

RESEARCH ARTICLE

Hong Kong breaking into the international league: Cathay Pacific's extension to long-haul routes, 1970s–1980s

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(Received 29 December 2020; revised 18 March 2021; accepted 23 March 2021)

Abstract

This article studies the process by which British politicians and corporate executives, in both Hong Kong and London, handled the colony's elevating economic status and negotiated its flagship carrier's penetration of international aviation networks. Through Cathay Pacific's extending reach, Hong Kong translated its economic success into an expanded presence in the world of commercial aviation. As the colonial government channeled Hong Kong's burgeoning financial prowess to fund an infrastructure upgrade, the colony's budding airline capitalized on the commercial availability of jumbo jets to leapfrog into the long-haul market. Such groundwork primed Hong Kong to take advantage of the opening skies as deregulation transformed the airline industry. As the colony's economy flourished, Cathay Pacific broke free from its regional configuration and arrived at faraway ports in Australia, North America, and Europe. The Hong Kong carrier's extended reach was but the material manifestation of the city's economic takeoff and growth into a global metropolis.

Key words: Cathay Pacific; commercial aviation; economic development; globalization; Hong Kong

“Kai Tak: How an airport was built” read the headline of a *South China Morning Post* article featuring a picture of a Hong Kong airport runway extension that came into operation on June 1, 1974.¹ At a final cost of HK\$170 million, the project, which commenced in 1970, extended the runway to 11,130 feet.² Delayed for years because of Britain's reluctance to fund the project, the runway extension was designed to facilitate the arrival of jumbo jets.³ This major undertaking to upgrade the colony's infrastructure “with our money rather than borrowed money,” as legislator Wilfred Wong proclaimed,⁴ not only equipped Hong Kong for growth in commercial aviation but also changed the course of Hong Kong–London relations. In an era of accelerating decolonization and waning British power worldwide, British control over Hong Kong was precarious.⁵ With Hong Kong's economic takeoff, the reversal of fortune between the colony and the metropole would in time allow the Little Dragon to break free from its regional configuration and chart its own course in long-haul traffic, eventually reaching the imperial center with its own flights.

¹*South China Morning Post* (hereafter “SCMP”) February 17, 1975, p. 15.

²Hong Kong Public Records Office (hereafter “HKPRO”) HKMS189-2-32 (duplicated from National Archives of the UK (hereafter “TNA”) FCO 40/578).

³Official Report of Proceedings, Hong Kong Legislative Council, Hong Kong (hereafter “Legco”) February 25, 1970, p. 359; *Hong Kong Annual Departmental Reports by the Director of Civil Aviation* (hereafter “HKDCA”) 1969–1970, pp. 1,2,5.

⁴Legco March 11, 1970, pp. 419–20.

⁵Mark, “Lack of Means or Loss of Will?”

As a new technology, commercial aviation weaved connections across the skies as a “space of flows” over which budding infrastructure facilitated novel forms of exchange and interactions.⁶ Yet, the benefits of a network do not necessarily accrue equally to all connected sites. Power dynamics govern which parties control the conduits that facilitate traffic flows. Although Hong Kong had long been linked up with faraway destinations through commercial aviation, its flagship carrier, Cathay Pacific, was confined to being a regional player in Southeast Asia until the city developed the financial and diplomatic wherewithal to send its own planes farther afield.

As Hong Kong earned increasing autonomy from the British government, the airline industry underwent a structural transformation. Emanating from the British and American bases from which the behemoths had long dominated the civil aviation industry, a transnational wave of economic liberalization loosened the regulations of air routes and reduced state control and airline ownership. Calls for deregulation began in the United States, which pioneered the effort by deregulating its airlines in 1978.⁷ The trend swept the United Kingdom shortly thereafter, with a primary focus on fostering competition and lowering airfares.⁸ Many studies of airline deregulation focus on the impact on domestic markets and privilege cost and efficiency in their assessment of the trend.⁹ Redirecting the focus of attention to the impact of deregulation on regional carriers eager to penetrate the long-haul market, this article examines the extending reach of Cathay Pacific’s network from its base in Hong Kong in the midst of this industry upheaval.¹⁰

Cathay Pacific’s expansion from regional business into the long-haul market underscores not only the airline’s commercial accomplishment but also Hong Kong’s coming into its own. The city owes its arrival on the world stage via commercial aviation to a confluence of factors: the colonial government’s triumph in priming Kai Tak Airport for jumbo jets, the commercial availability of long-haul aircraft, and the mounting leverage the colony was able to muster at a time when deregulation was transforming the airline industry. The Hong Kong carrier’s extended reach was but the material manifestation of the city’s economic takeoff and growth into a global metropolis.

This article begins with a discussion of the colony’s growing autonomy from the metropole and colonial officials’ demands for an environment of fair competition for Cathay Pacific, Hong Kong’s flagship carrier. The next section traces the process by which Cathay Pacific broke free from its regional network in Southeast Asia, expanding first to Australia and then to other transcontinental and trans-Pacific markets. In addition to the important destinations of Sydney and Vancouver, the Hong Kong carrier eventually secured a route to London, the ultimate prize in the British imperial network. The development of the airways over Hong Kong from the late 1970s to the 1980s underscores the changing global economic environment and shifting geopolitics of a period in which Hong Kong took center stage.

Enhanced autonomy and British support in air traffic control

When the metropole declined to fund its prospering colonial outpost, Hong Kong assumed responsibility for its own infrastructure development. In the face of this daunting responsibility, the colony responded remarkably well, with an economic takeoff that yielded phenomenal growth and produced the financial wherewithal to fund infrastructure development. Between 1969 and 1984, Hong Kong-registered double-digit annual GDP growth in all but one year. The compound annual growth over the period was 19 percent.¹¹ The colony celebrated its new mentality of independence and

⁶Castells 1996; Larkin 2013.

⁷Derthick and Quirk 1985; Dobson 1995; Kahn 1971; Kahn 2004.

⁸Barrett 1997; Graham 1993.

⁹See, for example, Button 1991; GAO 1981; Gaudry and Mayes 1999; Graham 1993.

¹⁰Kwong Kai-sun published a prescient study of the possibilities for aviation in Hong Kong in a liberalizing environment (Kwong 1988). Sinha provided rare coverage of airline deregulation in Asia (Sinha 2001, ch. 2) but he did not make a single reference to Hong Kong.

¹¹*Hong Kong Annual Digest of Statistics*, 1978, 1981, 1990.

discipline not only for the fiscal autonomy it brought but also for the enhanced representation it allowed in negotiating air services agreements on the international stage.

In negotiating such agreements in 1973–1974, the Director or Deputy Director of Civil Aviation represented Hong Kong in international talks involving Singapore, Malaysia, Scandinavia, Australia, and Switzerland. The colony's representation expanded in the following year to senior levels at "overseas negotiations, conferences and visits, covering all aspects of aviation."¹² In 1975–1976, the colony's Civil Aviation Department expressly "represented the Hong Kong Government" at various meetings to reflect "Hong Kong's interest in all matters pertaining to international civil aviation."¹³ As "[a]ir services agreements between the United Kingdom and foreign countries involving Hong Kong's interests came under particularly heavy review and re-negotiation" in 1976–1977, Hong Kong earned representation on the British negotiating team. In that year, the Civil Aviation Department represented the Hong Kong government at eleven sessions of air services talks overseas, five of them between the U.K. and U.S. governments and the others involving the governments of Thailand, Singapore, South Korea, Niugini (Papua New Guinea), India, and Japan. During this period of intense technological change, Department representatives also attended eleven other technical conferences "to protect and maintain Hong Kong interests in all aspects of aviation."¹⁴ The colony had come into its own in commercial aviation and been able to negotiate distance from the metropole, financially, diplomatically, and technically.

Correspondence between Hong Kong and London during the period also indicates the mounting involvement of the colonial authorities in civil aviation matters. In 1977, Hong Kong Governor Murray MacLehose played a prominent role in the negotiation of such issues as air cargo rates between Hong Kong and the United States, airfares, and air traffic connecting Hong Kong with Australia.¹⁵ In the same year, he also participated in discussions about air services between the United Kingdom (including its colonial outpost Hong Kong) and Indonesia, Italy, Japan, Lebanon, Malaysia, and the Netherlands.¹⁶ His involvement only intensified in 1978. In the last days of January 1978 as the Chinese New Year holidays approached, MacLehose was dealing with civil aviation matters on an almost daily basis. He intervened in air services negotiations between the United Kingdom and Canada, East Africa, Indonesia, Japan, Malaysia, New Zealand, Papua New Guinea, Singapore, and Thailand, particularly in negotiations involving Hong Kong.¹⁷ MacLehose's intense involvement in civil aviation matters was understandable in light of local resentment against British control from the metropole. In 1978, for example, when Cathay Pacific appeared to be being neglected in favor of British interests, some voices in the colony accused the British of disregarding Hong Kong's local interests and questioned: "whether Britain should decide matters of vital interest to Hongkong."¹⁸ In fact, the colonial government was asserting so much influence over air services negotiations that at one point in 1979, officials in London expressed concerns that Hong Kong "might do a UDI" – i.e., a Unilateral Declaration of Independence – over air traffic rights and insist on handling its own negotiations.¹⁹

The Hong Kong authorities also identified increasingly with Cathay Pacific, viewing the airline as Hong Kong's own. Articulating Hong Kong's policy toward Cathay Pacific, MacLehose asserted that Hong Kong did not seek to protect Cathay Pacific against competition per se "but only against restrictive policies of foreign countries and malpractices of other airlines to an extent which would preclude provision of viable competing services by C[athay] P[acific] A[irsays] despite efficient and economical

¹²HKDCA 1973–1974, p. 1; HKDCA 1974–1975, p. 1.

