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Review of Scottish lowlands
airports policy

AEROSPACE

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CLOSED

July 1984

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
6-7-84							
10-7-84							
11-7-84							
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5-5-89							
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6-9-89							
8-7-89							
12-1-89							
9-11-89							
21-11-89							
5-3-90							

PREM 19/2899



Mr. P. M.
at J.W.
CS.

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

5 March 1990

Dear Sir,

SCOTTISH LOWLAND AIRPORTS

The Prime Minister was grateful for your Secretary of State's minute of 28 February. She has noted that he will be announcing on 6 March that he will not be reimposing traffic distribution rules at the Scottish lowland airports.

I am copying this letter to John Gieve (H.M. Treasury), Colin Walters (Home Office), Clive Norris (Department of Employment), Simon Webb (Ministry of Defence), Martin Stanley (Department of Trade and Industry) and Jim Gallagher (Scottish Office).

Yours,
Paul

PAUL GRAY

Simon Whiteley, Esq.,
Department of Transport.

COMMERCIAL IN CONFIDENCE

Paul



Prime Minister

Prime Minister

To note this will be announced
before your Scottish visit.

SCOTTISH LOWLAND AIRPORTS

not

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1. I felt you and colleagues would wish to be aware that, following a public consultation at the end of last year, I propose to announce on 6 March that I shall not be re-imposing traffic distribution rules at the Scottish lowland airports. You will recall that the previous rules, which implemented the long-standing policy whereby Prestwick served as Scotland's sole long-haul gateway airport, were quashed last July by the Scottish Court of Session.
2. Malcolm Rifkind and I have considered the issues, and our firm view is that there are not now any special circumstances applying at the lowland airports to justify continued intervention through such rules in the operation of the market. Given the clear view of most business and tourism interests that the Prestwick policy has constrained Scotland's economic development, and against the background of aviation liberalisation and an increasingly market-orientated approach within the airports system to the provision of services and capacity, it seems right that we should now move in Scotland to the less restrictive arrangement which applies at UK airports generally. I believe the lowland airports should be free to handle such traffic as they can attract, subject only to the licences airlines hold, to our international Air Service Agreements and to the physical capabilities of the particular airports.
3. I am satisfied that existing procedures for the management of noise at airports are adequate to deal with the adverse impact at Glasgow, not expected to be large but a source of concern amongst those living locally. I would nevertheless



underline BAA's responsibilities in this area, in announcing my decision.

4. Prestwick Airport seems likely, under this less regulated arrangement, to cease to handle passenger traffic within a year or so. There would probably be some job losses in Ayrshire, of the order of 500-780. These would be partially offset by new jobs at Glasgow and possibly Edinburgh, such that the immediate net job loss in Scotland would be around 400-680. The Government will be criticised for that, but Malcolm and I are clear that it will bring wider benefits to the Scottish economy, which will bring a net increase in jobs in the medium term.

5. I am sending copies of this minute to John Major, David Waddington, Michael Howard, Tom King, Nicholas Ridley and Malcolm Rifkind.

C.P.

CECIL PARKINSON

28 February 1990



THE DEPARTMENT
OF TRANSPORT



CONFIDENTIAL

FROM THE SECRETARY OF STATE

2 MARSHAM STREET LONDON SW1P 3EB
TELEPHONE 01-276 3000

The Rt Hon Malcolm Rifkind MP
Secretary of State for Scotland
Scottish Office
Whitehall
London
SW1A 2AU

My Ref: C/PSO/15046/89

Your Ref:

NBA

*RAC
2/11*

21 NOV 1989

FEDERAL EXPRESS: PRESTWICK AIRPORT PROJECT

Your letter of 9 November emphasised the importance you attach to securing the establishment of a major cargo operation by Federal Express at Prestwick Airport.

I share your desire to secure this business for Prestwick. I agree that a project of this kind would bring benefits to the UK which cannot be measured simply by reference to an exchange of air traffic rights. I therefore agree that we should go as far as we reasonably can in meeting Federal Express's requirements.

However, as you also recognise, there are other considerations. UK all-cargo carriers already face strong competition in Europe and this is likely to intensify in the next year or so. A number of these companies have expressed their firm opposition to any further expansion of rights for US operators. I cannot ignore that. But these British carriers have not shown much interest in developing cargo services from Prestwick (or from Abbotsinch) and it is not clear from what the UK cargo airlines have said that development of a Federal Express hub at Prestwick would do them direct and significant damage. (There are two parcels services from Prestwick to European points, but we understand that these are operated on a contract from TNT.)

But I do think that we should, in next week's negotiations, seek to tie any expansion of US cargo opportunities firmly to Prestwick, for two reasons:

(i) we want to see new business at Prestwick and the US knows this. It may be seeking to use our interest in Prestwick as a lever to secure a general increase in its cargo opportunities in the UK, with the intention of actually using those opportunities from Stansted or Heathrow. Our objective is better secured if new rights are available only from Prestwick.

(ii) UK cargo carriers interests at other UK airports would be

much more liable to damage by increased opportunities for US carriers at those airports. There should be no need to expose them to such damage to secure our Prestwick objective.

Like you we have heard reports that Federal Express would like increased opportunities in Hong Kong, especially for services to Japan, although we do not yet know how or whether the US will take this up in the negotiation. If they do, we will need to resist it, at least at next week's talks. Policy on air services between Hong Kong and other countries is determined by the Hong Kong Government. We await their views on these Federal Express ideas. But there is a history of strained US/Hong Kong aviation relations with US demands far exceeding anything wanted by Hong Kong; the ball is at present with the USG, who are supposed to be producing new and more moderate proposals. I think we can assume that Hong Kong will not agree that Federal Express should be able to open up a fast track around these on-going negotiations. Anyway, it seems to me that if Federal Express are serious about Prestwick, they will not abandon it because their Far East ambitions cannot be met at the same time.

I think that there is a good prospect of agreeing an expansion of US rights at Prestwick which would allow establishment of a hub there - so long as that is what the US wants. If they overreach themselves and insist on more, agreement may be harder to reach or may elude us - but in that case I think that we would also have to doubt whether the US were serious in the expressions of interest in a Prestwick hub. You had suggested a meeting, but as I think our objective is the same that may not be necessary. No doubt your Private Secretary will let mine know if you would still like to meet.

