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TURBULENCE: A Kenya Airways plane after taking off at Moi International Airport, Mombasa.

KQ pilots strike on, passengers delayed

BY STAR TEAM

NATIONAL carrier Kenya Airways has put on a brave face in light of the strike that begun last Wednesday, saying it hopes to reach a deal with the pilots' union "early this week".

The debilitating action by pilots has forced the already loss-making airline to reschedule, delay and cancel some of its flights, causing inconveniences to travellers.

The Kenya Airline Pilots Association rallied its members into a go-slow after the airline issued 10 pilots with a six-month notice to proceed on retrenchment, saying this was part of an ongoing fleet modernisation exercise. KQ said the pilots are all aged above 60 and are nearing retirement.

"We have been engaging them [Kalpa] and we continue to do so, and hopefully we will reach a solution early in the week," said a senior manager at KQ who declined to be named due to the airline's policy on speaking to journalists.

The pilots to be retired, KQ has argued, operate the aging Boeing 777-200 jets – four of which were grounded last year and replaced by newer Boeing 777-300.

The fallout between KQ and Kalpa has resulted in pilots withdrawing their goodwill, a binding agree-

ment that enables them to work overtime.

The go-slow has affected scheduled flights outside their official working hours.

"We wish to notify all our esteemed guests that following the ongoing pilots' go-slow ... we have been forced to re-schedule, delay and cancel some of our flights," KQ said in a note to travellers at the weekend.

"Kenya Airways is working towards normalising its operations within the shortest time possible so as to ensure seamless experience for our guests."

KQ has not publicly stated the total number of flights so far cancelled, delayed or rescheduled as the crisis bites.

The publicly traded airline has instead opted to respond on a case-by-case basis. KQ is responding to questions relating only to specific flights affected by the go-slow by requiring that enquiries include the flight numbers and booking references.

Unconfirmed reports indicated about 10 scheduled flights were cancelled over the weekend.

On Saturday, passengers for a scheduled flight to Amsterdam from Nairobi (KQ 161) were stranded as the flight delayed. They were later booked into Hilton Hotel before

being booked for a late night flight.

Passenger accounts also disclosed that a flight to Dubai was cancelled, with KQ saying this was due to "operational constraints" when enquiries were lodged.

Most of the stranded passengers were checked in either at Hilton or Laico hotels in the CBD, while a few were reportedly booked in at Panari Hotel on Mombasa Road. We could not independently confirm the latter.

Another passenger alleged he was still stranded in Seychelles yesterday after a flight was cancelled "without notice".

The ongoing go-slow by the pilots is the second in the recent past. Kalpa deployed the same strategy in October 2012 to protest the retrenchment of over 600 employees in a protracted battle that ended up in court.

Kalpa secretary general Ronald Karauri last week said the union has sought intervention from the Ministry of Labour, which in 2012 supported its protests, terming the sackings then as "cruel".

On Thursday, the beleaguered airline suffered a temporary blow after it was forced by Tanzanian authorities to cut weekly flights to Dar es Salaam to 14 from 42, in the latest diplomatic dispute between Kenya and its Southern neighbour.

National policy on intellectual property mooted

BY STAR REPORTER

THE State is mulling introducing a National Intellectual Property Policy to enhance protection and commercialisation of creative work, hence boosting technology transfer and entrepreneurship.

A two-day seminar organised by Kenya Industrial Property Institute and African Regional Industrial Property Organisation

heard that the envisaged policy is intended to place Kenya at par with best practices on intellectual property protection through research.

"Government investments in research and development will set a rational, predictable and consistent framework for determining intellectual property control and ownership that encourages commercialisation," said Julius

Kirima, acting deputy director for industry at the Ministry of Industrialisation and Enterprise Development.

Fernando Dos Santos, director-general of ARIPO, said: "The Jua Kalis, universities, research institutions and even individuals are hubs of innovation in this country that must be nurtured and assisted to turn their inputs into intellectual property assets."

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ALY KHAN'S
STAR
PORTFOLIO



ERC FORMULA INIMICAL TO NATIONAL INTERESTS

CRUDE oil was last trading at \$46.57 a barrel on the New York Metals and Energy Exchange. In June last year, this contract was just shy of \$100 a barrel. I expect a sharp slide below \$40 a barrel because there is currently no more storage. The World is awash with the black stuff and the Americans are also considering lifting an export ban, which will tip the market into a tailspin.

If Iran is rehabilitated – and all the signals now point in this direction – an additional one million barrels will be pumped into the international markets.

The only way to bring this market into equilibrium is for massive cuts in supply, and this will not happen. In fact, instead of pumping less, many countries are adding more in a vain attempt to make up for the revenue shortfall.

I have written before about how the 'bear raid' on oil was a very sophisticated strategy hatched by the erstwhile community organiser from Chicago, USA, who morphed into the President, but also a sophisticated 21st century oil warfare specialist.

A break below \$40, and whenever oil falls, it is like a falling knife; it's very difficult to catch it. There are some doomsday predictions out there that a barrel could even cost \$20.

Now, you do not have to be a rocket scientist to appreciate that some countries are now at breaking point. Venezuela president Nicolas Maduro's 'Chavez Model' survived all sorts of coup attempts, but oil below \$40 is a bullet that cannot be dodged. Vladimir Putin's Russia will buckle more, but the Russian psyche is really resilient and the pain threshold much higher than in other countries.

Let's come closer to home and look at the erstwhile high-fliers, Nigeria and Angola. It is a fair question to ask: Can these governments survive less than \$40 a barrel oil?

Zambia, which is not an oil producer but heavily dependent on another commodity called copper, has seen the kwacha collapse by 20 per cent this year, and there is panic-like behaviour in the streets of Lusaka.

Now, turn to the price of fuel in the Kenyan economy. The World Bank in its most recent Kenya Economic Update said: "World Bank simulations suggest that a 30 per cent decline in the price of oil from the baseline price of \$65 per barrel could increase GDP growth by up to 1.2 percentage points in 2015."

And "between September 2014 and February 2015, crude oil prices fell 48 per cent, but the price of unleaded gasoline fell just 18 per cent and the price of diesel just 19 per cent. Taking the lag effects of price transmission to the domestic economy into account, prices should have fallen by 39 per cent", the bank said.

What is crystal clear then is that transmission of the lower oil price structure into the economy is a good thing. The open question is why this is not happening in full?

We have to look at the Energy Regulatory Commission's mandate and we have to look at the formula. ERC's fuel pricing formula is currently inimical to national interests.

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