¹³HKDCA 1975–1976, p. 1.

¹⁴HKDCA 1976–1977, p. 7.

¹⁵TNA FCO76/1497.

¹⁶TNA FCO40/791 (duplicated as HKPRO HKMS189-2-148).

¹⁷TNA FCO40/981 (duplicated as HKPRO HKMS189-2-257).

¹⁸SCMP March 4, 1978, p. 1.

¹⁹TNA FCO 40/1073 (duplicated as HKPRO HKMS189-2-325).

operation.”²⁰ Paralleling the spirit of liberalization in the capitalist bloc, the Hong Kong government’s desire was to represent the colony’s flagship carrier, not for protectionist purposes but to ensure that it could operate in an environment of fair competition. Addressing his colleagues in London on air services policy on June 22, 1978, MacLehose reiterated that Cathay Pacific was “a commercially motivated airline” and that the Hong Kong government “would not wish to see them operating in any other way.” MacLehose and his Hong Kong colleagues were “not interested in CPA ‘flying the flag,’” he claimed, and would not like to pressure Cathay Pacific into flying any route that the airline, “in their commercial judgement, consider[ed] to be less rewarding than others which they could mount.”²¹ In other words, MacLehose asserted that it was his government’s responsibility to foster a fair environment in which Cathay Pacific could compete. However, it would not be appropriate to pressure the local airline into doing the government’s bidding. In this regard, Cathay Pacific’s relationship with the Hong Kong government mirrored what the colonial regime desired of its relationship with the British government.

Reaching Down Under

In terms of air routes, this assertion of the Hong Kong government translated into the expansion of Cathay Pacific’s reach beyond its initial domain – regional traffic in Southeast Asia centered in Hong Kong. The earliest expansion of the airline’s network reinstated Cathay Pacific’s services to East Australia. At the time of the expansion, the airline had been operating a service to Perth since 1970,²² providing an early air link between Western Australia, Hong Kong, and Japan.²³ It would take a few more years before it resumed its longer-distance service to the more competitive market of East Australia. Cathay Pacific had served Sydney between 1959 and 1961, enticing customers with shark’s fin soup served in turquoise patterned Chinese bowls. However, as its catering department strove to solve the issue of the exploding thermos flasks in which the airline transported the soup (“The flasks pop their corks and sometimes break under pressure in the air”), Cathay Pacific yielded to the technical superiority of Australia’s Qantas and retreated from the route in 1961.²⁴

Hong Kong’s enhanced representation then bore fruit in 1974, when the British team successfully negotiated with the Australian government to allow Cathay Pacific to offer the first non-stop service between Hong Kong and Sydney, Australia’s biggest city.²⁵ Even before securing all of the necessary government approvals, Cathay Pacific presented a new schematic representation of its route map by adding an oversized arc depicting its new Hong Kong–Sydney connection (Fig. 1). The Sydney service would indeed provide “a significant boost” to the airline’s route network in terms of size. Calling itself “Asia’s most experienced airline,” Cathay Pacific proudly announced, “the start of the non-stop” – “[t]he only non-stop flight” – on October 21, “[s]ubject to Government Approval.”²⁶

Formal approval came in August, as the airline’s managing director, Duncan Bluck, announced Cathay Pacific’s plans to operate the new route with its Boeing 707s with no intermediate stops in either direction, making it “the fastest flights on the route as well as providing the only non-stop service in both directions.” The airline had earned this bragging right after years of equipment upgrades. Since 1971, the airline had at a measured pace been replacing its Convair 880-22M fleet with a Boeing

²⁰TNA FCO40/981.

²¹TNA FCO40/983 (duplicated as HKPRO HKMS189-2-259).

²²National Archives of Australia C3739, 281/7/68.

²³SCMP January 26, 1970, p. 31, 29 March 1970, p. 53; HKDCA 1970–1971, p. 11.

²⁴TNA BT245/552; Swire Archives, Hong Kong (hereafter “Swire HK Archive”) CPA/7/4/1/2/1 Newsletter [July 15, 1959]; CPA/7/4/1/2/11 Newsletter [July 31, 1961]; CPA/7/4/1/1/151 Newsletter [October 1976]. The airline’s Public Relations Manager explained in 1970 that Cathay Pacific had “suspended” the service to Sydney after about 18 months because it was “commercially unworthy” (SCMP January 26, 1970, p. 31). On November 14, 1961, Qantas launched a weekly service linking Sydney with Hong Kong via Darwin and Manila, with continuing service to Tokyo (Qantas Archives R10 SYD/HKG).

²⁵SCMP June 21, 1974, p. 1; June 24, 1974, p. 29; *Wah Kiu Yat Po* (hereafter “WKYP”) June 21, 1974, p. 10.

²⁶SCMP June 30, 1974, p. 5; July 15, 1974, p. 41; October 20, 1974, p. 36.

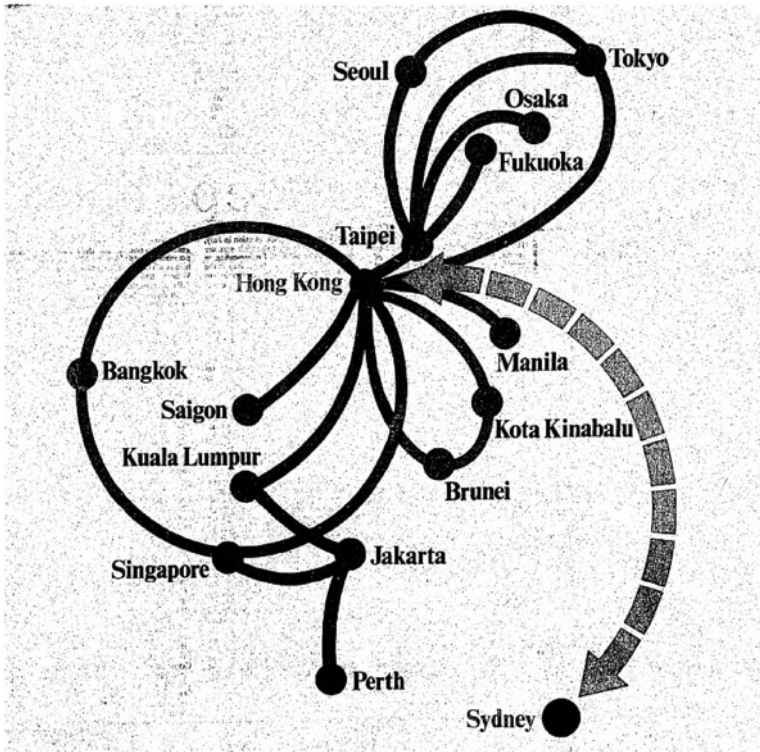


Figure 1. Schematic representation of Cathay Pacific's expansion beyond its regional network. Source: *South China Morning Post*, June 30, 1974, p. 5.

707-320 B/C fleet capable of covering longer ranges. In 1971, Cathay Pacific had nine aircraft, just one of which was a Boeing 707. By June 1974, eleven of the airline's fleet of eighteen were Boeing 707s. Management had also arranged the sale of its remaining seven Convairs at a moderate profit. With its Boeing 707s, the Cathay Pacific flights were to leave Hong Kong every Monday, Friday, and Saturday evening, arriving in Sydney the following morning. The return flights to Hong Kong would depart Sydney in the late morning on Tuesdays, Saturdays, and Sundays, arriving in the evening of the same days.²⁷

In keeping with its overall flight schedule, this Hong Kong–Sydney pattern, with a duration of nine hours each way, was to reflect what the airline billed as its forte: “We know businessmen like our business-like schedules.”²⁸ In an advertisement for the opening of the new route on October 21, 1974, Cathay Pacific featured a picture of fireworks over “[t]he fantastic new Opera House” (which had opened in October 1973). Unlike Qantas’s service, which stopped in Manila, and British Airways’, which connected through Darwin, Cathay Pacific was to fly non-stop. The airline was so proud of its direct flights that the brief advertising copy in the English newspaper included four references to “non-stop”: “our *non-stop* flights to Sydney”; “*Non-stop* from Hong Kong three times weekly”; “With *non-stop* services all the way”; and “Cathay Pacific’s *non-stop* flights to Sydney.” For those traveling for leisure purposes, the airline promised to “show you the sights.” “And if you’re on business, well, what you save in time you can spend on ... pleasure.” “You deserve a break,” concluded the

²⁷SCMP August 2, 1974, p. 23. Swire HK Archive Cathay Pacific Airways Limited Report of the Directors and Statement of Accounts for the year ended June 30, 1971, p. 9; Cathay Pacific Airways Limited Annual Report 1974/1975, p. 11; Cathay Pacific Airways Limited, Chairman’s Statement, November 19, 1975, p. 1.

