

CONFIDENTIAL FILING.

Prime Ministers ^{meeting} with Sir Fergus Montgomery MP,
and Tom Sackville, MP to discuss Manchester
Airport, 21 April 1988.

PRIME MINISTER

March 1988

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
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SUBJECT CC MASTER

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

22 April 1988

Dear Sarah

MEETING WITH SIR FERGUS MONTGOMERY MP AND MR. TOM SACKVILLE MP

The Prime Minister yesterday met Sir Fergus Montgomery and Tom Sackville at their request to discuss the development of Manchester Airport. Your Minister was also present.

Sir Fergus and Mr. Sackville opened the meeting in terms which will be familiar to you. They noted in particular that the BA service, now daily, between Manchester and the US started in Gatwick. It was subject to delays and cancellations, and the best seats had frequently gone by the time it got to Manchester. It was no substitute for a full trans-Atlantic service starting in Manchester. They understood the need to secure reciprocal traffic rights from the United States, but they urged that the specific needs of the North West be taken into account when the negotiations took place.

The Prime Minister took note of the points put to her. She reminded Sir Fergus and Mr. Sackville however that, on the basis of her own experience, the US Government was a very tough negotiator indeed. The UK had to stick out for a fair deal. It would be wrong to allow American airlines access to Manchester without securing full reciprocal rights. The US policy of denying UK airlines access to internal routes in the US meant that it was easier for American planes to fly on from New York to the UK at high loads, accordingly to keep costs down and to undercut British airlines. We could not, and should not, tolerate unfair competition. The routes the Americans were seeking were worth some £100 million a year to British airlines.

Concluding the meeting, the Prime Minister said she understood the MPs' concerns, and their wish to encourage development in the North West. Manchester Airport had been growing strongly, and she appreciated their wish to see it and the region develop further. But it was vital that the UK should continue to secure full reciprocal rights from the Americans, and not fall victim to their tough negotiating posture.

Les
Mark Addison

Mark Addison

Miss Sarah Smith,
Department of Transport.

108

PRIME MINISTER

MEETING WITH SIR FERGUS MONTGOMERY AND TOM SACKVILLE

Fergus Montgomery has asked to see you, with Tom Sackville, about two things:

- (i) access of American airlines to Manchester airport
- (ii) social security reforms.

The attached briefing from the Department of Transport consists of:

- Flag A Bull points about Manchester airport
- Flag B Key points on the current apparent impasse with the United States Government on air traffic rights
- Flag C Background material

I also attach at Flag D Sir Fergus' speech in the adjournment debate which he refers to in his letter (Flag E).

Lord Brabazon will attend the meeting, though he may have to leave early to get back to the Lords. There seems little to be done except let the negotiations take their course. It may be difficult for Manchester to see why there should be any linkage with what happens at other airports; but it would not be in the UK's interest to allow individual airports to have their air traffic rights picked off one by one.

Janessa

MA MARK ADDISON

20 April 1988

A

MANCHESTER AIRPORT - BULL POINTS

- ... Manchester is the third largest airport in Britain, after Heathrow and Gatwick; it handled 8.7m passengers in 1987.
- ... In the 5 years to 1987, passenger traffic at Manchester has increased by 70% compared to 55% at Gatwick and 30% at Heathrow.
- ... Since the beginning of 1986, the Airport has been able to offer scheduled flights to nearly 30 new foreign destinations.
- ... Scheduled services now operate to 60 foreign destinations.
- ... Traffic growth at regional airports in the 10 year period to 1987 has increased by 80% compared to 59% at the BAA London airports.

B

MANCHESTER AIRPORT: BULL POINTS ON MAIN CONCERNS OF NW LOBBY

- We have done all that we can to negotiate a settlement with the Americans; the USG have been, and still are, reluctant.
- We cannot give away £100m of air traffic rights; contrary to Government policy and bad for UK Ltd.
- Interests of the NW are reflected in price we are seeking - only a fraction of the value of the rights the US seek.
- Not Government policy, nor do we have the power, to force UK transatlantic airlines to use Manchester Airport.
- We have not given up - we still hope to persuade the USG to resume negotiations soon.

C

MANCHESTER AIRPORT: BRIEF FOR THE PRIME MINISTER'S MEETING WITH
SIR FERGUS MONTGOMERY MP AND TOM SACKVILLE MP ON THURSDAY 21
APRIL

The Problems

1. Local MPs are understandably anxious to see the increased development of Manchester Airport. There are two problems. First, and of most concern, it is believed that the Government's negotiating position with the US Government is preventing more US airlines from operating into Manchester. This, it is argued, delays development and forces passengers from the North West to travel to London to join transatlantic flights there. Second, it is believed that the Government should do more to 'encourage' UK airlines to use Manchester Airport rather than London.

Background

2. During the negotiations of the UK/US Air Services Agreement (Bermuda 2) in 1977, the Americans did not seek provision to serve the UK through Manchester. Now that some of their airlines are interested in this, the USG must negotiate with HMG for the traffic rights before services may commence. This follows the normal line in air services negotiations adopted by most, if not all, countries worldwide.

3. Sir Fergus Montgomery and Tom Sackville last came to see the Secretary of State on 22 March. A copy of the letter subsequently sent to Sir Fergus is attached (Annex A).

Points made by DTp Ministers

4. The Secretary of State and Lord Brabazon have made the following points at meetings, and in correspondence, with a number of local MPs, including Sir Fergus Montgomery and Mr Tom Sackville.

- HMG are equally keen to see the further development of air services between Manchester Airport and the US.

