



PRIME MINISTER

CIVIL AVIATION REVIEW

I understand that we are to meet on Wednesday 11 July to discuss Nick Ridley's minute to you of 3 July. I very much hope I shall be able to be present for the whole meeting, but I have to chair the Committee of Privileges at 4.30 pm and I may therefore be slightly late. If so, I apologise in advance.

In the circumstances, it may be useful if I outline briefly my own reactions to the Parliamentary aspects of the situation, so that you can have them in mind when discussing the matter.

Nick suggests that the CAA seem likely to recommend route transfers to British Caledonian on a scale which, together with the other route changes they are likely to recommend, might reduce British Airways' revenue by about 10 per cent and their profits by rather more. Such changes would require legislation to effect the route transfers and he suggests that, in order to fit in with the privatisation programme, the legislation would have to be through Parliament by the new year. In addition, he thinks that if the CAA's report is published on or about 16 July there may be pressure for a debate before the House rises. I get the impression that this would be welcome to him.

Rt Hon Margaret Thatcher MP
Prime Minister

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I have to say that legislation in next Session on the timescale which he outlines is virtually out of the question. This matter was not put before QL or the Cabinet in their consideration of next Session's legislative programme and, as you know, the programme is already extremely tight. This is clearly a very controversial subject, and I do not think that we can accept that it can be slotted in to the programme without taking out some other measures. Nor, I have to say, do I think there is time for a debate on this subject before the House rises.

I am sorry to be so discouraging in an area which I recognise is of some importance to the Government's privatisation programme, but I do find it difficult to understand why the issue has suddenly assumed its present prominence in legislative terms at this point in time.

May I suggest that, if you think it appropriate, the Chief Whip should be invited to this meeting.

I am copying this to the Chancellor of the Exchequer, the Secretaries of State for Trade and Industry and Transport and the Chief Whip.

WJB

J.B.

9 July 1984

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