²⁸SCMP September 9, 1974, p. 15.

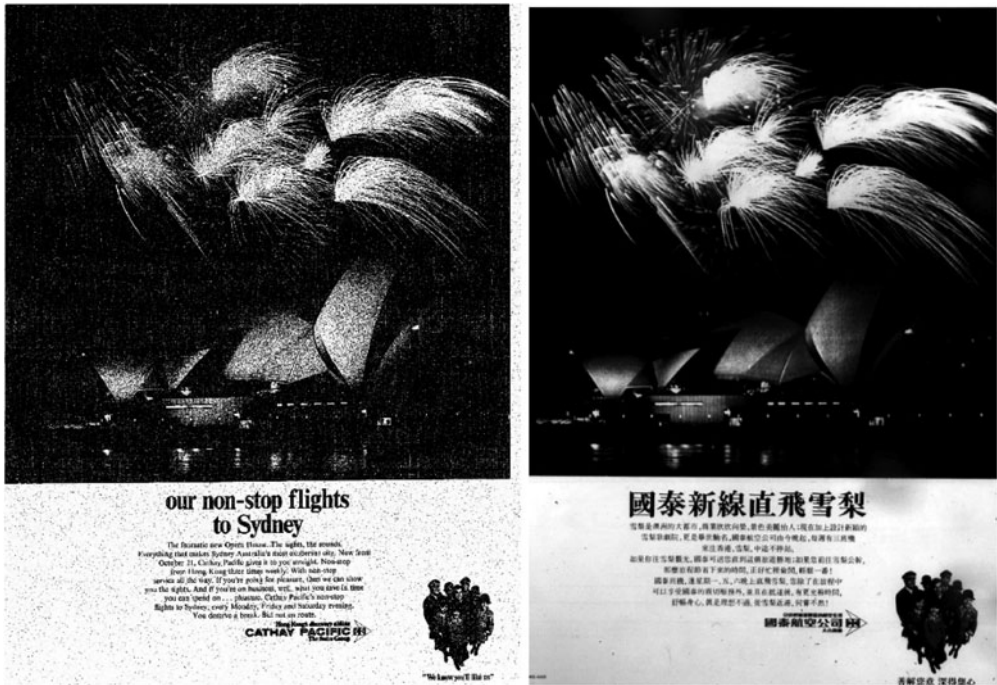


Figure 2. (a, b) “Our non-stop flights to Sydney.” Sources: *South China Morning Post*, October 21, 1974, p. 11; *Wah Kiu Yat Po*, October 21, 1974, p. 21.

advertisement. “But not en route” (Fig. 2a). The airline also placed advertisements in a local Chinese newspaper with similarly relentless references to its non-stop service (Fig. 2b).²⁹

Reporting on the monumental event on October 21, 1974, the *South China Morning Post* compared Cathay Pacific’s less-than-nine-hour inaugural non-stop flight on the Boeing 707-320C, which offered 154 seats, with its service in 1959 on the Electra, then the fastest prop-jet in the world. With fifty-five standard seats and eight “Sleeperseats,” the Electra broke the commercial flying record when it covered the 4,300 miles between Hong Kong and Sydney in twelve hours and fifty minutes, some six hours faster than the Super Constellation planes that had previously flown the same route. Impressive as it was, the Electra had to make stops in Manila and Darwin en route.³⁰ A local Chinese newspaper not only carried the story of the inaugural Sydney flight but also presented a two-page special feature to mark the event. The special feature highlighted not only the technological prowess of Cathay Pacific’s fleet of predominantly Boeing 707 jetliners but also the airline’s plans for continuous equipment upgrades.³¹

Treated to its vastly improved service, which Cathay Pacific characterized as “business schedules” on the front page of the *South China Morning Post*, were several VIP guests: Chairman of the Hong Kong Urban Council, Deputy Director of the Civil Aviation Department, and a prominent filmmaker.³² It was a celebratory moment for Cathay Pacific to re-enter Sydney with its non-stop flights, which, in the airline’s words, “heralded the start of major growth in Cathay Pacific’s Australian market.”³³ In just under six

²⁹SCMP September 27, 1974, p. 6; October 14, 1974, p. 15; October 21, 1974, p. 11 (emphasis added); October 28, 1974, p. 38; WKYP October 21, 1974, p. 21.

³⁰SCMP October 21, 1974, p. 37.

³¹WKYP October 21, 1974, pp. 18, 22–23.

³²SCMP October 22, 1974, p. 1; October 23, 1974, p. 26.

³³Swire HK Archive CPA/7/4/1/1/140 Newsletter [July 1974], CPA/7/4/1/1/151 Newsletter [October 1976]. Cathay Pacific quickly followed with a fare reduction targeting primarily leisure travelers (*The Kung Sheung Morning News* (hereafter

months (from the inaugural flight to the colony's fiscal year-end on March 31, 1975), the airline carried 6,369 outbound passengers and 5,616 inbound. In the following year, Cathay Pacific even overtook incumbents British Airways and Qantas in passenger counts in both directions.³⁴

In 1978, British Airways retreated from the routes linking Hong Kong with Australia and New Zealand, “[l]argely as a result of [the] prompting” of the London authorities. With British Airways’ withdrawal from the Hong Kong–East Australia route, Cathay Pacific took up the entire British entitlement to capacity on that route. The London authorities bragged that this substantial expansion of Cathay Pacific’s activities meant that in three and a half years, the British government had “brought [Cathay Pacific] up from a position in which they were effectively excluded from the Hong Kong–East Australia market to one in which they have the right to provide half the capacity in full parity with Qantas.”³⁵

Crossing the Pacific

In addition to Cathay Pacific’s expansion into the South Pacific toward Australia, the Hong Kong government also engineered the airline’s westward expansion across the Pacific to North America. As early as 1977, the British government had recognized the importance of the trans-Pacific route from Hong Kong. In its air services agreement negotiations with the United States, the British secured rights to Vancouver on the trans-Pacific route for “combination” services (a passenger service combined with a belly-hold freight service). The British negotiators were optimistic about “the longer-term benefits in the form of substantially improved opportunities for an operation by a UK airline from Hong Kong to the US West Coast” even though they recognized that passenger service on that route would not materialize for a few years.³⁶ The seeds were sown for Hong Kong’s trans-Pacific expansion, both in passenger and cargo opportunities.

Although the trans-Pacific route was deemed an opportunity “some distance in the future,” the Hong Kong authorities did not allow the momentum of its discussions to abate. In January 1978, in a telegram to London regarding U.K./Canada Air Services, MacLehose relayed Cathay Pacific’s request that the agreement be amended to include Vancouver as a destination with onward possibilities to San Francisco and/or Los Angeles. The colonial authorities went further: MacLehose suggested: “as an opening bid, ask for Vancouver, Edmonton and Toronto (to mirror the points available to the Canadian designated airline).” The ambitions of MacLehose and Cathay Pacific did not stop with Canada. MacLehose noted that it would be “sensible to secure San Francisco and/or Los Angeles” in conjunction with Vancouver.³⁷ His colleagues in London responded that “the time had now come to make provision for Cathay Pacific Airways to operate on a route which corresponded to that of C[anadian] P[acific] Air.” Based on statistics provided by the Hong Kong authorities, the British government was satisfied that this route was growing fast and that “there should easily be room for a second carrier by the time Cathay Pacific were ready to start.” The negotiators in London reported that the Canadians were “reasonably receptive” but cautioned against the difficulties of a connection in Japan. Rights beyond Vancouver to the United States could also pose a challenge as the Canadians were not sanguine about the prospects of obtaining corresponding rights beyond Hong Kong.³⁸

Negotiations continued for the next couple of years.³⁹ The Chairman of Cathay Pacific reported in his annual statement to shareholders dated April 17, 1979, that the airline had participated in

“KSMN”) October 23, 1974, p. 7; *Ta Kung Pao* (hereafter “TKP”) December 4, 1974, p. 5; SCMP December 2, 1974, p. 11; December 4, 1974, p. 1; December 12, 1974, p. 17).

³⁴HKDCA 1974–1975, App. VI; HKDCA 1975–1976, App. VI.

³⁵TNA FCO40/981; SCMP January 2, 1978, p. 30.

³⁶TNA FCO76/1498.

³⁷TNA FCO40/981.

³⁸TNA FCO40/982 (duplicated as HKPRO HKMS189-2-258).