- The Government's policy is determined by the 1985 Airports Policy White Paper in which it says that close attention will be paid to the balanced development of Manchester. Increased access by foreign airlines should be balanced by parallel improvements in access to that country of equivalent value for UK airlines. This is in the interests not only of UK airlines, but also the UK economy as a whole.
- Repeated attempts to persuade the USG to negotiate since 1985 have met with little success. In that year, we allowed American Airlines to commence services between Chicago and Manchester without, for the time being, a reciprocal benefit. The USG finally came to the negotiating table in March of this year. Until then, they had argued that their airlines were not interested in serving Manchester. (The change of heart seemed to result from recent applications by American Airlines and Pan Am to serve Manchester from New York and from North West Airlines to do so from Boston.)
- Agreement was not reached during the March talks primarily for two reasons: the USG insisted on agreement for all their demands when we felt able to agree only to two out of the three immediately (subject to agreement on price, on which useful progress was made); and BA said that they would almost certainly have to withdraw their service to New York from Manchester if there was a direct US service in competition in less than two (reduced from BA's preferred three) years. At the time, Manchester considered the retention of BA's service as a top priority.
- HMG were seeking payment to enhance existing services, and one forthcoming service, out of London rather than to seek additional rights out of Manchester because UK airlines are firm in saying that they have all the rights that they need out of Manchester (apart from the possible enhancement of an existing service that is being investigated).

- The interests of the North West were certainly taken into account in the March negotiations. (A recent independent assessment shows that the value of the rights sought by the US - £100m - is several times that of the rights that the UK seek.)
- The USG showed little commitment to seeking agreement in the March negotiations. They revealed, in confidence, that only American Airlines were really keen to serve Manchester. Furthermore, certain US carriers not interested in Manchester are opposed to any deal.
- The USG took the line at the end of the meeting that they wished to defer further discussion of the matter until the end of 1988/beginning of 1989. But officials will try to make progress when they are in Washington next week to discuss other matters.
- Any question of doubt about BA's lack of commitment to Manchester should be taken up directly with them. (It is understood that a group of Conservative MPs visited BA during the week before Easter).
- It is not Government policy to force airlines to fly services against their commercial judgement (1985 White Paper) nor do we have the powers to do this.

Comment

5. Some of the Manchester Lobby seem reluctant to accept that it takes two parties to negotiate. If the USG will not do so, or do so realistically, the only alternative to waiting until they are pressured to do so by their airlines is to give the Manchester rights away. This would exacerbate the imbalance of opportunities that UK airlines have in the US and, almost certainly, affect their performance significantly. A first result is likely to be that Manchester would lose the BA service to New York. In this respect, a letter of 15 April from the Chairman of Manchester Airport (Annex B) indicates a change of stance in that they could be prepared to accept the withdrawal of this service if it does not cater properly to demand.

6. (In confidence) An attempt is being made to persuade BA to manage with a one rather than two-year development period, with a view to permitting both US New York-Manchester services to commence next year. This is likely to satisfy both the Manchester Lobby and the Americans. But this is subject to our obtaining a reasonable price.

7. We are awaiting a response from the USG to the suggestion that the dialogue on Manchester should continue next week.

8. As to 'encouraging' more flights from Manchester than London, we consider that overseas passengers from the regions should be able to fly on the route that they prefer. The Government's main role is to foster a competitive multi-airline UK industry, so that the airlines can become fully responsive to the needs and wishes of their customers. It is for Manchester Airport to persuade the airlines that services out of Manchester make good commercial sense. If the demand is there, which Manchester claim there is, then the airlines ought to be keen to exploit it.



10 DOWNING STREET
LONDON SW1A 2AA

18th April, 1988

Dear Fergus

I am happy to confirm that the Prime Minister is looking forward to seeing you and Tom Sackville in her room in the House of Commons at 3.45pm on Thursday next, 21st April.

I am sending a copy of this note to Tom Sackville.

Yours ever

Archie

ARCHIE HAMILTON
Parliamentary Private Secretary

Sir Fergus Montgomery MP



10 DOWNING STREET
LONDON SW1A 2AA

18th April, 1988

Dear Miss Bishop

Further to our telephone conversation this afternoon, I am happy to confirm that the Prime Minister will be seeing Sir Fergus Montgomery MP and Mr Tom Sackville MP at 3.45pm on Thursday next, 21st April in her room at the House of Commons.

The Prime Minister is delighted that Lord Brabazon will be joining the meeting.

I enclose a copy of Sir Fergus' letter to the Prime Minister, and I should be most grateful to receive suitable briefing to put into the Prime Minister's Box by 5.00pm on Wednesday evening.

Thank you for your assistance in this matter.

Yours sincerely

Shana Hole

Shana Hole (Miss)
POLITICAL OFFICE

Miss Iris Bishop

Archie



From: SIR FERGUS MONTGOMERY, M.P.

HOUSE OF COMMONS,
LONDON, SW1A 0AA.

9.4.88.

Dear Margaret,

Please could Tom Sackville and I come to see you sometime during the week of April 18th. I made a speech in the Easter Adjournment Debate on Friday March 25th and that says it all. It's all about American Airlines flying into Manchester. It seems to be a classic case of luck passing. However the worry is that the Labour dominated Airport Committee is planning a massive publicity campaign blaming the Govt. & emphasising the North/South Divide.

I've spent this week canvassing for the Local Elections & I'm very worried about the Social Security changes. All the losers seem to be our pensioner supporters — people who've never scrounged, who have little or no savings and who are going to be worse off. I've found a lot

of disillusion with us. They say the Budget
helped the rich and now were savaging
the poor.

Yours,
Feyns

the argument that is being put to Ministers that industry is not willing to put up the money to participate. Those two shibboleths can now be put to rest.