Finally you refer to a point raised with you by Federal Express concerning the use at night of single engine, single pilot aircraft. I am advised that the CAA's refusal to allow such flights is based on the standards agreed within the International Civil Aviation Organisation and reflected in the United Kingdom's Air Navigation Order. Faced with an engine failure on a single engined aircraft the pilot must be able to execute a safe forced landing and avoid populated areas. The CAA have discussed this issue with Federal Express on a number of occasions but have decided to maintain the current safety standard.

I am also copying this letter to the Prime Minister and to Douglas Hurd.

James *Cecil*

CECIL PARKINSON

Aekospace: Lowlands Ampous Pouch, Jun 2011





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SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

SPG

The Rt Hon Cecil Parkinson MP
Secretary of State for Transport
Department of Transport
2 Marsham Street
LONDON
SWE1P 3EB

NBPM

ALC 6
2/11

9 November 1989

Dear Cecil,

FEDERAL EXPRESS : PRESTWICK AIRPORT PROJECT

As you may be aware, my officials have been pursuing discussions with Federal Express following your meeting with Fred Smith on 8 September and my own contact with him thereafter.

Following a major presentation to the company on 30 October it is clear that the company is extremely well disposed to the establishment of a European 'hub' at Prestwick. However, it is also clear that Shannon and Brussels are important competitors for the project and that Federal Express regards the achievement of further fifth freedom traffic rights as the key to a decision in favour of Prestwick.

As I understand it, the company has two crucial requirements: an extension of US-European rights, including an increase in the number of US cities from which it can fly, and additional routes within Europe, including the UK's and rights from Hong Kong to Japan. I am told that a number of proposals in relation to US-European rights have been tabled for discussion during the Air Service Agreement negotiations in which your Department will be closely involved at the end of this month. So far as Hong Kong is concerned, I gather that certain proposals have recently been considered, but that these will not be on the agenda for the forthcoming talks. Federal Express have stressed that Hong Kong rights are particularly significant in the global freight service of which a Prestwick hub would form a key part.

Federal Express has indicated that its initial investment at Prestwick - if the project goes ahead - would be in the order of \$13 million, with plans for the creation of 200 jobs. In the longer term the company is forecasting investment rising to \$30 million, and around 400 jobs.

I need hardly emphasise the importance I attach to securing this project for Prestwick, in the context both of our review of Scottish Lowlands Airport policy and of our efforts to attract inward investment to Scotland from the United States, notably in the electronics sector. A number of our existing US companies in Scotland have indicated their support for a Federal Express presence at Prestwick, and a number of others with

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whom we are in contact about potential investment are taking a strong interest. It would obviously be profoundly unhelpful if the project were to go to the Irish Republic.

I would very much welcome a meeting with you - at which it would be helpful to have officials present - before 24 November to discuss the scope for meeting Federal Express's requirements in the forthcoming Air Service Agreement negotiations. I appreciate that there will be wider considerations, but I hope that your negotiators will be fully aware of the Federal Express background and will do everything possible to enable the project at Prestwick to go ahead.

A further issue which I would like to explore with you - as Federal Express has raised it - is CAA restrictions on the use of single engine, single pilot aircraft for night flying within the UK.

I am copying this letter to the Prime Minister and to Douglas Hurd, who will have an interest in the Hong Kong dimension.

*Yours ever,
Malcolm Rifkind*

MALCOLM RIFKIND

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10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

15 September 1989

Dear Allan.

Thank you for your letter of 20 July on Scottish lowland airports policy.

As you will be aware, Cecil Parkinson has now announced a review of that policy and is withdrawing the associated appeal. A consultation document will shortly be issued and you will of course receive a copy. I know Cecil will be keen to have your detailed comments once this document is produced.

Yours
Yours
Yours

J. Allan Stewart, Esq., M.P.

27



THE DEPARTMENT
OF TRANSPORT

Pvt

Price Notice²

*Will be announced
tomorrow (Wednesday).*

PRESS NOTICE NO: 387
DATE: 13 September 1989

*RACG
m/s*

SCOTTISH LOWLAND AIRPORTS POLICY TO BE REVIEWED

Cecil Parkinson, Secretary of State for Transport, today announced that he has decided, in the light of the legal difficulties affecting the Scottish traffic distribution rules, to undertake an early and speedy review of the present Scottish lowland airports policy.

The Department of Transport, in conjunction with the Scottish Office, will shortly be issuing a consultation document setting out the main questions for consideration. Interested parties will be invited to submit written responses to the document within two months.

Mr. Parkinson said:

"One of the issues facing me when I became Secretary of State for Transport was aviation policy for the Scottish lowland airports. When I arrived, the rules giving effect to this policy had been successfully challenged in the Courts and were awaiting a further hearing on appeal. I am advised that the appeal is unlikely to succeed and I have concluded that such clarification of powers as we might obtain from it would not justify the time and expense which would be incurred. I am therefore making application for the appeal to be withdrawn.

"I intend to seek the views of everyone interested so that I may decide whether to maintain a special Policy in relation to Scottish airports and in due

NOTES TO EDITORS

1. Government policy hitherto has been that long-haul intercontinental flights to and from Scotland may not use Glasgow or Edinburgh airports unless they also land at Prestwick on the way out, or back, as appropriate. The principle is that Glasgow, Edinburgh and Prestwick should have complementary roles, Prestwick serving the whole of Scotland as the gateway airport for long-haul services and Glasgow and Edinburgh catering for domestic and short-haul European services for the west and east of Scotland respectively.
2. Section 31 of the airports Act 1986 empowers the Secretary of State to make rules to distribute air traffic between airports serving the same area in the UK. Such rules were made, most recently in May 1989, to give effect to Scottish lowland airports policy. On 4 July, the airline operator Air 2000 challenged the 1989 rules in the Scottish Court of Session. The judge found the rules ultra vires. An appeal was lodged immediately following the judgement and was due to be heard on 19 September.
3. The effect of withdrawing the appeal will be to remove any institutional barrier, other than exclusions contained in bilateral air services agreements, to airlines to flying long-haul routes direct from Glasgow and Edinburgh.