³⁹Swire HK Archive Cathay Pacific Airways Limited, Chairman’s Statement, April 17, 1979, p. 3; Cathay Pacific Airways Limited, Chairman’s Statement, April 17, 1980, p. 3; Cathay Pacific Airways Limited Annual Report 1980, p. 5; TNA FCO40/1072 (duplicated as HKPRO HKMS189-2-324).

governmental consultations between the United Kingdom and Canada “with the aim of obtaining a reciprocal Hong Kong/Vancouver route to that currently operated by CP Air.” He indicated further that another round of negotiations was scheduled for the spring of 1979.⁴⁰

By 1979, Cathay Pacific was the undisputed leader in terms of passenger counts into and out of Hong Kong. With a market share of 27 percent, the Hong Kong airline was way ahead of Japan Air Lines and Singapore Airlines (which both stood at 10 percent). Its traffic remained largely confined to the regional market, however. Although the main North American players, Canadian Pacific, Pan American, and Northwest Orient, accounted for only 1 percent, 5 percent, and 2 percent of Hong Kong’s air passenger traffic, respectively, they held onto their longstanding domination of trans-Pacific traffic to and from Hong Kong and competed with Cathay Pacific on the Hong Kong–Tokyo route.⁴¹

The local press reported Cathay Pacific’s ambition to assert its rights at its home base. “Within the framework of reciprocal rights, Cathay Pacific wants to widen its horizon,” reported the *South China Morning Post* in January 1979 as it highlighted Canadian Pacific’s longstanding monopoly of the route. The Hong Kong carrier was said to have the Boeing 747 jumbo jet in mind for the route.⁴² The wide-body 747 was revolutionizing jet air travel in the 1970s as it delivered greater capacity at a lower per-seat cost, thus promising efficiency, especially on long-haul international routes.⁴³ Powered by Rolls-Royce B4 engines, Cathay Pacific’s jumbos should have no trouble flying non-stop to Vancouver, the newspaper noted, although strong headwinds would mean stopping in Anchorage or Tokyo on the return journey until the introduction of the more powerful D4 engines.⁴⁴

The industry was abuzz with talk of Cathay Pacific providing a trans-Pacific service.⁴⁵ In September 1980, Hong Kong newspapers reported that the British and Canadian governments had reached an agreement to allow a British designated carrier to fly to the west coast of Canada, ending the monopoly that Canadian Pacific Airlines had enjoyed over the route since 1949.⁴⁶ The Director of Civil Aviation reported progress in his annual report for the year ending March 1981 on a new air services arrangement with Canada that would allow “for the first time a route from Hong Kong to Vancouver to be operated by a British carrier.” However, there was an additional hurdle for Cathay Pacific: it would have to compete with other “British” carriers for the route. Laker Airways, a British competitor, jumped into the fray. Competition notwithstanding, this inaugural trans-Pacific connection with Hong Kong, previously dominated by North American carriers, bore tremendous significance for the expanding reach of Hong Kong-based air traffic.⁴⁷ Objecting to Laker’s application to fly from Hong Kong to Vancouver, Los Angeles, San Francisco, Guam, Honolulu, and/or Seattle, as well as to gain rights to Tokyo as an intermediate port of call, Cathay Pacific reminded the licensing authority of its longstanding request – first made in November 1977 – for a route from Hong Kong to Vancouver, a request that both the Hong Kong and British governments supported. The Hong Kong carrier also reiterated its intention to serve the U.S. West Coast at the right time. Laker’s application posed a threat not only to Cathay Pacific’s proposed service to Vancouver but also to its tremendous amount of Tokyo business. The agreement between the British and Japanese governments required that any additional designation of a British operator through Tokyo would have to come at the expense of Cathay Pacific’s existing capacity.⁴⁸

⁴⁰Swire HK Archive Cathay Pacific Airways Limited, Chairman’s Statement, April 17, 1979, p. 3.

⁴¹HKDCA 1978–1979, App. VI.

⁴²SCMP January 1, 1979, p. 18.

⁴³Bednarek 2016, p. 17.

⁴⁴SCMP December 29, 1980, p. 30.

⁴⁵SCMP January 22, 1980, p. 1; March 1, 1980, p. 6; April 26, 1980, p. 8; *The Kung Sheung Evening News* (hereafter “KSEN”) January 22, 1980, p. 2; KSMN April 11, 1980, p. 6; WKYP September 9, 1980, p. 5. Within a year, the media would report Singapore Airlines’ plans to fly to the United States via Hong Kong (SCMP September 7, 1981, p. 38).

⁴⁶KSMN September 24, 1980, p. 6; WKYP September 24, 1980, p. 9.

⁴⁷HKDCA 1980–1981, p. 18; TKP April 11, 1980, p. 5; July 1, 1981, p. 10; SCMP September 24, 1980, p. 1; January 22, 1981, p. 14.

⁴⁸TNA BT 245/1853, FCO 40/1081; SCMP June 3, 1981, p. 23.

In 1981, Hong Kong's Air Transport Licensing Authority (ATLA) deliberated on the two parallel applications.⁴⁹ ATLA ruled that there was clear evidence of demand for Hong Kong–Canada services and that such demand was likely to grow. It also stated that it was satisfied that Cathay Pacific was best equipped to offer that service and granted the airline permission to operate the Hong Kong–Tokyo–Vancouver–Seattle–Tokyo–Hong Kong route. However, Cathay Pacific had not provided sufficient evidence to support services to Honolulu, San Francisco, and Los Angeles. Conversely, ATLA found that Laker had not justified its application to Guam, Vancouver, or Seattle but granted it the Hong Kong–Tokyo–Honolulu–San Francisco–Los Angeles route and the reverse. The long-running saga did not end as expected, however. After the ATLA ruling, the story took a dramatic turn when Laker Airways went into voluntary liquidation on February 17, 1982.⁵⁰ The now-defunct airline could not transfer its landing rights in Hong Kong.⁵¹

The granted stopover provisions notwithstanding, the years of discussions and preparation finally resulted in Cathay Pacific's inauguration on May 1, 1983 of the first-ever non-stop service between Vancouver and Hong Kong. Using its "brand-new, Rolls-Royce powered 747s," the airline introduced a twice-a-week schedule. Cathay Pacific had purchased its first Boeing 747-200B in 1979, and it took over the service to East Australia. In 1981, the press began to report Cathay Pacific's HK\$400 million order for a new Boeing 747-200B aircraft with the latest Rolls-Royce engines, along with spares, to fly non-stop from Hong Kong to Vancouver. The Boeing 707, which had engineered Cathay Pacific's re-entry into Sydney in 1974, was phased out in 1982–1983. By 1983, the airline was operating a fleet of wide-body airliners comprising eight Boeing 747-200Bs and nine Lockheed L-1011 Super Tristars. Passengers on any of the three service classes were promised to "be enchantingly attended by the grace and beauty of nine Asian lands" during their flight. The inaugural Vancouver service was indeed a festive occasion. The Asian "beauties" who comprised Cathay Pacific's flight and ground staff donned a new uniform designed by Hermès. With the new service to Vancouver, Cathay Pacific also launched a new advertising campaign that featured the famed Venetian traveler Marco Polo.⁵²

In the airline's full-page advertisement on the day of the inaugural flight (Figs. 3a and b), the non-stop service between Hong Kong and Vancouver was accentuated by a thick-lined schematic arrow that arced the northern rim of the Pacific to connect the two cities. "Today, for the first time ever," advertised Cathay Pacific, "you can fly non-stop to Vancouver. The fastest way to Canada." The advertisement also stressed the possibility of onward journeys from Vancouver, Cathay Pacific's gateway to the rest of North America: "Arriving the same day with immediate connections through to Toronto, Montreal, Calgary, Edmonton and other major cities in Canada and the USA." There was a notable difference between the airline's advertisements in the English and Chinese press. Projecting its appeal to the English-reading audience, Cathay Pacific underscored the fact that its non-stop service from Hong Kong to Vancouver was not just unprecedented ("for the first time ever") but also unmatched ("Only on Cathay Pacific") (Fig. 2a).⁵³ For the airline's Chinese-reading clientele, emphasis on efficient travel arrangements appeared to suffice. In its English ad, Cathay Pacific appeared keenly aware of competition from the Canadian carrier, which it was eager to dislodge from its entrenched franchise over the trans-Pacific route. The new route marked Cathay Pacific's "entry into the highly competitive trans-Pacific market," noted the airline's newsletter. In conjunction with the new service, Cathay Pacific also established an office in Vancouver.⁵⁴

⁴⁹Membership of ATLA included both British and Chinese residents of Hong Kong (HKPRO HKRS934-2-49).

⁵⁰TNA BT 245/1853, BT 245/1854, FCO 40/1081.

⁵¹SCMP February 13, 1982, p. 1.