Can my right hon. Friend the Leader of the House give me an assurance that the responsible Minister, and, if necessary, the Prime Minister, will consider these proposals, as this is the very last moment when a decision can be made? If we contract out of these optional programmes, we shall hand over research and development of outer space to the French and Germans, who will dominate ESA. It says that not just as an hon. Member of this House, but as a representative of this House in the North Atlantic Assembly, of which I am the chairman of the Science and Technical Committee. That committee is concerned with some of these matters. We see the enthusiasm of the French and Germans. Some French parliamentarians want us to stay in ESA, but many would be delighted to see us out and cannot believe that we should inflict such an injury on ourselves. They know they could not have made the same decision.

This is our last opportunity for us to stay in the ESA new programmes for space research and development for the next 15 years. If we do not take the opportunity, the consequences will be disastrous for Britain and British industry. I therefore urge my right hon. Friend the Leader of the House to ensure that Ministers consider industry's new approach, as this matter is essential to our continued participation in space.

9.53 am

Mr. Bob Cryer (Bradford, South): Before the House rises for the Easter recess, we should debate the Jarvis plc report on the Settle to Carlisle railway.

I hope that my short speech will not be taken for a substitute for a properly organised and full debate, which I hope the Leader of the House will substitute for the Scottish housing Bill or some other wretched piece of legislation that the Government are pushing through. There are several options, and I hope that the right hon. Gentleman will cast his eye over them.

The Jarvis report was commissioned by the Government and cost the taxpayer a minimum of £5,000. It concerns a line that has been the subject of unprecedented objections to closure, and therefore represents a watershed in the nation's view of our railway network. Many closures have been made, but they should go no further.

I also speak as the hon. Member who, in 1974, obtained consent from the Department of Transport for reuse of the smaller stations on the line for the Dales rail service which was initiated by the Yorkshire Dales national park. I am also the first chairman and founder of the Keighley and Worth Valley Railway Preservation Society, a driver on that line for many years and one who is extremely familiar with the operation and maintenance of railways, locomotives and rolling stock. The relevance of that experience is important in view of the Secretary of State for the Environment's remark about finding "a private sector solution."

The report is thorough, imaginative and well written and researched. It suggests using Hellifield station as a gateway to the Settle-Carlisle railway corridor. Retention and development of the line would be of enormous benefit to the people of Bradford, including those in my constituency, because it would provide them with a gateway to the Yorkshire Dales using a method of

transport which would not destroy the grandeur of the Dales. We could avoid huge traffic jams on all the roads to the Dales and the resulting car parking problem. The report links road transport to use of the railway in several ways.

The report suggests Manpower Services Commission funding. It lists several projects that have been MSC funded and have been completed successfully. It also says that there is private sector support. The Government attach great importance to that. Included in the report are letters from several sources, including the Great Scottish and Western Railway Company Limited, which provides a private hotel train in Scotland. It says that, in spite of gloomy predictions, the service is doing very well.

The company also says that investing £1.5 million in a new train would be justified if the Settle-Carlisle line were retained and the 80 miles of this beautiful railway were available to the public in ordinary trains and the special, expensive train. The private sector feels that there is potential, but it all depends on the railway being retained.

On page 58, the Jarvis plc report says:

"However as stated at the outset of this study, the corridor is ineluctably linked to the future of the Settle-Carlisle railway, and closure of the line would in our view jeopardise large sections of the proposal and probably call the whole concept into question. The closure issue has generated tremendous energy in opposition to a proposal: we would now like to see such energy and enthusiasm metamorphosed to emerge as a proactive commitment to support the corridor proposal. It is our belief that the opportunities presented by this study are unparalleled, and must not be missed."

The opportunities include retention of a beautiful railway and important parts of our industrial heritage, a means of getting into some fine country, the creation of a large number of jobs and development of the tourist industry—exactly what the Government claim they support.

It is therefore with some dismay that we read in the *Yorkshire Post* on 23 March—the matter was reported more widely—that the Secretary of State for the Environment, in a leaked letter which the Opposition spokesman on transport published, said:

"I am sorry that we have not yet found a private organisation or trust able to take on the line. I do feel that we must continue to work for this—could we perhaps also give the Railway Heritage Trust the job of identifying, or if need be, assembling the private solution?"

The Secretary of State for the Environment is well known for nourishing a number of foolish illusions, and this is undoubtedly one of them. One of the McAlpine family—a firm not entirely unconnected with massive civil engineering works—has, over a period, been in negotiation with British Rail at Preston. Those negotiations have not reached a successful conclusion. A private-sector solution to take over an 80-mile railway with a huge viaduct at Ribbleshead and several others at Arden Gill and Dent therefore does not seem particularly likely.

Five years ago or more, the then Secretary of State for Transport—the self same right hon. Member for Cirencester and Tewkesbury (Mr. Ridley), now Secretary of State for the Environment—called in a number of railway preservation societies, and discussed with them the possibility of taking over sections of BR-operated line. I was not present at the meeting, but I understand that the societies made it clear that they could not manage that. Operating a railway is a very difficult task. There are statutory obligations; the maintaining of the fencing at each side of the track, and maintaining the platforms,

[Mr. Bob Cryer]

signalling and track, are very expensive. It cannot be done for 86 miles on the basis of a few of the lads going out with a few keying hammers and seeing whether anything is loose.

There is a strong argument for the Government to face up to their responsibilities and ensure that British Rail has sufficient funds to restore the Ribbleshead viaduct. The viaduct has deteriorated purely because of lack of maintenance by British Rail, dating from the mid-1970s when it failed to renew the damp-proof coursing, allowing frost to penetrate and start the erosion that is now at the centre of the issue.

Most people who view the matter reasonably objectively want the Settle-Carlisle line to remain as part of the British Rail national network. The line operates an important diesel multiple-unit service which is financed by local authorities. That service is now covering its costs—despite, I might add, the gloomy predictions of many potential critics of its introduction. The loco-hauled service that operates from Leeds and Hull up to Carlisle should be extended back to Glasgow, where British Rail originally curtailed it. I think it extremely unfair of the Department of Transport to put such pressure on hard-pressed local authorities to provide finance for the reconstruction of Ribbleshead viaduct and other major civil engineering works on the line. For that is what they are doing. In effect, they are saying to local authorities, "The decision is yours. If you back out of providing financial support, we are afraid that the closure decision is inevitable, and it will be your responsibility."