Press Enquiries: 01-276 0888; out of hour.: 01-276 5999
Public Enquiries: 01-276 3000; ask for Public Enquiry Unit



THE DEPARTMENT
OF TRANSPORT

PRESS NOTICE NO 387
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THE DEPARTMENT
OF TRANSPORT

CF



FROM THE SECRETARY OF STATE

2 MARSHAM STREET LONDON SW1P 3EB
TELEPHONE 01-276 3000

Paul Gray Esq
Private Secretary
10 Downing Street
LONDON SW1A 2AA

My Ref: C/PSO/12194/89

Your Ref:

13 SEP 1989

Dear Paul

John Wood

Thank you for your letter of 6 September, requesting a further draft reply for the Prime Minister to send to Allan Stewart MP.

You will be aware that my Secretary of State has today announced that he is initiating a review of Scottish lowland airports policy and will shortly be producing a public consultation document on the subject. He has written to Mr Stewart, and other MPs with an interest, to inform them of this move and to promise that they will receive individual copies of the consultation document as soon as it is available. I think the attached draft is self-explanatory.

Yours
Roy Giff

pp

KATHERINE ORRELL
Private Secretary

C/PSO/12194/89

GL

Re type to PM.

PLC

Thank you for your letter of 20 July on Scottish lowland airports policy.

As you will be aware, Cecil Parkinson has now announced a review of that policy and is withdrawing the associated appeal. A consultation document will shortly be issued and you will of course receive a copy. I know Cecil will be keen to have your detailed comments once this document is produced.

MARGARET THATCHER

PM 2AVC

Aerospace.

Scottish Standards Policy - July '84

to

the Secretary

Scottish Standards

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 SCOTTISH OFFICE
 WHITEHALL, LONDON SW1A 2AU

 The Rt Hon Cecil Parkinson MP
 Secretary of State for Transport
 Department of Transport
 2 Marsham Street
 London
 SW1P 3EB

8 September 1989

Dear Cecil,

Thank you for your letter of 6 September 1989 following our discussions on the Scottish Lowland Airports Policy.

I accept on the basis of the legal advice you have received that the chances of success in the appeal are low, and that there is therefore a strong case for your withdrawing the appeal now and saving time and expense. I am therefore broadly content that you should proceed as you suggest.

As you accepted, however, it is extremely important that we present this decision properly, given the weight of opinion on both sides of the Prestwick argument. It is, I think, central that we make it clear that the recent Court of Session decisions on the traffic distribution powers have been the major factor in the decision to undertake a review of the policy; and that the strength and clarity of those decisions have made it desirable that a review of the case for continuing the current policy should take place. This is fundamental to the presentation of this if we are to avoid considerable political damage in Scotland; and, since it is clearly important that both Departments speak with one voice, I attach a copy of what we propose to say when your announcement is made. I would be grateful if your office could clear with us the terms of your proposed announcement as soon as possible.

It follows that I am content that there should now be a short sharp review of the policy with your Department in the lead, although I would be grateful to be consulted on the terms of the consultation paper. In view of the two months timetable which you propose (and which I would support) I suggest we positively discourage interested parties from seeking to give oral evidence. I am grateful for your suggestion that written responses should be copied to the Scottish Office; it will be very helpful if we can point to this Scottish Office involvement, particularly in our contacts with our supporters here.

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When the announcements of the appeal withdrawal, and the review, are made next week, I would like to issue a press statement simultaneously with yours, welcoming your decision. Our Departments should raise on details here, and of course throughout the consultation exercise.

I am copying this letter to the Prime Minister.

*Yours ever,
Malcolm*

MALCOLM RIFKIND

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DRAFT PRESS STATEMENT

SECRETARY OF STATE WELCOMES AIRPORTS REVIEW

The Rt Hon Malcolm Rifkind QC MP, Secretary of State for Scotland, today commented on the announcement by the Rt Hon Cecil Parkinson MP, Secretary of State for Transport, that he has decided, after consultations with the Scottish Office, to undertake an early and speedy review of the present Scottish Lowland Airports Policy. Mr Rifkind said

"We have reconsidered the position on our Scottish Lowlands Airport Policy in the light of the Court of Session rulings on the Air 2000 case. We accept that it is not possible to continue to impose the Traffic Distribution Rules as now drafted. We believe, in view of the court rulings and of the weight of opinion expressed on Scottish Lowland Airports Policy, that it would be desirable to consider in more depth the various issues bearing on this policy before deciding whether to introduce new traffic distribution rules in whatever form. My Department will therefore be co-operating closely with the Department of Transport in the review which is about to be undertaken, and I hope that all parties interested in Scottish Lowland Airports will take the opportunity to submit written views. All submissions made will be most carefully considered."

The Department of Transport will shortly be issuing a consultation document setting out the main questions for consideration. Views will for example be invited on whether, subject to international air traffic agreements, transatlantic flights should be permitted to operate direct from Glasgow and/or Edinburgh Airports as well as Prestwick.

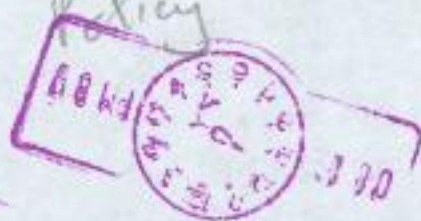
Interested parties will be invited to submit written responses to the consultation document within two months.

EML25116

Aerospace & July 84

Review of Scottish Lawlands

Airports Policy





THE DEPARTMENT
OF TRANSPORT



FROM THE SECRETARY OF STATE —

7 MARSHAM STREET, LONDON SW1P 5EB
TELEPHONE 01-276 3000

The Rt Hon Malcolm Rifkind QC MP
Secretary of State for Scotland
Scottish Office
Dover House
Whitehall
LONDON SW1A 2AU

My Ref:

Your Ref:

N.B.M.

P. 6

6/9

26 SEP 1989

Dear Secretary of State *see intro*

I wrote to you on 10 August to say that, after looking at the various issues which I inherited in my new post in Transport, I felt that the question of policy for the Scottish lowland airports was one which needed reconsideration.