⁵²Swire HK Archive Cathay Pacific Airways Limited, Chairman's Statement, April 25, 1978, pp. 3–4; Cathay Pacific Airways Limited Annual Report 1978, p. 6; Cathay Pacific Airways Limited, Chairman's Statement, April 17, 1980, p. 1; Cathay Pacific Airways Limited Annual Report 1982, p. 5; Cathay Pacific Airways Limited Annual Report 1983, p. 24; SCMP May 27, 1981, p. 27; TKP July 18, 1982, p. 5; WKYP July 26, 1982, p. 5; SCMP April 10, 1983, p. 87; April 19, 1983, p. 6; May 1, 1983, p. 5; May 2, 1983, p. 14; WKYP May 2, 1983, pp. 6, 12.

⁵³SCMP May 1, 1983, p. 5; *Ming Pao* May 1, 1983, p. 9.

⁵⁴Swire HK Archive CPA/7/4/1/1/171 Newsletter [November 1982].

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Figure 3. (a, b) “Today non-stop to Vancouver.” Sources: *South China Morning Post*, May 1, 1983, p. 5; *Ming Pao*, May 1, 1983, p. 9.

Cathay Pacific's entry into the market did indeed exert pressure on Canadian Pacific, which had previously enjoyed a monopoly over the Hong Kong–Vancouver route, and ATLA's optimistic forecast for traffic growth did indeed materialize. According to Hong Kong government data, overall passenger traffic between Hong Kong and Vancouver grew 72 percent in the 1983–1984 period, during which Cathay Pacific introduced its new Vancouver service.⁵⁵ So successful was the route that Cathay Pacific announced an additional weekly non-stop flight before the year was over.⁵⁶ In the first year of the service, Cathay Pacific expanded the market dramatically and readily surpassed its Canadian rival in both directions.⁵⁷

The airline would come to celebrate its Hong Kong–Vancouver service not merely as its entry into the trans-Pacific market but also as a “new concept in long-haul travel.” At the same time that Cathay Pacific launched its pioneering non-stop service between Hong Kong and Vancouver, it reduced flight times and cut out intermediary stops from other routes, thereby offering greater convenience to passengers, business travelers in particular.⁵⁸ This tremendous feat was made possible not only by support from air services diplomacy in London and Hong Kong but also by a major overhaul of the Cathay Pacific fleet. Since the mid-1970s, Cathay Pacific had maintained a fleet that numbered in the mid to high teens. Phasing out the Boeing 707, by the early-1980s Cathay Pacific had transformed its entire fleet into wide-body aircraft, all powered by Rolls-Royce engines. In addition to increased performance and reduced fuel consumption, Cathay Pacific's fleet boasted cutting-edge technology capable of greater range, making it possible for the airline to offer ultra-long-haul non-stop flights.⁵⁹ The opening up of the skies amid the new regulatory environment coincided with a wave of technological upgrades, which Cathay Pacific rode just as Hong Kong's economic takeoff was generating sufficient traffic growth to fuel the airline's expansion.

Getting to the heart of the imperial network

The resumption of its service to East Australia and the opening up of the trans-Pacific market were indeed triumphant moments for Cathay Pacific. What made these accomplishments all the more impressive was that they unfolded just as the Hong Kong carrier was fighting its way into the imperial air hub: London.

Hong Kong officials had initiated conversations with London about additional services between the two cities in the 1970s. The Secretary for Economic Services in the colony, D.G. Jeaffreson, wrote to R.J.T. McLaren at the Hong Kong and General Department of the Foreign and Commonwealth Office in London on March 23, 1979 “to initiate a more formal dialogue” on the possibility of an additional scheduled service between Hong Kong and London. Colonial officials in Hong Kong had voiced their dissatisfaction with the performance of British Airways, especially with regard to punctuality, and there were also voices of discontent in the media. The self-styled “Frequent Traveller,” a contributor to the *South China Morning Post*, reproached British Airways for its continued loss of “money and its reputation through strikes, poor maintenance and aloof in-flight service.” Comparing the British state-owned airline to Hong Kong's Cathay Pacific, the contributor judged that British Airways “wouldn't stand a chance” in the face of “competition [from] an efficiently run airline offering a world-beating standard of in-flight service.” In another contribution to the paper, a “Hongkong believer” wrote that it was time for “our flag carrier, Cathay Pacific” “to carry the flag to London.” The Legislative Council also registered repeated complaints about British Airways. The improvements that British Airways subsequently made proved insufficient to placate the Hong Kong public. Introduce competition on the Hong Kong–London route to “shak[e] BA into greater efficiency,”

⁵⁵HKDCA 1982–1983, p. 26; HKDCA 1983–1984, p. 29.

⁵⁶Swire HK Archive CPA/7/4/1/1/172 Newsletter [November 1983]; SCMP December 5, 1983, p. 40.

⁵⁷HKDCA 1982–1983, p. 26; 1983–1984, p. 29.

⁵⁸Swire HK Archive CPA/7/4/1/1/175 Cathay News No. 15 [August 1986]; Cathay Pacific Annual Reports 1982, 1983.

⁵⁹Swire HK Archive CPA/7/4/1/1/175 Cathay News No. 15 [August 1968]; CPA/7/4/1/1/184 Cathay News No. 46 [January 1990].

Jeaffreson demanded. To combat the issues of industrial action and weather, to which British Airways attributed its deficiencies, “an airline that was not subject to the problems associated with being based in the United Kingdom, in other words by an airline based in Hong Kong,” he argued, would provide the most effective competition. Writing again in May 1979, this time to the Maritime, Aviation and Environment Department of the Foreign and Commonwealth Office, the Economic Services Branch of the Hong Kong Government Secretariat substantiated the request for new service with detailed analysis, declaring that officials had “come to the conclusion that the possibility of another scheduled carrier coming onto the route ought to be seriously pursued.” Lending a British voice to support for Cathay Pacific, the airline’s backer Adrian Swire wrote to the Foreign and Commonwealth Office stressing that if Cathay Pacific was to win the license to the route, it would fly “with Rolls Royce engined 747s.”⁶⁰

In correspondence with his London colleagues in the Department of Transport on June 13, 1979, Deputy Under-Secretary of State Hugh Cortazzi of the Foreign and Commonwealth Office supported the request of the Hong Kong government, which deemed it appropriate for Cathay Pacific to be “given the chance to compete on the London route” and considered it “unjustifiable” that British Airways should continue its monopoly. In light of British Airways’ persistent unsatisfactory performance, “[a] competitor or competitors would likely provide a better service and at the same time spur BA into making improvements.” Understanding that other British operators had also expressed interest in the route, the Foreign and Commonwealth Office noted, “If we take our responsibilities towards Hong Kong seriously we must however recognise that CPA has a *natural right* to the route” (emphasis added). This recognition of Cathay Pacific’s status in Hong Kong acknowledged the parallel, but at times conflicting, British interests in London and Hong Kong. The Foreign and Commonwealth Office’s position also allowed reciprocal treatment for a Hong Kong entity in the business of connecting the colony to the metropole through the airways: “The Hong Kong travelling public are entitled to an efficient and punctual service,” which British Airways had failed to deliver. Cortazzi advised that “it would be unnecessarily damaging to our relations with Hong Kong for us to continue to deny CPA the opportunity to show they can compete effectively.” In the spirit of competition and efficiency, British Airways should not be allowed to hold onto its monopoly, and Cathay Pacific should be allowed to enter the market in question. “The removal of this particular grievance,” Cortazzi continued, “would also make it easier for Hong Kong to accept any sacrifices they may have to make in the contents of air agreements with Malaysia and China, and indeed in future.” It was a matter for the Department of Trade. Cortazzi further warned against any action that would “lead to a confrontation with Hong Kong or deny them a fair opportunity to make their case.” It was paramount that the Hong Kong government be reassured that Cathay Pacific “would be given the same consideration as any British airline.”⁶¹

Three companies filed applications with Britain’s Civil Aviation Authority (CAA) to enter the market between Hong Kong and London: British Caledonian, Laker Airways (which also applied for the trans-Pacific route from Hong Kong), and Cathay Pacific.⁶² Cortazzi was allegedly in agreement with his British Airways contact that “the worst situation would be if Cathay were excluded ... but either B Cal or Laker were allowed in.” To Cortazzi, “it would be best if the two carriers were British Airways and Cathay.”⁶³ However, other London officials disagreed. Claiming that he did not want to interfere in the business of the CAA, Secretary of State for Trade John Nott refused to direct that authority to issue a license to “an airline whose principal place of business was not in the UK.”⁶⁴

⁶⁰TNA FCO40/1080; SCMP February 22, 1978, p. 12, March 8, 1978, p. 14. Cathay Pacific’s choice of aircraft, and, in particular, whether the aircraft used a Rolls-Royce engine, had consumed British authorities since the early 1970s (TNA BT245/1723). On the term “Hong Kong belonger,” see Ku 2004; Ku and Pun 2004. Introduced in the local immigration law of the colony in 1971, “Hong Kong belonger” developed into an identity that reflected the exclusionary immigration and citizenship policy of the British government.

⁶¹TNA FCO40/1080.

