

MEMORANDUM FOR CABINET BY  
THE HON. THE PRIME MINISTER

AIR FARES

Malta Airlines have submitted to Director of Civil Aviation details of the fares which were agreed to by member airlines at the IATA Traffic Conference held in Honolulu in September/October, 1966. The fares from Malta cover points in Europe and North Africa.

The following are of particular interest to Malta:

(1) Malta - various points in Italy and Sicily.

There are no changes in the existing fares.

(2) Malta - various points in Sweden

The increase is 15/- per single trip and is due to the incorporation of the Passenger Service Charge with the cost of the passage.

(3) Malta - London

	Increase	
	From	To
First Class Single	£40 4 -	£47 4 -
First Class Return	£72 8 -	£89 14 -
Tourist Single	£29 8 -	£33 5 -
Tourist Return	£52 19 -	£63 4 -

The new rates are effective as from the 1st April, 1967 but the present rates will be maintained at the existing levels until March, 1968 on direction to BEA by the U.K. Government at the request of the Government of Malta.

(4) Malta - Tripoli

	Increase	
	From	To
First Class Single	£ 9 15 -	£13 18 -
First Class Return	£18 11 -	£26 9 -
Tourist Single	£ 6 11 -	£ 9 6 -
Tourist Return	£12 9 -	£17 11 -

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The new rates are effective from the 1st April, 1967. The first class rates are of academic interest only.

The background to this goes back to May, 1966 when Malta Airlines requested Air Transport Licensing Association to meet them in connection with increases in air fares (including one on the Malta/Tripoli run) which they proposed to make at the Conference which was due to start on the 14th September, 1966. Malta Airlines sought early consideration of the matter as they were required to send their proposals by the 12th June, 1966. On the 3rd June, 1966 D.C.A. in reporting on the request, stated that the Malta - Tripoli "traffic consists mainly of oilmen who can very well afford the increase in fares".

On the 11th August, 1966 Malta Airlines were informed that Government expected them not only not to propose any increases at the Conference but to oppose any such proposals made by other airlines.

In reply, on the 25th August, 1966 Malta Airlines stated that they proposed to abstain from voting at the IATA Conference but would make known the Malta Government's attitude towards any proposals for increases in fares.

Independently of this, in the beginning of September, 1966 representations were made by the Government of Malta to the Libyan Government seeking its agreement that no increases in the current air fares be sanctioned but no reply was ever received from the Libyan Government.

On the 6th October, (the Conference at this time was well under way having started on the 14th September), D.C.A. wrote to say that if the Government wanted Malta Airlines to oppose any proposal for increases made at the Conference, Malta Airlines had to be told that they must not abstain from voting against any resolution for increases in fares affecting Malta.

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Malta Airlines are now seeking the approval of the new rates which are due to become operative from the 1st April, 1967.

(5) Malta - Benghazi

An increase is proposed which will reflect the proposed increases in the Malta-Tripoli run. This affects only K.L.A. since Malta Airlines does not operate on this route. IATA's approval of the request is still being sought by K.L.A.

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Ministers are asked to consider whether the Government should approve the increases agreed to at the Conference in respect of routes between Malta and various points in Sweden.

With regard to the Malta-Tripoli fares, Ministers are asked to consider whether:

(a) The Government should approve the new rates which will affect mainly oilmen working in Libya and business-men and possibly a small number of Libyan tourists who may be dissuaded from making the trip because of the higher air fares; or

(b) The Government should endeavour to induce the Government of Libya to obtain its (and K.L.A.'s) agreement not to increase the fares; in view of the fact, however, that K.L.A. themselves (presumably with the sanction of the Government of Libya) requested the increases at the Conference and that the Libyan Government did not even attempt to reply to our representations there seems to be little likelihood of such an approach meeting with success. On the other hand the Libyan Government should have sent in a reply to the representations made to it (as did the U.K. and Italian Governments to whom representations had also been made) and it may be that, even at this stage, further representations should be made to the Libyan Government; or

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(c) The Government should inform Malta Airlines that the new rates are not approved by the Government. This will bring about an open rate situation where K.L.A. will charge whatever rates it likes and Malta Airlines will be obliged by Government to stick to present rates. Relations between the two Companies and between the two Governments may deteriorate and the controversy may escalate to a level where the air services will be discontinued by both Companies.

The decision on the increase in fares on the Malta-Benghazi route will necessarily follow that arrived on the Malta-Tripoli fares.

With regard to the Malta-London air fares the stand taken to date by the Malta Government has been that it would not countenance any increases. To safeguard the Government's position in this respect, Hon. Ministers may wish to consider whether Malta Airlines should be informed that the proposed new rates are not approved. The British Government's agreement to the postponement of the increase in fares, however, had been given on the express understanding that the fares will in fact go up as from the 1st April, 1968 and the matter will come up for discussion in the meeting which the Government of Malta is expected to have with the BEA management.

22nd March, 1967.