It is not the responsibility of local authorities. They desperately want the railway to remain open, but they want it to remain open in the context of a British Rail railway that is part of the inter-city network. While they are prepared to make a contribution, I feel that the entire burden should not be placed on their shoulders, and that British Rail, with Government assistance, should support the necessary expenditure.

The subject is important, because it is a magnificent railway. Some 30,000 objections were made to its closure. The transport users' consultative committees for both Yorkshire and the north-west concluded unanimously that it should be retained. The chairman of the Yorkshire committee, Mr. James Towler, was particularly eager and convinced that the line should remain open, and particularly erudite in his knowledge of the improvements that could be made to the deficiencies of British Rail's operation, because he travelled frequently on trains. Naturally, there was only one solution to that: the Government arranged his sacking, because he had been a bit too diligent on behalf of the passengers.

Mr. Jeremy Corbyn (Islington, North): I am sure that my hon. Friend is aware that, on a number of occasions in the past year, owing to either accidents or major emergency work on the west coast line, major inter-city trains from Glasgow to the midlands and south of England have been forced to use the Settle-Carlisle railway. It is obvious that, if the railway were closed, it would not only mean a further curtailment of the main BR network, but, in the event of major engineering works or accidents on the west coast line, cause the service to stop altogether, because there would be no alternative route.

Mr. Cryer: My hon. Friend is quite right. I was coming to that. I do not wish to go into too much historical background, but hon. Members will no doubt be aware that the railway was built by the Midland railway because Midland railway trains were being slowed down by the London North Western railway—in that glorious competitive spirit that prevailed in Victorian values—and passengers were made to get out at Ingleton and walk across Greta viaduct to join a meandering LNWR train to the end of the line.

The route from Clapham junction has now been closed, so that is no diversion. Trains up the west coast route on the electrified section have no other reasonable diversion if that route is blocked—as my hon. Friend the Member for Islington, North (Mr. Corbyn) mentioned—except the Settle-Carlisle line.

To increase the costs of maintaining the line and reduce the revenue, British Rail decided several months ago to remove all freight traffic from the Settle-Carlisle line. It then decided that it was no longer possible to use it as a diversionary route. Unfortunately, the realities of operating the railway having escaped the board, BR found that diversions are necessary on the line. Since the original decision, there have been hundreds of diversions, and on one glorious day—the day on which British Rail announced the closure proposal—there was a blockage on the west coast route causing all the trains to be diverted over the Settle-Carlisle line. I cannot name the precise day, because British Rail, in its administrative supremacy, had about half a dozen goes at producing a correct closure notice before it was able to do the thing properly and conform to the law. However, the line is certainly used for diversions, and I am grateful to my hon. Friend for drawing that to the House's attention. It emphasises that the line is part of the national network, and that the notion of a preservation group or trust operating it as a separate entity simply is not on.

I hope that the Government will realise the importance of the issue and come forward. They will desperately and bitterly disappoint thousands, if not millions, of their supporters if they allow the line to wither away, or allow British Rail to close it on the instructions of the Secretary of State. My few remarks are no substitute for a detailed debate about the Jarvis plc report, but they are a guide to the Government and the Leader of the House to tell the Secretary of State for Transport to make a statement to the House that the railway is to be saved. Between central Government and the local authorities—which have demonstrated over several years by their commitment of cash that they want the railway to function and the passenger service to be retained—a solution can surely be found that does not squeeze local authorities, but puts some Government cash to excellent use. If the Jarvis plc report is brought into operation, jobs and enhancement will be provided on one of the finest and most beautiful railways in our country.

10 am

Sir Fergus Montgomery (Altrincham and Sale): I should also like to intercede with my right hon. Friend the Secretary of State for Transport and ask him to take up another point with his Department. I hope that not all hon. Members in this debate will raise questions with which the Department of Transport must deal.

Many hon. Members shared the Department of Transport's deep concern at the consequences of increased

congestion in the air space over the south-east of England and the implications for air safety and the environment. Those points caused enormous concern in the House at that time. The Minister therefore received wide support when he expressed the hope that future licence applications to serve Manchester and the regional airports would assist in relieving further pressure on the already over-congested south-east.

Those comments were seen by many hon. Members on both sides of the House as further emphasis on the need to reach a satisfactory conclusion to the negotiations that took place at the Department of Transport last week between the United Kingdom and the United States. The negotiations were conducted to review the specific applications for air traffic licences to serve Manchester by three United States airlines—American Airlines, North-West Airlines and Pan American—and to provide enhanced opportunities for British airlines to provide direct services to the United States from Manchester.

I do not have to remind transport Ministers that during 1986, the last year for which the Department of Employment statistics are available, 900,000 passengers to the United States from the catchment area of Manchester airport travelled via London or other European airports while only 80,000 were served by direct flights from Manchester. If my arithmetic is correct, that means that less than 10 per cent. of the people from the Greater Manchester area, the areas surrounding Manchester airport, who wanted to fly to the United States, could have flown direct.

The negotiations last week were seen by hon. Members to provide a great opportunity to assist the business and leisure demands of the north of Britain, and to provide considerable relief to the congestion in the south-east through the removal of the completely unnecessary diversion of traffic to the south-east airports. The dismay and disbelief which followed the announcement that the negotiations had failed to reach any conclusion are therefore entirely understandable.