⁶²TNA FCO40/1074 (duplicated as HKRPO HKMS189-2-326); SCMP July 22, 1979, p. 11.

⁶³TNA FCO40/1075 (duplicated as HKPRO HKMS189-2-327).

⁶⁴TNA FCO40/1080.

As the tension escalated, the Hong Kong Executive Council received a briefing on “Hong Kong’s Air Links with Britain” in October 1979. The briefing noted that it was unusual for a single carrier to provide scheduled services on an intercontinental air route but that for reasons of “Hong Kong’s constitutional relationship with Britain,” British Airways held a *de facto* monopoly on the Hong Kong–London connection. To be permitted to operate scheduled services between the two cities, the three applicants filed applications with both the CAA in London and ATLA in Hong Kong. The two licensing authorities operated “under different statutory criteria.”⁶⁵ Reminded that the Hong Kong government’s attempt to persuade the British Secretary of State for Trade to intervene on Cathay Pacific’s behalf had failed, members of the Executive Council were invited to note the different hearings of the CAA and ATLA and to “advise whether the Hong Kong Government should advocate the introduction of a second airline on the Hong Kong/London route.”⁶⁶ The British government did not need to heed the colonial government’s call to aid Cathay Pacific in its application. Nor did the Hong Kong authorities have to look favorably upon all three applications. In November 1979, ATLA announced its decision before the CAA’s. Its decision “took many by surprise” because ATLA licensed not only Cathay Pacific, as it was generally assumed it would do, but also British Caledonian.⁶⁷ The Hong Kong authority played its cards cautiously: while looking out for the local applicant, as expected, it did not shut out the British competitors completely.

On March 17, 1980, the CAA announced its decision to grant a license to British Caledonian to operate a London (Gatwick)–Hong Kong service and deny the applications of Cathay Pacific and Laker Airways. Acknowledging the inadequacies of British Airways’ services and the need for competition, the CAA also recognized the Hong Kong government’s preference for Cathay Pacific “because of that airline’s existing base at Hong Kong and Far East network.” The Authority was also satisfied that “Cathay Pacific was a British airline” for the purposes of the application and that all three applicants were financially and operationally competent. However, it found that Cathay Pacific, although “a good regional carrier,” focused “primarily on the Asian routes” and would rely on British Airways, its 15-percent owner, for support. The CAA further concluded that Cathay Pacific had proposed an inappropriate type of aircraft, the Boeing 747, for the route and that a smaller aircraft such as the DC-10 would be more suitable. Cathay Pacific’s proposal to start its London service with three flights per week was considered “uneconomic” because the Boeing 747 “had a very high breakeven load factor,” which the CAA deemed unattainable. While both British Caledonian and Laker had proposed using the DC-10, the Authority considered British Caledonian’s proposal to cater for all fare categories more promising than Laker’s target of the bargain segment of the market. “Taking account of both aircraft type and marketability of service,” the CAA found British Caledonian’s proposal best suited for the route. The Authority entertained the possibility of two additional carriers but concluded that the market was not sufficiently large for the profitable operation of three carriers.⁶⁸

The CAA decision aroused a strong reaction in the Hong Kong community. The colonial authorities told the Foreign and Commonwealth Office that the governor was “seriously disturbed by the force of public reaction.” The Swires not only clearly indicated their “indignation” to the administrative bureaucracy but also wrote to Paul Bryan MP, Chairman of the Hong Kong Parliamentary Group, stressing Cathay Pacific’s contribution to the British economy through its commitment to Rolls-Royce-engined aircraft.⁶⁹ Senior Legislative Councilor Oswald Cheung concurred. Citing Cathay Pacific’s purchase of Rolls-Royce engines worth tens of millions of pounds sterling, Cheung questioned in his March 27 speech in the Council how the CAA in London could have “forgotten about reciprocity.” After thirty years of British Airways’ monopoly, “[i]nstead of reciprocating by granting a licence to Cathay Pacific,” the CAA had “added a second British based carrier to the

⁶⁵TNA FCO40/1081.

⁶⁶TNA FCO40/1081.

⁶⁷TNA FCO40/1083; HKDCA 1979–1980, p. 15.

⁶⁸TNA BT384/108. See also HKDCA 1979–1980, p. 7; HKDCA 1979–1980, p. 15.

⁶⁹TNA FCO40/1183.

route.” Cheung rejected the CAA’s reasoning, which to him did “not bear examination for one minute.” Cathay Pacific’s proposed service with the Boeing 747 would indeed fit the traffic pattern (“peaks of both sides of the week end [sic] and dips in mid week ... very high seasonal demand”), which the CAA had “completely ignored.” He suggested that “the decision was political.” London needed to rectify the situation, argued Cheung. Hong Kong had “consciously fostered the sentiment of buying British” but that sentiment was “a delicate flower.” In spite of Hong Kong’s belief in “the good faith of Britain,” the CAA’s decision cast doubt on whether the United Kingdom practiced what it preached. Cheung could “only hope that wiser counsel will now prevail, lest sentiment withers.”⁷⁰

Many others joined the chorus. The Hongkong and Shanghai Banking Corporation, which owned 25 percent of Cathay Pacific, wrote to the governor expressing “dismay” at the CAA decision, calling its reasoning “ill-founded and wholly unacceptable.” The bank questioned at a more fundamental level how the CAA could vary from the “internationally-recognised principle of reciprocity” in granting air traffic rights. In a letter addressing Nott, the Hong Kong General Chamber of Commerce described Cathay Pacific’s record as a Hong Kong-based airline serving a wide international network “second to none” and, in light of the CAA decision, expressed concerns about “the development of British interests in Hong Kong and around Asia.” In another letter addressed to Nott, the Trade Development Council called attention to “the special relationship” between Hong Kong and Britain and asked Nott to support “Hong Kong’s rightful claim.”⁷¹

The Chinese community in Hong Kong was no less vocal in its complaints about the CAA’s treatment of Cathay Pacific. The Chinese Manufacturers’ Association of Hong Kong called the decision “lamentable.” The Association found it regrettable that the British government would not allow a Hong Kong-based airline to serve the Hong Kong–London route, especially after the tremendous efforts on Hong Kong’s part to improve the trade situation with Britain. The British government had failed to consider Hong Kong’s interests due to “political pressure at home and self-interest.” The CAA’s rejection of Cathay Pacific’s application called into question “how much Hong Kong’s interest actually weighed in overall British policy.” The Federation of Hong Kong Industries similarly voiced its “grave concern” over what its members considered Britain’s “unreasonable treatment” of Hong Kong. The Chinese Executive Club was “shocked” that Cathay Pacific had been turned down in favor of British Caledonian. The Hong Kong Management Association called the British CAA decision a serious “affront,” especially as it overrode the ATLA decision. The Hong Kong Plastics Manufacturers’ Association condemned the British decision as displaying “total disregard of normal trade reciprocity” and “complete neglect” of Hong Kong’s trade relationship with the United Kingdom. Garment manufacturers, as well as the Exchange Banks’ Association, also launched complaints.⁷²

The media was no more generous in its assessment. A Cantonese phone-in radio program logged callers’ complaints about the decision, which featured accusations of “exploitation,” “discrimination,” “greed,” “second-rate citizenship,” “suppression,” and “Britain’s sell-out.” All of the editorials in sixteen Chinese and four English daily newspapers, with a combined circulation of over one million, condemned the CAA decision. The *South China Morning Post* remarked that “London has displayed a shameless abuse of imperial privilege by shutting out the local airline and dividing the route between two British airlines.” The Chinese *Wah Kiu Yat Po* commented that the decision, which “did not make sense,” would “ruin the harmonious relation between Hong Kong and Britain.” Recalling the removal of Hong Kong from the list of colonies as defined by the United Nations, *Ming Pao* pointed out the contradiction of a decision predicated on the subjugation of Hong Kong as a colony, raising the discrimination to the political level. The *Oriental Daily News* called it more “evidence of Britain’s

⁷⁰Legco March 27, 1980, pp. 673–4; KSMN March 28, 1980, p. 8.

⁷¹TNA FCO40/1183.