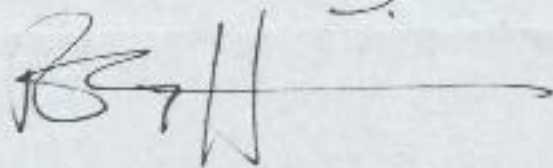
We discussed this on 4 September and agreed that it would be important to take the views of those likely to be affected before deciding whether to make any major change to this longstanding policy. I therefore propose to announce next week that I am instituting an immediate administrative review of the general policy about restrictions on these Scottish airports. I shall make it clear that the recent decisions of the Court of Session on traffic distribution powers have made it difficult to maintain the precise terms of the current policy, and that I wish to consider the broad factors bearing on the policy before deciding whether to reformulate it in narrower terms, or to adopt the much less restrictive approach which applies elsewhere in the UK.

The Solicitor General's advice has already indicated that we are unlikely to win the appeal against Lord Clyde's decision, and I am not convinced that we stand to obtain such clarification of our powers as would justify the time and expense of proceeding with the appeal on 19 September. I therefore consider we should ask for the appeal to be withdrawn. I would propose to make it clear to Air 2000 that I recognise that this means they can mount flights directly from Glasgow while I am reviewing the policy, but that I shall not make my mind up about the longer term until I have seen the outcome of a consultation exercise.

Since it would be necessary formally to consult the CAA under Section 31 of the Airports Act 1986 if my decision following the review were to seek to remake distribution rules, and that would add some months to final disposal of this vexed question, I am anxious to undertake the administrative review as rapidly and as informally as possible. It seems to me that a consultation document pointing up the main questions, widely circulated, and inviting written replies within two months, could then be followed by a letter signed by me, setting out the reasons for the decision taken. The details of the procedure can be sorted out between my officials and yours, and though I would see the consultation being conducted by this Department, I believe it would be helpful if we invited respondents to copy their replies to the Scottish Office.

I am copying this letter to the Prime Minister, who is aware of my early thinking on this subject.

Yours sincerely



for

CECIL PARKINSON

*approved by the Secretary of State and
signed in his absence.*

AEROSPACE : Towler, Airport July 84





(CF)

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

6 September 1989

CORRESPONDENCE WITH ALLAN STEWART, M.P.

Thank you for your letter of 1 September to Dominic Morris providing a revised draft reply for the Prime Minister to send to Allan Stewart's letter of 20 July on Scottish lowland airports policy.

BF | In the light of the subsequent correspondence with Roy Griffiths on this policy issue it seems to me preferable for the Prime Minister to defer sending a reply to Mr. Stewart until the position is clarified. I should be grateful therefore for a revised draft reply to reach this office by Wednesday, 13 September.

PAUL GRAY

Miss Katherine Orrell,
Department of Transport

VLC

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SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

Roy Griffins Esq
Private Secretary
Secretary of State for Transport
2 Marsham Street
LONDON
SW1P 3EB

NBPM
Ric6
6/9

6 September 1989

Dear Roy

SCOTTISH LOWLANDS AIRPORTS POLICY

Hay
Mr Parkinson and Mr Rifkind, both accompanied by Private Secretaries and officials, met on Monday, 4 September to discuss the proposals on Scottish Lowlands Airports Policy set out in Mr Parkinson's letter of 10 August.

Mr Parkinson accepted that the issue was a difficult one. The policy he had encountered on taking up post as Secretary of State for Transport was subject to heavy criticism from businessmen in Scotland; and the Government was likely to lose its appeal against the Scottish courts' decision on the validity of the traffic distribution rules which maintained the policy. In his view it was therefore desirable to reconsider the policy; and to announce a decision to do so now. This would be preferable to waiting for the appeal. He did not regard the policy as defensible in any event. It seemed to him that the future of Prestwick lay in a role as a cargo airport and in that connection he thought that the proposals by Mr Fred Smith of Federal Express were very attractive. More generally, it was assumed that the Government should, given its wider policies, pursue an open skies airports policy to the extent that it was possible to do so.

Mr Rifkind agreed that if the Government's present policy were to be changed to a genuine open skies policy it would make a change of approach on Prestwick easier to handle. In practice however as a result of the relevant international agreements, US carriers were tightly restricted as to where in the UK they could land. He acknowledged that the Government would like to negotiate more liberal agreements with the United States; but the practical position at present was restrictive. Mr Rifkind appreciated that the legal advice from the Solicitor General was that the Government's appeal was likely to be lost. The immediate consequences of this however would be limited. Your Department's officials' advised that immediately following the loss of the appeal, charter flights from both Canada and the United States could use Glasgow and Edinburgh, as could all scheduled flights to and from Canada.

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Scheduled flights to and from the United States could use Glasgow once the Government had informed the US Government of its intention to permit them which in practice it could hardly fail to do. The alternative would be to establish new rules which would meet the points raised by the courts on distribution and on consultation; but the consultation procedure would take some 3-4 months and in the interim the rules would fall.

Mr Rifkind went on to say that in reality opinion in Scotland in this issue was divided. The business community in Scotland and Glasgow City had one view; and Ayr, the residents of Strathkelvin and Bearsden, the STUC and the political parties supported Prestwick. While the decision of the courts had clearly created a new situation, the Government's policy on Prestwick had been restated as recently as May. It was absolutely crucial that if that policy were to be changed it must be seen to be as a consequence of circumstances external to Government. In these circumstances it was likely to be easier politically if the Government's decision were seen to be a consequence of an adverse decision on the appeal.

In discussion, it was accepted that the timing of a Government decision was highly sensitive and there were arguments either way for doing it before or after the appeal had been heard. On the one hand it would be reasonable to seek clarification through an appeal; on the other, the court decision was already unequivocal and the legal advice was that an appeal would not succeed. In the light of that fact it would seem reasonable for the Government to announce that it was proposing to review the question of whether or not there should be traffic distribution rules restricting transatlantic flights to Prestwick.