There was a bitter reaction in the north which was not simply confined to the business community, to the environmental and safety lobby in the south, to the tourist industry outside London, to the weary jostled passenger at the London airports, to the unemployed seeking an opportunity in the north or those who suffer from over-full employment in the south-east. It was felt by everyone who recalls the Government's commitment to make better use of Manchester and the regional airports to provide a greatly enhanced service to the passengers and cargo industry and a major stimulus to the economy in the regions.

I pay tribute to what has been done for Manchester airport since the Conservative party was elected in 1979. Anyone who considers the number of flights into and out of Manchester since 1979 and the number of passengers through Manchester over the period will be amazed at the enormous advance that has been made. I pay tribute to what successive Secretaries of State for Transport have done for Manchester airport since 1979. However, I want my right hon. Friend the Secretary of State to bear in mind the fact that the 1985 White Paper on airports policy acknowledged that more than 12 per cent. of the traffic through London airports would be better served by Manchester airport, yet when the opportunity is clearly available the negotiations fail—unbelievably—because of an attempt to trade a request for increased rights into

Manchester by United States airlines against further rights of British airlines out of London. I find that completely incomprehensible.

It is widely acknowledged that it is easier for a British airline to fill a plane from Heathrow than it is to fill a new service from Manchester. However, that attitude results in a major distortion in air traffic flows. The fact that 21 per cent. of the United Kingdom's international charter traffic flies from Manchester but only 5 per cent. of the United Kingdom's international scheduled traffic flies from Manchester owes a great deal to a previous era of air travel.

At one time the volume of international air travel was so low that services from Manchester were not viable and it made good economic sense then to feed all United Kingdom passengers into one service from Heathrow. The situation is now different as there are much higher demand levels from all around the country. The fact that six major United States passenger airlines and the two largest United States cargo operators sought to play a role in the negotiation of rights to fly into Manchester is undeniable testimony to the general acknowledgement of frustrated demand.

Why, when more than 20 per cent. of all air passengers to the United States originate in Manchester's catchment area, are there only sufficient services for 2 per cent. to fly direct? I have done a little work on this and I find it quite astounding that there are 360 flights a week from London to the United States, but only 13 from Manchester. Why are so many visitors to the United Kingdom forced to use London as a point of entry when the Department of Employment statistics show that one in three of those visitors do not spend a night in the London area? More fundamentally, why do we forsake the opportunity of an immediate stimulus to the economy of the north of Britain in excess of £100 million a year from the new services requested by United States airlines?

I hope that my right hon. Friend the Secretary of State for Transport will ask his colleagues why we cannot do something positive to alleviate the north-south divide. Things are improving dramatically in the north and more inter-continental flights would give us a tremendous boost. I believe that the answer is that the negotiations focus exclusively on a balance of aviation rights between what United States airlines and British airlines choose to focus their attention on. Surely the overwhelming case for ancillary, economic, environmental and social benefits is such that the Government must act now to bring about an early resumption of the negotiations which will progress the Government's stated objectives to develop Manchester airport in accordance with their commitment outlined in the 1985 White Paper.

Sir Peter Emery: Will my hon. Friend urge the Government to recognise that the statistic of one in three visitors not spending a night in London is caused by the fact that those people often travel to other parts of Europe? Therefore, Manchester must be able to co-ordinate inward flights from the United States with onward flights linking with other European capitals. That would greatly assist my hon. Friend's constituency and those concerned with the problems of the north-west.

Sir Fergus Montgomery: I am very grateful to my hon. Friend for his comments. We both became hon. Members at the same time, perhaps more years ago than we care to

[Sir Fergus Montgomery]

remember. I am grateful for his support for Manchester airport. Manchester airport is the largest single employer in my constituency, and I feel very strongly about this issue.

What must 20 million people in Manchester airport's catchment area do to enjoy the same travel rights as people living in the London area? All they seek, like Londoners, is the right to fly from their airport direct to their destination. Unless we redress the intolerable imbalance in air services between the south-east airports and Manchester, we can rightly be accused of discrimination and perpetuating the alleged two-nation concept. I understand that a meeting will take place in Washington on 25 April. I understand that the meeting will consist only of officials of the Transport department in the United States and the Department of Transport in this country. I understand that no Ministers will be present. I hope that the issues that were discussed during the negotiations last week will be opened up again and that the case for Manchester airport will be stressed as strongly as possible.

I received a letter this morning from a business man in my constituency which states:

"For many years I have had to visit North America at least once a year. British Airways and its predecessors have provided from Manchester a stop/go/seasonal service to New York and also to Montreal and Toronto. I suspect that they really want businessmen to fly from London on their main services.

In the last year, American Airlines have run a daily flight throughout the year to Chicago which is ideal for any businessman wanting to visit that area and which provides convenient connections to all towns in central, south western and western U.S.A. A.A. and other U.S. airlines have recently applied for permission to fly similar flights to east coast destinations and these have been refused. B.A. has meanwhile kindly arranged for a flight from Gatwick to call at Manchester, and are alleged to have said that they would withdraw this if they were to have any competition on the run, see attached press cutting.

I suggest that Britain invites A.A. or some other U.S. airline to fly this route as our own national airline has shown so little interest over the last two decades.

Could you please show this letter to the Government Department concerned and let me have any comments, bearing in mind that customer should be king?"

A newspaper cutting from the *Manchester Evening News* of 19 March states:

"some of the US observers at the talks were dismayed by the evident reluctance of British airlines to actively seek more flying rights out of Manchester.

British Airways chief executive Sir Colin Marshall told Department of Transport negotiators that if American Airlines and Pan Am were allowed to start direct services from Ringway to New York, he would scrap his proposed daily service and the run to Orlando."

I have great respect for Lord King and Sir Colin Marshall. They have done an enormous amount for British Airways, but I remind them that, not so many years ago, the Civil Aviation Authority put forward proposals that would have pushed British Airways out of Manchester. At that time, British Airways was agitated and enlisted the support of Members of Parliament from the north. Northern Members rallied together and fought and won that battle, and British Airways expressed its gratitude to us. I can only hope now that in the north we shall get the support of British Airways in achieving more intercontinental flights in and out of Manchester airport.