⁷²TNA FCO40/1183; KSEN March 29, 1980, p. 1, April 2, 1980, p. 2; TKP March 29, 1980, p. 4, April 2, 1980, p. 5; WKYP March 29, 1980, p. 22, April 2, 1980, p. 5.

imperialistic attitude in ignoring the interests of Hong Kong.” The *Kung Sheung Daily News* went further: “In the eyes of the British people, Hong Kong is only a hen that lays golden eggs. As long as it continues to lay eggs, other matters are not important.” The pro-Beijing *Wen Wei Pao* noted that the only possible explanation for the CAA decision was “partiality.” Governor MacLehose noted the “surprising and unprecedented” protest at the CAA’s “failure to license Cathay Pacific (after ATLA had licensed both Cathay and BCal)” and the contagious spread in the community.⁷³

The governor reported that many in the city were interpreting the CAA decision as “an example of Britain taking advantage of its constitutional relationship with Hong Kong.” He saw grievances emerging from “official and commercial circles” charging that Britain derived benefits in air services agreements worldwide from “the Hong Kong card.” Cathay Pacific, as “Hong Kong’s airline,” should be entitled to some reciprocity. To the public, the CAA decision underscored “the more anomalous aspects of colonial status.” The opinion in Hong Kong was especially bitter due to “the contrast with Singapore, the other Chinese city state, whose airline has a frequent service to London.” The governor warned that if the decision was upheld, “the tide of reaction could become stronger than any similar movement in his experience.”⁷⁴

A contentious but prompt appeal process ensued, with both Cathay Pacific and Laker contesting the CAA decision. To support Cathay Pacific’s case, the Hong Kong government cited the public reaction, which “came from a wide cross-section of the community (not just the ‘taipans’ and HK establishment).” The people of Hong Kong resented the “colonialist” attitude manifested in the denial of reciprocal rights to fly to London, “rights which are available to other countries.” This public outcry, the Hong Kong government suggested, would make it difficult “to tip decisions on important contracts in favour of the UK.” Highlighting the “intangible benefits of licensing a Hong Kong carrier susceptible to pressure from the Hong Kong community,” the Hong Kong government acknowledged the advantage in fiscal and economic terms to Hong Kong. With its operational experience in Hong Kong and connections in the Far East, Cathay Pacific, “the Hong Kong flag carrier,” could funnel traffic onto the Hong Kong–London route. The Boeing 747 would also be able to handle varying traffic demands with minimum stress to the overextended capacity at Gatwick and Kai Tak. Laker’s proposition to target the bargain market appealed to the free-economy mentality of Hong Kong but the government questioned Laker’s costings and market forecasts. Therefore, the Hong Kong government considered it appropriate to grant Cathay Pacific a license with unlimited frequency and to reject both British Caledonian and Laker: “the only solution which was right on the merits and met the statutory requirements.”⁷⁵

Three months after the CAA’s initial decision, the British government announced a change of heart. On June 17, 1980, Secretary of State for Trade John Nott directed the CAA to issue licenses to Cathay Pacific and Laker, primarily on the basis of competition and the low fares proposed by Laker. Notifying the British Prime Minister on June 12, Nott called the route between London and Hong Kong “unique in the modern aviation scene in that it runs between two British points ... and is therefore reserved for British airlines.” Nott explained that the Hong Kong government had urged him to direct the CAA to grant a license to Cathay Pacific to quell the deep resentment in Hong Kong at the initial decision. Nott had decided not to leave out Laker, whose proposal, he

⁷³TNA FCO40/1183; KSMN March 23, 1980, p. 2; SCMP March 18, 1980, p. 2; WKYP March 21, 1980, p. 2.

⁷⁴TNA FCO40/1183. Singapore began to assert its autonomy from the United Kingdom in negotiations of air traffic rights long before its independence (TNA FO371/127676). For its budding industry, British officials had brokered Singapore’s connections with Southeast Asia and Australia (TNA FCO141/15127). Ironically, B.O.A.C., along with Australia’s Qantas, both of which had provided instrumental assistance in getting Singapore Airlines’ predecessor off the ground, came to block the airline’s route expansion (Hickson 2015, p. 82). Malaysia-Singapore Airlines managed to launch its service from Singapore to London in 1971 nonetheless (*The Straits Times* June 4, 1971, p. 1). Its service to Sydney began even earlier, in 1967, on chartered jets (*The Straits Times* April 6, 1967, p. 15). While the Singapore carrier was seven years and nine years ahead of Cathay Pacific in its inaugural services to Sydney and London, respectively, the two carriers penetrated the North American market at the same time in 1983, both thanks to the introduction of the Boeing 747 (*The Strait Times* May 7, 1983, p. 12).

⁷⁵TNA BT384/108.

believed, would open the “untapped market at the bottom end of the price range.” Hence, he ruled in favor of all four carriers, British Airways and British Caledonian, which had already been granted their licenses, as well as Cathay Pacific and Laker on the strength of their appeal.⁷⁶

Nott chose to make his decision public at the Dragonboat Dinner held at the Hong Kong Association in London. He addressed what he deemed to be a pragmatic audience for whom “the romance of travel is less significant than the need for efficient services which arrive on time and give the passenger value for money.” Claiming that he was not satisfied with the tight regulations on international civil aviation, he suggested that “a more liberal market environment” would better serve consumers and the government alike. In his public statement, Nott expressed conviction that his decision would be welcomed by air travelers in general, as well as “in Hong Kong where freedom to compete is one of the cornerstones on which the economic success of Hong Kong has been built.”⁷⁷

Also in public, Governor MacLehose exalted, “how delighted I am, how delighted Hong Kong is, that *our own airline* has at last been licensed to fly to London” (emphasis added). The *Sing Tao Evening News* found the reversal of the British decision significant for helping to wipe out the discord between London and Hong Kong, allowing closer cooperation between the two sides. While the *Ming Pao Evening News* was not sanguine about the major benefits in terms of local air services, its editorial was particularly optimistic about what the revised decision meant for relations between Hong Kong and Britain: “We are no longer the ‘chips’ at the negotiating table where we are always the losers and Britain the winner.” The *Oriental Daily* appeared cautious about the inevitably fierce competition among the four approved carriers but expressed hope that Britain would be smart enough to compare the economic benefits derived from Hong Kong and the New Hebrides, referring to the politically troubled archipelago in the South Pacific that had declared its independence from Britain and France in 1980.⁷⁸ Judging from the Chinese newspapers’ response, the fight for “Hong Kong’s airline” symbolized the battle for the metropole’s regard for Hong Kong. After all, Hong Kong had grown from a reliant colony to a force to be reckoned with in its own right, and was no longer content to be treated as a second-rate participant in its dealings with the British government.

The Hong Kong community felt vindicated in securing for Cathay Pacific a license for the London route. After the long and intense battle, Cathay Pacific and British Caledonian finally launched their scheduled services between Hong Kong and London in July and August 1980, respectively, thereby ending the monopoly that British Airways had held over that route for more than thirty years. Eager to celebrate its momentous victory, Cathay Pacific marshaled its resources and launched its service on July 16, 1980, just one day shy of a month since being notified of the success of its appeal against the original licensing decision.⁷⁹

“Thank you for waiting,” read the full-page advertisement Cathay Pacific placed in the *South China Morning Post* and the local Chinese newspaper *Wah Kiu Yat Po* (Figs. 4a and b). “Today is a great day. We fly to London,” proclaimed the proud Hong Kong-based airline. The advertisement in the Chinese newspaper also added that Chinese staff members of Cathay Pacific would be available at Gatwick Airport to help passengers with entry procedures, thereby affording them the convenience of a language barrier-free entry experience upon landing.⁸⁰ The headline of an article in another Chinese newspaper underscored the significance of the inaugural flight in marking the end of a “successful battle for air traffic rights, breaking a monopolistic arrangement.” Marking what the airline newsletter called “[t]he most historic moment for the airline in recent years,” Cathay Pacific popped open champagne to toast a full load of passengers on the inaugural flight. In a message to passengers in the airline’s in-flight magazine, Managing Director H.M.P. Miles recounted the struggle the airline had endured and expressed gratitude for “the tremendous support from the people of Hong Kong and

⁷⁶TNA FCO40/1184.

⁷⁷TNA BT384/108.

⁷⁸TNA FCO40/1184.

⁷⁹Swire HK Archive Cathay Pacific Airways Limited Annual Report 1980, p. 5.

⁸⁰SCMP July 16, 1980, p. 4; WKYP July 16, 1980, p. 13.



Figure 4. (a, b) “Thank you for waiting. Today is a great day. We fly to London.” Sources: *South China Morning Post*, July 16, 1980, p. 4; *Wah Kiu Yat Po*, July 16, 1980, p. 13.

our many friends elsewhere in the world,” which had resulted in “Hong Kong’s airline being granted the licence.” As Cathay Pacific “moved beyond its traditional Asia-Australia-Middle East operating area,” Miles pledged to maintain and enhance the reputation of the airline “of which Hong Kong is justly proud.”⁸¹

The new service stimulated substantial traffic growth, resulting in high load factors. Competition led to improvements in standards of service and punctuality. In his annual remarks, the Hong Kong Director of Civil Aviation called the new service “[p]erhaps the most significant development during the year from the point of view of public interest.” He reported “an almost bewildering variety of low fares,” which had helped to develop the Hong Kong–London route “more rapidly than most people anticipated.”⁸² Cathay Pacific increased the frequency of its service on the route rapidly in response to the notable uptick in demand. By December 1980, the airline had increased its weekly service from three to four flights; by January, it had risen to five; and by June 30, 1981, it was offering a daily service.⁸³ Competition resulted in tremendous traffic growth. Passenger traffic between Hong Kong and London spiked a phenomenal 89 percent in the half-year period of 1980–1981 in which British Caledonian and Cathay Pacific began serving the route. This strong showing was followed by the sustained growth of 35 percent in the subsequent year. With the end of its monopoly over the route, British Airways’ share of the traffic declined to 63 percent in 1980–1981. Within a year, Cathay Pacific had grown its business to 78 percent of British Airways’, claiming the number two

⁸¹Swire HK Archive CPA/7/4/1/1/168 Newsletter [January 1981]; KSMN July 16, 1980, p. 5; TKP July 15, 1980, p. 4, July 16, 1980, p. 4, July 17, 1980, p. 5; WKYP July 16, 1980, p. 5.