Mr Rifkind indicated that there were 2 essential points which must be met if there were to be a change of policy. These were, first, that the reason given for the change should be the legal position; and, second, that no decision for the longer term should be taken without some form of consultation. If these criteria were met, the timing of any decision was less critical.

It was agreed in conclusion that further consideration should be given to the form and timing of an announcement, on the basis proposed by Mr Rifkind. The Government's position should be clarified before the coming weekend so that a decision could if appropriate be announced both to withdraw the appeal and to proceed with a review.

I am copying this letter to Paul Gray.

*Your sincere Sincerely,
Len Wright*
DAVID CRAWLEY
Private Secretary

AGLOSSAGE: Lowlands Airport, June 84



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THE DEPARTMENT
OF TRANSPORT



FROM THE SECRETARY OF STATE

2 MARSHAM STREET LONDON SW1P 3EB
TELEPHONE 01-276 3000

Dominic Morris Esq
Private Secretary
10 Downing Street,
LONDON
SW1A 2AA

My Ref: C/PSO/11691/89

Your Ref:

21 SEP 1989

Dear Dominic

Thank you for your letter of 22 August with which you returned the draft reply I had provided to the letter of 20 July from Allan Stewart MP. I subsequently spoke on the telephone to Caroline Slocock.

My covering letter of 11 August did not expand upon my Secretary of State's current thinking on Scottish lowland airports policy because that was set out in his letter of 10 August to the Secretary of State for Scotland; a copy went to Number 10. I am enclosing a further copy for ease of reference. In his letter, Mr Parkinson mentioned the likelihood of our losing the forthcoming appeal, also his own preference for discontinuing the policy - if possible in advance of the court hearing. He is to discuss the matter with Mr Rifkind next week. But since the appeal may yet go ahead, Ministers must not jeopardise that by appearing to have second thoughts about the policy; on the other hand, neither will they wish overtly to endorse the policy, in case it should soon change, or be reviewed. I think the original draft was probably inoffensive, but attach an edited version.

Yours

Katherine

KATHERINE ORRELL
Private Secretary

RESTRICTED

C/PSO/11691/89

DRAFT REPLY FROM THE PRIME MINISTER TO ALLAN STEWART ESQ MP

Thank you for your letter of 20 July about Scottish lowland airports policy.

As you say, we have appealed against the recent ruling in the Court of Session in respect of the Scottish traffic distribution rules. I know of course that you are a critic of the policy, and I have seen in Hansard your various questions in the House. I note the further points you make.

N.S. (copy of
draft net (d))

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10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

22 August 1989

You very kindly provided a draft reply to the letter of 20 July from Allan Stewart, M.P., about Scottish lowland airports policy. The Prime Minister has seen this draft and has commented that she has heard that we are likely to lose this case. It might therefore be well for us to consider the matter further before the case comes up. She understands that there has been substantial criticism of this decision.

BFI
I should be grateful if you could look at the draft again in the light of that comment and let me have any further advice you feel appropriate by 31 August.

DOMINIC MORRIS

Ms Katherine Orrell,
Department of Transport.

CONFIDENTIAL

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Ed



10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

Jean Allan

Thank you for your letter of 20 July about Scottish lowland airports policy.

I know of course that you are a critic of the policy: I have seen in Hansard your Questions in the House, and I note the further arguments you set out in your letter. You in turn are aware of the background to Paul Channon's confirmation of the policy in May, the criterion for a review set out in the 1985 White Paper "Airports Policy" not having been met.

The decision against a review was I know not well received in some quarters in Scotland: equally, you will appreciate that in other quarters it was welcomed. That I think was always likely to be the case. As you say, we have appealed against the recent ruling in the Court of Session in respect of the traffic distribution rules for Glasgow, Prestwick and Edinburgh. I understand the case is down for hearing on 19 September.

*I am
dold that
we are
likely to
lose this
case &
we may*

*I. be advised to
consider the matter before
the case comes up I
understand there has been*

J. Allan Stewart, Esq., M.P.

*Substantial criticism of the decision
not*



R1418

FROM THE SECRETARY OF STATE

2 MARSHAM STREET LONDON SW1P 3EB
TELEPHONE 01-276 3000

Dominic Morris Esq
Private Secretary
10 Downing Street
LONDON
SW1A 0AA

My Ref: C/PSO/10435/89
Your Ref:

111 AUG 1989

Dear Dominic

/ Thank you for your letter of 21 July requesting a draft reply for the Prime Minister's signature to the enclosed letter from Allan Stewart about Scottish lowland airports policy.

/ The Prime Minister will I think be familiar with the continuing criticism of the policy, under which Prestwick serves as the sole gateway airport for long-haul services to and from Scotland. Mr Stewart has over recent months been perhaps the most persistent critic, certainly on the Government benches, and an advocate of long-haul gateway status for Glasgow Airport. I enclose by way of background Hansard extracts giving his Questions to our Ministers on the matter. He refers in his letter to the successful challenge made last month by the UK charter airline Air 2000, to the traffic distribution rules which give effect to the policy. Pending our appeal against the judge's ruling (about which my Secretary of State has written to the Secretary of State for Scotland, copying to the Prime Minister) it seems to us best that Government statements on Prestwick be kept short and bland.

*Yours
Katherine*

KATHERINE ORRELL
Private Secretary

Lob
BHW

(T)

C/PSO/10435/89

DRAFT REPLY FROM PRIME MINISTER TO ALLAN STEWART ESQ MP

Thank you for your letter of 20 July about Scottish lowland airports policy.

I know of course that you are a critic of the policy: I have seen in Hansard your Questions in the House, and I note the further arguments you set out in your letter. You in turn are aware of the background to Paul Channon's confirmation of the policy in May, the criterion for a review set out in the 1985 White Paper "Airports Policy" not having been met.

The decision against a review was I know not well received in some quarters in Scotland: equally, you will appreciate that in other quarters it was welcomed. That I think was always likely to be the case. As you say, we have appealed against the recent ruling in the Court of Session in respect of the traffic distribution rules for Glasgow, Prestwick and Edinburgh. I understand the case is down for hearing on 19 September.