Before we adjourn for the Easter recess, I hope that my right hon. Friend the Leader of the House will give me an

assurance that officials from the Department of Transport who go to Washington in April will push the case for the north and for Manchester airport as hard as they can to ensure that Manchester airport continues to flourish.

10.21 am

Mr. A. Cecil Walker (Belfast, North): The Government have made a highly irregular decision in announcing recently a further substantial cut of £5 million from the Northern Ireland housing budget for 1988-89. From time to time we come to the House to hear about the appropriation of moneys for various Departments of Government in relation to the needs of the community. Various amounts are read out for us and that information is given whether we like it or not. We must accept that information without proper debate or allowance for amendment.

The dictatorial decision to reduce further an already under-funded budget is to be deplored. It appears that the Housing Executive is considered to be a soft touch when money is needed. It is important that the House is acquainted with the hardship that the long-suffering people of the Province are forced to suffer because of this callous decision to deny the means whereby the deprivation caused by years of neglect in the provision of much-needed housing can be redressed.

At the end of November 1987 the Government announced the levels of public expenditure on housing over the next three years. In overall cash terms the shortfalls in gross expenditure levels proposed by the Housing Executive for each of the next three financial years are as follows: 1988-89, £24 million; 1988-90, £46 million; and 1990-91, £48 million. After allowance for a £7 million increase in rental income, this represents a £31 million, £53 million and £55 million loss in Government funding. Although the Housing Executive had decided on a rent increase of 4 per cent. in accordance with the Government's gross domestic product deflator in its bid for funds, the Government have proposed, and now assume, an increase of 9.2 per cent. in line with the increase being discussed with the local authority associations in England and Wales.

Normally, Northern Ireland has followed decisions taken on the mainland, if the Government have thought it appropriate, by the making of iniquitous Orders in Council. It seems strange and somewhat sinister that the Government are proposing this rent increase, which is more than double inflation, before it is decided over here. It appears that this is another convenient ploy to extract the maximum from the most deprived in an exercise in figure juggling. The severity of the reduction has meant that housing programmes planned for the next three years have had to be critically reassessed.

During the autumn of 1987 the Housing Executive published its Province-wide housing strategy for 1988-91. Under this strategy the executive had hoped to sustain a yearly new build programme of 1,650 dwellings. It proposed also a rolling improvement programme for Housing Executive-owned dwellings over a 12-year period and to maintain a renovation grants scheme for private home owners at a relatively high level. The executive's preferred strategy would have been a yearly new build programme of 1,750 dwellings, improvements for Housing Executive-owned dwellings over a 10-year period and grant-aid to the private sector comprising some 4,000 improvement grants and 6,000 repair grants per annum.

Local authorities have said that they will be able to help with the cost of repairs to the Ribbleshead viaduct but they will be confirming the position after a meeting in Carlisle on 12 April. The Government cannot guarantee that any particular local authority contribution will be enough to save the line. There has been some private sector interest, but no one has offered to buy the line. I take on board the hon. Gentleman's points, and I will see that my right hon. Friend the Secretary of State sees them before he makes his decision.

My hon. Friend the Member for Altrincham and Sale (Sir F. Montgomery) raised what was both an important constituency interest and an important national interest—Manchester airport. This is a major airport and it continues to have what many people would consider to be a phenomenal growth—by about 15 per cent. in 1987 over 1986, with 8.5 million passengers a year. Since 1986, 30 new scheduled services have used the airport and now it is possible to travel to over 70 destinations from Manchester. The Government were disappointed that agreement was not reached at the talks with the United States delegation on 17 to 18 March to discuss increased access for United States airlines to Manchester. The contacts are being maintained and it is hoped that an agreement will eventually be achieved. My hon. Friend's strong words will encourage everybody to recognise that the travelling public, particularly those engaged in commerce and business, should be considered, and we should not take a narrow and restricted view of the matter.

The hon. Member for Belfast, North (Mr. Walker) raised matters to do with the Northern Ireland Housing Executive. I listened carefully to what he had to say. My right hon. Friend the Secretary of State attaches great importance to the maintenance of a housing programme in Northern Ireland, but it must compete with other priority programmes for resources within the overall Northern Ireland public expenditure programme. I noted his careful analysis of the problem in his constituency and I shall see to it that the Secretary of State understands and studies the points he made.

My hon. Friend the Member for Waveney (Mr. Porter) raised a series of questions about his part of the world and I would not disagree with his view that they are important, although I might slightly disagree with the way in which he managed to exclude Essex from the east coast of Britain. Coastal protection there is an important issue to my constituents, and I have received a number of representations trying to improve it. I tread carefully here because my wife was born in Norfolk and many members of my family live in Suffolk.

The key to many of the transport problems that my hon. Friend raised about East Anglia is the M11 A11 A47 route to Great Yarmouth. Fifteen schemes from the M11 are currently planned or have been recently completed, to a value of £130 million. They will result in three-quarters of the route being dual carriageway by the early 1990s. At the London end, we have proposals for the Hackney—M11 link road, a £125 million scheme that will enable quicker access to the centre. I am sure that my hon. Friend will keep pressing us, but we are making good progress with some of the problems he raised.

The hon. Member for Southwark and Bermondsey (Mr. Hughes) raised many questions about the Health Service, and in the few minutes that I have he would not expect a full answer to them all. However, I refer him to Wednesday's announcement by the Minister for Health,

which was another sign of the Government's concern to improve services in the inner cities. My right hon. Friend the Chief Secretary to the Treasury announced on 24 February that, provided the various review bodies' reports were received during the first part of April, the Government would hope to announce the decision on nurses' pay by the end of that month. Of course, as the hon. Gentleman knows, I cannot anticipate the Government's decision on the reports, but I repeat our pledge that we shall implement them unless there are clear and compelling reasons for not doing so.