⁸²HKDCA 1980–1981, p. 18; HKDCA 1980–1981, p. 21.

⁸³Swire HK Archive Cathay Pacific Airways Limited Annual Report 1980, p. 5.

spot at 36 percent of market share in 1981–1982, after British Airways' share, which had dropped further to 47 percent.⁸⁴

One issue remained: Laker now had the go-ahead from the British CAA but the Hong Kong ATLA had denied Laker's application in November 1979. In spite of the commendations of the Director of Civil Aviation over the new low fares, Laker, the proponent of targeting "the forgotten men and women at the bottom end of the market," continued to be shut out of the Hong Kong–London route. ATLA stood firm in its rejection of Laker's application on the grounds that market demand did not justify more than three services. With Nott's reversal of the CAA's original decision, the Hong Kong government had supported Laker's bid to fly the route but ATLA exerted its independence before a Hong Kong judge, and there was no provision for an appeal or for directions to ATLA by the Hong Kong governor.⁸⁵

The Laker situation highlighted the potentially conflicting positions of the CAA in Britain and ATLA in Hong Kong. In the process of reviewing Laker's application, the Hong Kong authorities altered their relationship with the British government and sought more symmetrical treatment. Noting the dual licensing procedure, the Secretary of State remarked to the Prime Minister that Hong Kong had "some-what archaic air transport regulations" but warned that "a price would be paid for ... a change" in Laker's favor. He further relayed to the Prime Minister the Hong Kong government's message that "the Executive Council in Hong Kong could not be expected to agree to a revision of the regulations to provide for appeals ... unless British Airways lose their present exemption from Hong Kong Licensing procedures," an exemption that the Hong Kong government had granted in 1963. The topic was a sensitive one in this period. Although still a state-owned company, British Airways was preparing for privatization as part of Margaret Thatcher's larger deregulation campaign. The diplomatic machinery in London was well aware of the risk of British Airways losing the privileged position the Hong Kong government had granted it just as the airline was ceasing to be a state-owned company. The Prime Minister was advised, "not [to] sacrifice the BA exemption to bring Laker onto the route."⁸⁶

Writing to Laker founder Freddie Laker on July 17, 1981, Thatcher reiterated the British government's commitment to "greater competition between the airlines and a strong independent sector in the British industry." She allowed that the British government could bring Laker onto the Hong Kong–London route, albeit at the price of "put[ting] at serious risk British Airways' routes out of Hong Kong." In particular, she noted Cathay Pacific's interest in taking over British Airways' routes, especially the Hong Kong–Johannesburg service. Thatcher told Freddie Laker that she was "not so sanguine as [Laker] that the interests of an incumbent airline" would be protected. She admitted that "[t]he Hong Kong regulations, if they mirrored the system here, would contain a bias in favour of any Hong Kong-based airline just as the Civil Aviation Acts, except in respect of the London–Hong Kong route, contain a bias in favour of UK-based airlines." In the end, Thatcher supported her minister's conclusion that "the price was not worth paying." In a second letter to Laker, acknowledging again the bias in the British rules, Thatcher conceded that "as long as that is so, it is difficult to object to the reverse bias in the Hong Kong licensing procedures."⁸⁷

Both Cathay Pacific and Laker had sought to expand their networks as deregulation of the airline industry was opening up the skies to competition. However, as the hard-fought battle over the Hong Kong–London route demonstrates, deregulation came with severe limitations. Licensing authorities remained guarded in their approval of new carriers and continued to uphold nationalist agendas. In the case of Hong Kong and Cathay Pacific, the proceedings pitted the colonial authorities against their counterparts in the metropole. In the liberalizing climate of deregulation, Thatcher and her government noted the asymmetry of certain pre-existing arrangements and acquiesced to the colony's assertion of greater control.

⁸⁴HKDCA 1979–1980, Appendix VI; HKDCA 1980–1981, pp. 18, 21, 24–25; HKDCA 1981–1982, pp. 24–25.

⁸⁵TNA BT 245/1922, BT 384/108, FCO 40/1184.

⁸⁶TNA BT 245/1854, BT 245/1922, BT 245/1923, PREM 19/1414.

⁸⁷TNA BT 245/1923, PREM 19/1414.

As Cathay Pacific and British Caledonian entered the fray in the Hong Kong–London market, Laker proceeded to apply to the CAA for a license to commence service from London, but only to Sharjah, its proposed connection point en route to Hong Kong. British Airways launched further complaints about the midpoint rights of its competitors on the Hong Kong–London route (Bahrain for Cathay Pacific and Abu Dhabi for British Caledonian). The battle continued for the survivors, but for Laker, which had also applied for a trans-Pacific license to fly to Canada and the West Coast of the United States, the fight was over, with the airline succumbing to financial difficulties in early 1982.⁸⁸

While the general liberalizing trend in the airline industry provided a necessary condition for the expansion of the route system of Hong Kong's flagship carrier, technological enhancements that eliminated stopovers and allowed for long-haul connections also proved critical to Cathay Pacific's shedding of its regional confines.

The result was that Hong Kong came into its own as a commercial aviation hub at this crucial juncture. With its catchment area of Southeast Asia and long-range connections to Australia, Europe, and North America, Hong Kong's geographic location continued to play a significant role. However, only with favorable political circumstances could the hub's own carrier develop its full potential. Decolonization animated geopolitical developments in Southeast Asia but the forces pushing for autonomy were not inexorable. Not only did Hong Kong remain a British colony but the colonial authorities also managed to wrest more power from the metropole, at least in commercial aviation, in the 1970s. The overlapping route discussions discussed herein reveal the multifaceted relations between London and the British territory of Hong Kong in the era. While continuing to underwrite the Hong Kong carrier's re-entry into Australia and its expansion to North America, the British government strove to protect U.K.-based British interests.

Economic takeoff in Hong Kong and elsewhere in the region resulted in more determined local assertion in the commercial aviation arena. At the same time, what constituted "British" or "local" had become more fluid and dynamic. As local forces (or more precisely local British forces in Hong Kong) took hold, power at the metropole was eroded. The most notable demonstrations of that phenomenon in the commercial aviation arena were British Airways' yielding of the Sydney route to Cathay Pacific and the British designation of Cathay Pacific for the Hong Kong–Vancouver route. The most iconic was, of course, the inauguration of Cathay Pacific's flight to London, ending British Airways' monopoly over the Hong Kong–London route. As monumental as these specific routes may have been, the process took a rather gradual course. In the early 1960s, B.O.A.C.'s share of air passenger and air cargo traffic through Hong Kong hovered in the low double digits. The corresponding percentages had dipped into the single digits by the early 1970s. By 1982, British Airways commanded a meager 3 percent of passenger and cargo traffic through Kai Tak.⁸⁹

British Airways' monopoly over the Hong Kong–London route gave way to competition not simply because of the economic rise of the British outpost but also thanks to a political climate favoring deregulation and privatization. Deregulation and privatization had softened the titans, particularly in Britain and the United States. Industry deregulation led to a bilateral liberalization of air traffic rights between countries. The success of Cathay Pacific in extending its route map to London cannot be easily construed as a bilateral arrangement in the usual sense of air traffic negotiations but more aptly as underscoring the long-overdue recognition of reciprocity between the colony and the metropole within the British zone.

Nor would Cathay Pacific's introduction of long-haul flights have been possible without the advent of long-range jumbo jets. This new technology extended the airline's reach and offered expanded capacity, two factors paramount in the elimination of the diplomatically problematic issues of en route stops and service frequency.

⁸⁸TNA BT 245/1854, BT 384/113, PREM 19/1414; HKDCA 1980–1981, p. 18. Cathay Pacific had offered a service to Bahrain via Bangkok as early as November 1976 (SCMP August 10, 1977, p. 21, August 22, 1977, p. 36).

⁸⁹HKDCA 1960–1961; HKDCA 1970–1971; HKDCA 1981–1982.

With fast and direct connections from Hong Kong to select international cities, a significant number of Hongkongers established an alternative physical presence for their families. “Astronauts” sustained family ties and work connections through frequent air travel to and from Hong Kong, and protected themselves and their families from possible political upheavals through flexible citizenship.⁹⁰ In the last years of colonial Hong Kong, the physical network of flight routes enlarged the geographical sphere of activities for mobile Hongkongers and fashioned for the postcolonial period a transnational identity for Hong Kong. An environment of relaxed regulations, coupled with technological breakthroughs, allowed Hongkongers to exert control of the skyways.

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⁹⁰Ong 1999.