** in terms of the management of the threat to security of airlines operating from the United Kingdom. British Airways performs security measures in compliance with those required by the assessment of risk by the UK Government Regulatory Authority, counterparts to the FAA. However, we frequently exceed these requirements in pursuit of our primary corporate value to be a safe and

secure airline. For example, in the United States we do everything that is required by the FAA and more, but I will not go into detail in this public meeting for security reasons. You have heard from Mr Lord that the Hatch Amendment would result in the introduction of unnecessary and inappropriate measures which would not enhance and would be in fact prejudicial to aviation security and I support this view.

Practicability is the next issue and you have heard from Mr Hutcheson about the potential impact which the measures required of non US airlines departing from LGW and LHR would have.

I will discuss some of the consequences the Hatch NPRM on British Airways under the next issue of Cost. I should add that cost is never a determining factor in assessing the need for effective security measures by British Airways, but airlines were advised in Notice 98 - 17 which contains the NPRM provisions, that substantive comments should be accompanied by cost estimates. I can tell you that the capital and operating cost of compliance would be outweighed in scale and substance by far, by the consequences of terminal capacity losses which Mr Hutcheson detailed. Such losses could not be addressed in the short term; and the provision of

additional facilities, would be a difficult and costly exercise in itself. In the short term the provisions would limit capacity on offer to customers. Unit costs would increase, fares would rise and schedules would become less attractive, to the disadvantage of aircarriers and passengers alike. In our view none of these additional costs and losses would provided enhanced security for the travelling public.

Let me take you back to the potential outcomes and their consequences at Gatwick and Heathrow outlined by Mr Hutcheson and relate these to British Airways. I will focus on the loss of capacity, based on the details of which Mr Hutcheson provided, to illustrate the impact of this option of the Hatch Act on British Airways. In the scenario where trans Atlantic carriers sustained the loss of departures and consequential arrivals, British Airways US capacity at Gatwick would be cut by up to 33%. That is the equivalent to a reduction of 1340 services from a total of 4026 leaving 2786. The Heathrow picture is even more dramatic with a 39% reduction equivalent to 3477 services from a total of 8757 leaving just 5280

There is another related matter involving the departures. To perform FAA required security measures at the last point of departure to the USA,

current minimum connecting times for passengers transferring to these flights would have to be-extended. This would add to the cost of losses sustained by British Airways through the reduction of connecting arrivals, as a result of the need to extend minimum connection times.

Let me suggest, in response to the arguments advanced in support of the Hatch Act, that the net result of its implementation may be the exact opposite to the effect which its proponents seek to achieve.

I expect the loss of capacity scenario to be repeated across Europe as other airports and airlines assess the effect of the Hatch Act on them. As at Gatwick and Heathrow, these potential losses would be shared across the airline community and by the economies of the countries concerned.

Panel members, Ladies and Gentlemen, that concludes my presentation I shall be making substantive written comments on the NPRM which will reach the FAA prior to the closing date for submission on 23 March 1999.

I would be glad to answer any questions which members of the Panel may have on this presentation.

Thank you again for the opportunity to appear before you to-day.