My hon. Friend the Member for St. Ives (Mr. Harris) raised a number of important issues. All journalists should read what he had to say about the difficult situation in Northern Ireland. Everyone, including the media, must do all that they can to assist the RUC to bring those responsible for the crimes of last week to justice.

I have taken on board my hon. Friend's points about the EEC's structure plan, which I shall refer to the Secretary of State. I shall also refer to him the point my hon. Friend made about local authorities such as his, which are behaving perfectly properly but getting caught up in the necessary restrictions that the Government have had to bring in on creative accounting. I am sure the Government do not intend to stop activities of councils such as the one in my hon. Friend's constituency. My hon. Friend rightly referred to the statement by my right hon. Friend the Secretary of State the other day about this matter.

I do not always agree with everything that the hon. Member for Islington, North (Mr. Corbyn) says in the House, and I did not agree with everything he said today—but I agreed with much of it. He rightly raised matters that are of concern to every decent person in the world and which relate to some of the terrible things happening in the middle east. I share his concern about the use of chemical weapons. Over a long period the British Government have sought to eliminate their use.

The Government remain deeply concerned about the continuation of the Iran-Iraq conflict and the tense situation in the Gulf. We are particularly dismayed at the loss of life of so many innocent civilians as a result of the "war of the cities". We have played a leading role in the United Nations and are currently working closely with other Security Council permanent members on an arms embargo to enforce compliance, should this be necessary.

As I said to the hon. Gentleman yesterday, I have a deal of sympathy for the early-day motion that he drew to my attention about the plight of Kurdish people in Iraq. I deplore the denial of human rights wherever it occurs and the difficulties faced by the International Red Cross in trying to get there to give humanitarian assistance to the people who are suffering.

My hon. Friend the Member for Fylde (Mr. Jack) raised a matter that started as a constituency problem, but he was right to bring it to the attention of the House. It is about the provision of sheltered housing for the elderly. The Government welcome the discussions that are taking place about establishing a trade association and a code of practice to help elderly people who are contemplating taking on properties in sheltered housing schemes. We support such moves and think that success will best be achieved by the self imposition of a code of practice by the industry and the dissemination of information rather than

[Mr. Wakeham]

by the use of legislation. By raising the matter my hon. Friend has done the House a service. The hon. Member for—

It being three hours after the commencement of proceedings on the motion, MR. DEPUTY SPEAKER put the Question, pursuant to Standing Order No. 22 (Periodic Adjournments).

Question agreed to.

Resolved,

That this House, at its rising on Thursday 31st March, do adjourn until Tuesday 12th April and, at its rising on Friday 29th April, do adjourn until Tuesday 3rd May; and the House shall not adjourn on Thursday 31st March until Mr. Speaker shall have reported the Royal Assent to any Acts which have been agreed upon by both Houses.

Court of First Instance

12.35 pm

The Solicitor-General (Sir Nicholas Lyell): I beg to move,

That this House takes note of European Community Document No. 8770/87 on the establishment of a Court of First Instance; endorses the view that the setting up of this Court is necessary to relieve the Court of Justice of some of its workload; and supports the Government's intention to work for the early adoption and implementation of the proposal.

The motion deals with the setting up of a new court for the European Communities. In order to set this proposal in its context, it is helpful to look at the work so far of the Court of Justice of the European Communities. I shall take a few moments for a historical look at that before turning to the details of the proposal. I shall refer generally to the court's work under the treaty of Rome, which established the European Economic Community, not forgetting that the court has separate jurisdictions under the Coal and Steel treaty and under Euratom.

The European Communities are based on law, which is established by a treaty, which is not simply an agreement among sovereign states, but which has created for those who live and work in its 12 member nations a new legal framework. That is the Law of the Communities, and it is superimposed upon, overlaps and to some extent remoulds, the law of the individual member states. The authors of the treaties rightly saw that one cannot create a new supra-national legal order without providing a means whereby those new laws are to be interpreted and enforced. It was to this end that a wholly new court was created, the Court of Justice of the European Communities.

That court has three principal areas of jurisdiction and they are very important. First, at the instance of the Commission, or of a member state, the court may declare that a member state has failed to fulfil its obligations under the treaty of Rome. Secondly, it may review the Acts of the Community institutions — the Council, the Commission and the Parliament — and it may declare them void. In other words, the court has power of what we would in Britain term judicial review over the actions not only of member states, but of the institutions of the Community itself.

The court has a third role, and this is the interpretation of Community law at the request of the national courts where a question of Community law arises in the course of domestic litigation. That, one might say, is the link between the private litigant and the Court of Justice in Luxembourg.

I should mention two other areas of jurisdiction that come into the discussion of the jurisdiction proposed for the new court. The Court of Justice has to deal — this has proved time-consuming — with disputes between officials of the Communities and their employers — the so-called staff cases. It also deals with cases where the Community itself is sued in damages for non-contractual liability. A good example is the case of Mr. Stanley Adams, which is a well-known illustration of that type of case.

In fulfilling its obligations under the treaties the Court of Justice has been at the centre of the development of Community law. It might be said that it has acted as the flywheel in the Community engine, maintaining the



DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

My ref:

Your ref:

Sir Fergus Montgomery MP
House of Commons
LONDON
SW1A 0AA

24 MAR 1988

Dear Fergus.

I promised when we met on 22 March that I would write to you about the negotiations that took place last week with a US delegation about wider access for their carriers to Manchester International Airport.