Ports	Number of registered dock workers made redundant	Percentage of registered dock workers in the port
Plymouth	11	37
Sharpness	2	4
Southampton	210	31
Swansea	78	89
Tees and Hartlepool	37	7
Wisbech	11	92

Irradiated Fuel

Mr. Andrew Smith: To ask the Secretary of State for Transport if the flasks used for transportation of irradiated fuel from the reactors at United Kingdom Atomic Energy Authority, Harwell, fully meet the International Atomic Energy Authority's impact and thermal standards; if he will make public the results of tests performed to confirm the safety of these transport flasks; and if he will make a statement.

Mr. Peter Bottomley: The flasks used by UKAEA Harwell have been assessed and certified by experts in this Department as fully complying with the IAEA design and test requirements. The test results are the property of the UKAEA, and are supplied to the Department on a commercial-in-confidence basis.

Scottish Lowlands Airports

Mr. Allan Stewart: To ask the Secretary of State for Transport (1) if he has considered the implications for Scottish lowland airports policy of the proposals by United Airlines for flights between Washington, Chicago and Glasgow; and if he will make a statement;

(2) if he has considered the implications for Scottish lowlands airports policy of the announcement by United Airlines that it has no intention of proposing flights from the United States of America to Prestwick airport.

Mr. Peter Bottomley: Scottish lowland airports policy remains as set out in the 1985 White Paper "Airports Policy" and most recently confirmed in my right hon. Friend's announcement on 8 May, *Official Report*, column 343.

Abbotsinch Airport

Mr. David Marshall: To ask the Secretary of State for Transport how many airlines have applied to operate transatlantic flights to and from Glasgow Abbotsinch airport; and if he will list the names of such airlines.

Mr. Peter Bottomley: The Civil Aviation Authority at present has applications from two airlines, Air Europe and Air 2000, for such licences. The Department does not have any outstanding requests from foreign carriers for permits to operate transatlantic services to and from Glasgow.

M1

Mr. Latham: To ask the Secretary of State for Transport whether he will instruct his Department's contractors to take immediate steps to improve traffic flow and reduce inconvenience to road users arising out of the road works on the north bound carriageway of the M1 between junctions 11 and 12.

Mr. Peter Bottomley: The maintenance work taking place on the M1 is divided into several phases. The current phase involves offside lane closures. Throughout this phase there will be three lanes available to southbound traffic. Northbound traffic will have two lanes available except on Fridays, when three lanes will be made available between 12 noon and 10 pm. Future phases of the work will involve the use of contraflow during which there will be two lanes available in both directions. The traffic management arrangements use the minimum road space necessary for the safe and efficient working on the site.

A1

Mr. Robert Banks: To ask the Secretary of State for Transport how many man hours have been spent by his officials dealing with proposals to improve the A1 between Wetherby and Dishforth with orders 198; and what have been the costs involved.

Mr. Peter Bottomley: The information requested is not readily available.

Mr. Robert Banks: To ask the Secretary of State for Transport how many of his officials have been handling the proposed improvements under orders 198 for the A1 between Wetherby and Dishforth; and where they are located.

Mr. Peter Bottomley: The Department's work on this scheme has been handled primarily in the Leeds regional office where 18 staff have been involved at some stage.

Mr. Robert Banks: To ask the Secretary of State for Transport if he will make a statement about the delay in reaching decisions about improvements to the A1 between Wetherby and Dishforth as they relate to orders 198.

Mr. Peter Bottomley: The joint decision by the Secretaries of State for Transport and for the Environment took longer than usual to make because the independent inspector recommended a substantial change to the published proposals. This was for the addition of discontinuous hard shoulders not in compliance with normal departmental standards for all-purpose trunk roads.

The outcome is that the scheme is to be revised to incorporate not only hard shoulders but other design changes, with the intention of bringing this stretch of road up to near-motorway standard.

Mr. Robert Banks: To ask the Secretary of State for Transport if he will make a statement on the safety of motorists using the A1 between Wetherby and Dishforth.

Mr. Peter Bottomley: We are conscious of the need to make conditions as safe as possible for motorists. On this length of trunk road, special attention has been paid to eliminating potentially hazardous turning movements. Over the past two years 13 gaps in the central reserve have been closed and three overbridges provided.

Central reserve safety fencing has also been erected recently over most of this stretch. The final section will be installed later this year as part of the Dishforth interchange scheme.

Mr. Robert Banks: To ask the Secretary of State for Transport if he will set out evidence of the volume of traffic using the A1 between Wetherby and Dishforth since 1979; and if he will make a statement.

Mr. Peter Bottomley: The required estimates, in terms of annual average vehicles per day, are:

- (a) projected flow on A1-M1 link in 1991-92—19,000.
- (b) projected flow on the M45 in its year of opening (1959) was 16,000.
- (c) the estimated flow on the M45 in 1987 was 7,900.

The projected figure for the M45 was made before the opening of the M6, after which the traffic flow on the M45 declined considerably.

Airports

Mr. Alfred Morris: To ask the Secretary of State for Transport what study his Department has made of the agreements reached between the United States Government and other European states on access to their airports for United States carriers; when he now expects negotiations with the United States Government on access to Manchester airport to be re-opened; and if he will make a statement.

Mr. Peter Bottomley: We understand that some European states' bilateral agreements automatically give United States carriers wide access to their airports. But our agreement requires the maintenance of balanced opportunities for the parties. The United States Government have indicated that they will soon propose a package of new rights for their carriers, including rights into Manchester. They are unlikely to be ready to negotiate before October, however.

Scottish Lowland Airports

Mr. Allan Stewart: To ask the Secretary of State for Transport if he intends to revise the traffic distribution rules for Scottish lowland airports before the House rises for the summer recess.

Mr. Peter Bottomley: The Government is appealing against the recent ruling in the Scottish Court of Session, and understands that, pending the outcome of that appeal, the effect of the judgment is suspended. Scottish lowland airports policy remains as set out in the 1985 White Paper "Airports Policy" and confirmed by my right hon. Friend in his parliamentary answer of 8 May 1989, at column 343.

Mr. Allan Stewart: To ask the Secretary of State for Transport what have been the total costs incurred by his Department resulting from court action in relation to the implementation of Scottish lowland airports policy.

Mr. Peter Bottomley: The Government have yet to be advised of the legal costs it has incurred in relation to the proceedings in court.

South Circular Assessment Study

Mr. Tony Banks: To ask the Secretary of State for Transport on how many occasions since 1 August 1988, his officials have met Travers Morgan to discuss the south circular assessment study.

Mr. Peter Bottomley: Officials have held monthly progress meetings and other meetings as necessary.

Used Vehicles (Roadworthiness)

Mr. Nigel Griffiths: To ask the Secretary of State for Transport if he will outline the steps taken by his Department to empower trading standards officers to inspect used vehicles for sale on garage forecourts for roadworthiness.

Mr. Peter Bottomley: The Director General of Fair Trading has submitted proposals on these lines on behalf of a number of organisations. These are being considered in the light of existing responsibilities and powers of the Department's vehicle examiners. Any purchaser of an older second-hand car, whether from a forecourt or elsewhere, would be well advised to seek a recent MOT certificate and consider employing a qualified independent third party to inspect the vehicle.

HGV Wheel Loss

Mr. Roger King: To ask the Secretary of State for Transport if, following the talks with the Institute of Road Transport Engineers, future funding of research into heavy goods vehicles wheel loss has now been determined.

Mr. Peter Bottomley [holding answer 17 July 1989]: The principal reason for heavy goods vehicle wheel detachment is ineffective maintenance. The Department supports the initiatives being taken by the IRTE to remedy this including advice to operators.

Further research into wheel and fixing design is a matter for the industry and is being considered by the appropriate BSI committee.

ENERGY

Pressurised Water Reactor, Wylfa

Mr. Malcolm Bruce: To ask the Secretary of State for Energy why the standard consultation period of six months prior to a public inquiry has not been provided in the case of the application to build a third pressurised water reactor at Wylfa in North Wales; if he will reinstate a consultation period of six months; and if he will make a statement.

Mr. Michael Spicer: My right hon. Friend needs to set time periods in which objectors can make their views known to him. The statutory obligation on him is to give a period of not less than 21 days in which objections from the public can be made to him. I believe that the three months period which he has set in this case provides ample time for anyone who wishes to object to the proposal to do so.

In the light of all the representations he receives, my right hon. Friend will then decide whether a public inquiry is necessary. If he calls for an inquiry to be held all objectors, registered pursuant to section 34 of the Electricity Act 1957, will be sent details of the inquiry, including the procedures to be followed if the objector wishes to give evidence.

Mining Subsidence

Mr. Heddle: To ask the Secretary of State for Energy (1) if he will publish in the *Official Report* details of the recommendations of the Waddilove committee on coal mining subsidence which have so far been implemented and the timescale in which he expects the remaining recommendations to be implemented, together with details thereof;

(2) when he proposes that British Coal's code of practice in respect of compensation for coal mining subsidence will be brought into statute.

Mr. Michael Spicer: I would refer my hon. Friend to the answer I gave to my hon. Friend the Member for Ellesmere

11,000 in 1987. The proportion of drivers or riders killed in accidents who were found to have an illegal blood alcohol level fell from 31 per cent. in 1980 to 23 per cent in 1987.

Lowland Airports

Mr. Allan Stewart: To ask the Secretary of State for Transport, further to his answer to the hon. Member for Eastwood on 18 May, *Official Report*, column 279, if he will place in the Library a detailed note of the views he received from political parties both for and against a review of Scottish lowland airports policy.

Mr. Peter Bottomley: Views of members of political parties on the case for a review of Scottish lowland airports policy have been put to Ministers in private correspondence and at private meetings. It would be for those concerned to make their views public, if they wished.

Mr. Allan Stewart: To ask the Secretary of State for Transport, further to his answer to the hon. Member for Eastwood, 18 May, *Official Report*, column 279, if he will list those organisations who made representations to him against a review of Scottish lowland airports policy.

Mr. Peter Bottomley: Representations to my right hon. Friend about Scottish lowland airports policy have taken the form of private correspondence. It would be for those concerned to make their views public, if they wished.

Mr. Allan Stewart: To ask the Secretary of State for Transport what consideration he has given to the survey of the views of hon. Members on Scottish lowland airports policy published on Friday 19 May; what conclusions he has reached; and if he will make a statement.

Mr. Peter Bottomley: I presume that my hon. Friend is referring to an article of 19 May. My right hon. Friend's conclusions on Scottish lowland airports policy remain as announced.

BAA (Services)

Mr. McCrindle: To ask the Secretary of State for Transport if he will consider introducing amending legislation to facilitate the creation of a statutory consumer body to receive complaints about services run by the BAA plc at Heathrow, Gatwick, Stansted, Glasgow, Edinburgh, Aberdeen and Prestwick airports.

Mr. Peter Bottomley: My right hon. Friend is satisfied that the interests of airport users are sufficiently secured by the economic regulation provisions of the Airport Act 1986, by the Fair Trading Act 1973 and the Competition Act 1980.

Wembley Tube Station

Mr. Ashton: To ask the Secretary of State for Transport if the Parliamentary Under-Secretary of State for Transport inspected overcrowding and safety at the Wembley tube station tunnel during his visit to the cup final last Saturday.

Mr. Peter Bottomley: No.

Mr. Orme: To ask the Secretary of State for Transport what discussions he has had, and what representations

have been made to him, to rectify the overcrowding in the Wembley tube station tunnel at Wembley way during football matches and pop concerts.

Mr. Peter Bottomley: The tunnel in question is the direct responsibility of Wembley Stadium plc. The Department has been discussing with the London borough of Brent a scheme to replace the tunnel. Wembley Stadium plc along with the Metropolitan and British Transport police, London Underground Ltd. and officers from Brent council liaise closely not only on the day of events by additionally on a six-weekly basis throughout the year.

East London River Crossing

Mr. Cartwright: To ask the Secretary of State for Transport when he expects to announce the revised proposals for the east London river crossing.

Mr. Channon: I have nothing to add to my reply of 12 April at column 572.