Like you, I was very disappointed that agreement could not be reached, but I take some consolation from the fact that we did at last manage to get the Americans to the negotiating table and some useful progress was made. Certainly, the UK delegation tried extremely hard to reach agreement and, to this end, kept the talks going as long as possible.

After a substantial amount of discussion, we proposed, subject to agreement on price, the following:

- a one-stop New York-Manchester service to begin immediately, changing to a direct service in two years;
- a Boston-Manchester service to begin immediately; and
- the conversion of the present Chicago-Manchester service from a temporary to a permanent one.

In return, we sought improvements in access for a very few existing flights out of London and the introduction of a second UK carrier on the London-Boston route thereby bringing forward a traffic right that would accrue to the UK in approximately three years' time on the grounds of natural traffic growth. (UK transatlantic carriers had expressed the view that they have more rights out of Manchester under the UK/US Air Services Agreement than they can use.)

The US delegation refused to accept any package that did not give them all three services that they sought: in particular, the immediate introduction of the direct service from New York to Manchester.

We took into account Manchester's concern that BA's new daily New York service should not be jeopardised, which could have been the case if a direct New York service were introduced now. Nevertheless, we will review the position after traffic data for the coming Summer season are available. It is not unusual for a new - or, in this case, relatively new - service to require a lead-in period to establish itself.

The UK delegation made every attempt to secure agreement on the two new services in our proposal mentioned above, especially Boston-Manchester, as a basis from which to proceed further. But this proved not to be possible.

Contact is being maintained with the USG in the hope of making some early progress on this matter. It has been agreed that both sides will meet again, at the very latest, after the figures for Summer traffic are known. However, it is hoped that at the end of April a visit by officials to Washington to discuss other matters will provide an opportunity to make progress.

I can assure you that we shall continue to try hard to secure an agreement with the United States. In the meantime, it would help if Airport officials maintained their efforts to persuade the US airlines interested in having access to Manchester to bring pressure to bear on the USG to negotiate, and to do so on individual services rather than on the complete package. Any additional assistance that you could give would be very welcome. Direct negotiations with the USG are, I believe, best left to my officials.

I am sending copies of this letter to Alistair Burt, Winston Churchill, Tony Favell, Alastair Goodlad, Keith Mans, Tom Sackville, David Sumberg and Malcolm Thornton.

Paul

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PAUL CHANNON



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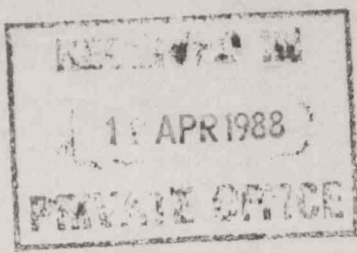
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Channon
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PAUL CHANNON



15 April 1988

Chairman's Office

The Rt Hon P Channon MP
Secretary of State for Transport
Department of Transport
2 Marsham Street
LONDON SW1P 3EB

*Sops to see
Mr Hook adv pl for SE
cc PS/hand Brabazon
Mr Sunderland
Mr DS Evans*

Dear Minister

*Similar to
letter to
Sir Fergus
Montgomery
of 24.7.88*

I was bitterly disappointed to learn from Charles Hook's letter of 25 March that during the recent licensing negotiations it was not possible to reach agreement on terms which would have permitted three US carriers to serve Manchester.

The news, I have to tell you, will be received by my Board with dismay and disbelief. I feel sure that they will want to know, as I do, why your negotiations have concentrated on the pursuit of further benefits for the South East, rather than the much needed expansion of services into Manchester as the means to achieve a fair balance of aviation rights.

It is equally clear from Mr Hook's letter that he has not taken into account the enormous economic benefits, estimated at £100M, which would flow to the North following the award of licenses to US carriers. Moreover, he has ignored the plight of 900,000 Northerners who in 1986 were forced to fly through other gateways to the USA because of the absence of Manchester services. What Mr Hook is saying in effect is that Northerners are not entitled to the same rights as those in the South East - the right to fly from their local airport.

The very considerable costs and inconvenience experienced by the business community in terms of both executive and cargo traffic between the US and North of Britain, allied to the major adverse impact on location of industry and inbound tourism, are of such great concern that it is only to be expected that the public reaction at news of further failure to resolve the licensing problem, will be to question the Government's sincerity in its purported claims to pursue the development of Manchester Airport as an international Gateway, and on a wider scale, to assist the economic regeneration of the North.

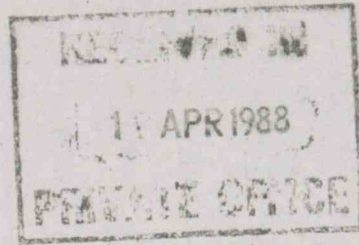
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Specifically in terms of aviation rights, it has always been the aim of Manchester Airport to increase services by British Airways and complementary activity by other airlines in the anticipation that British Airways would respond to the clear consumer requirement for direct services from Manchester. However, if it was to become apparent that British Airways does not intend to provide the service required by consumers, then we at Manchester would not be prepared to accept that other airlines should not be allowed to provide those services, and any support for such a situation would, in effect, condone the abuse of monopoly power.

The next round of talks is scheduled I understand to take place in Washington in week commencing 25 April. I sincerely hope that through your personal involvement meaningful progress can be made resulting in the immediate commencement of new US services to Manchester.

Yours sincerely

Bob Howarth.



15 April 1988

Chairman's Office

The Rt Hon P Channon MP
Secretary of State for Transport
Department of Transport
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Yours sincerely

Bob Howarth.

PRIME MINISTER

Yes Mr

I have now seen the letter which Fergus Montgomery sent you, in which he asks for a meeting with you.

I presume you are content to see him and Tom Sackville after Questions one day.

*Neil Hoyle
P. Channai's office*

Archie

ARCHIE HAMILTON
15.3.88

*hard B at the Bell
Miss Mrs Bishop
Rm 5/12/07*



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