Airports

Mr. Heddle: To ask the Secretary of State for Transport, further to his answer to the hon. Member for Mid-Shropshire of 18 May, *Official Report*, column 276, what methods of assessment and forms of monitoring are being adopted by his Department to assess how far local authorities are co-operating actively and fully in the ownership, development, management and running of airports.

Mr. Peter Bottomley: Ministers and officials frequently discuss these and other matters with local authority airport representatives.

Stratford Station (Incident)

Mr. Tony Banks: To ask the Secretary of State for Transport what caused the incident at Stratford station in the London borough of Newham on 24 May; how many passengers received hospital treatment; what members of staff of London Underground Ltd. were present at the scene of the incident; and if he will make a statement.

Mr. Peter Bottomley: A Central line train was halted at Stratford station at about 08.30 when over-heated brake blocks began to emit smoke. The problem was dealt with by the train crew but the fire brigade was called as a precautionary measure. British Rail manages all train services at this station and its staff correctly detrained passengers from the defective train and from following trains. One passenger was taken to hospital.

London Underground's main concern was to release passengers on the two trains halted in tunnel between Stratford and Leyton. Instructions were passed by radio from the line controller to the drivers of those trains. A London Underground carriage examiner was in attendance at Stratford and was able to declare the previously defective train fit for service at 09.35.

ENERGY

Advanced Gas Reactor Power Stations

Mr. Blair: To ask the Secretary of State for Energy what estimate has been made of the costs of shutting down

Mr. Partillo: The harbour undertakings in Great Britain where there are special constables sworn in under the provisions of the 1847 Act, incorporated into local legislation, are:

Harbour undertaking	Number employees
Port of Bristol Authority	45
Dover Harbour Board	86
A and P Appledore (Falmouth) Limited	9
Felixstowe Dock and Railway Company	34
Manchester Ship Canal Company	29
Milford Dock Company	5
Sealink Harbours Limited, Parkston Quay ¹	22
Tees and Harlepool Port Authority	21

¹ Employed by Protective Security Systems Limited on exclusive contract with Sealink.

There are also two in Northern Ireland:

Harbour undertaking	Number employed
Belfast Harbour Commissioners	27
Larne Harbour Limited	16

Two undertakings employ police under local legislation which is fuller than the 1847 Act provisions:

Harbour undertaking	Number employed
Port of London Authority	47
Mersey Docks and Harbour Company	102

Air Traffic Distribution Rules

Mr. Allan Stewart: To ask the Secretary of State for Transport, pursuant to his answer to the hon. Member for Eastwood on 8 May, *Official Report*, column 143, when, and in what form, he intends to publish the new air traffic distribution rules for Scotland, and under what statutory authority.

Mr. Peter Bottomley: The new rules ("Traffic Distribution Rules 1989 for Prestwick and Glasgow" and "Traffic Distribution Rules 1989 for Prestwick and Edinburgh") were made on 9 May under section 31 of the Airports Act 1986. Copies were sent to interested parties, and have been placed in the Library.

Lowland Airport Policy (Scotland)

Mr. Allan Stewart: To ask the Secretary of State for Transport if he will list those organisations he consulted representing (a) Scottish industry and commerce and (b) the airline and travel industries who were (i) for and (ii) against a review of Scottish lowland airport policy as requested by BAA plc.

Mr. Peter Bottomley: My right hon. Friend initiated no such consultations, but he received a variety of representations, both for and against a review of Scottish lowland airports policy.

Road Schemes

Mr. Nicholas Bennett: To ask the Secretary of State for Transport if he will make a statement on the test discount rate for road schemes.

Mr. Peter Bottomley: In reply to a question on 5 April from the hon. Member for Daventry (Mr. Boswell), my right hon. Friend the Chancellor of the Exchequer announced a new required rate of return for nationalised industries of 8 per cent. As a result, British Rail intends to adopt a test discount rate of 8 per cent. for investment projects. In order to ensure that road and rail projects continue to be appraised on a comparable basis, the test discount rate for road projects will be increased from 7 per cent. to 8 per cent.

Road and Rail Statistics

Mr. Dunn: To ask the Secretary of State for Transport if he will give figures for investment in British Rail for 1978-79 and 1989-90; investment in national roads in 1978-79 and 1989-90 and the figures for road deaths in 1978 and 1988.

Mr. Channon: The information is:

	1978-79 million £ million	1989-90 million £ million
Cash investment by British Rail in the railway	708	746
Capital expenditure on national roads in England	327	1,190
Real terms (1987-88 prices): investment by British Rail in the railway	425	554
Capital expenditure on national roads in England	968	1,051

Calendar year 1978.

Cash Limits

Mr. Haselhurst: To ask the Secretary of State for Transport what changes he proposes to make to the cash limits on his Votes.

Mr. Channon: Subject to parliamentary approval of a revised Estimate the cash limit on class VIII, vote 2 is to be reduced by £800,000 from £235,013,000 to £234,213,000 to reflect the transfer to the Ministry of Defence of responsibility for the costs of royal flights in civil aircraft.

NORTHERN IRELAND

South Africa (Arms Embargo)

8. Mr. Wall: To ask the Secretary of State for Northern Ireland what steps he is taking to prevent Northern Ireland firms contributing inadvertently to the circumvention of the arms embargo on South Africa.

Mr. Tom King: Security arrangements are a primary responsibility of every company in Northern Ireland. Since the theft in October last year from a Shorts factory there has been a review of security at all Shorts' establishments and a number of additional measures have been, or are being, implemented. I maintain a close interest in such matters.

NHS Review

17. Rev. Martin Smyth: To ask the Secretary of State for Northern Ireland what representations expressing



THE DEPARTMENT OF TRANSPORT

FROM THE SECRETARY OF STATE



500
MBPM at this stage.
(No. P. 10000 discussed this with the PM at their meeting on 9/8/89).

2 MARSHAM STREET LONDON SW1P 3FD
TELEPHONE 01-276 3000

RESTRICTED

The Rt Hon Malcolm Rifkind QC MP
Secretary of State for Scotland
Scottish Office
Dover House
Whitehall
LONDON SW1A 2AU

REC-6
11/8
My Ref:
Your Ref:

Dear Malcolm

10 AUG 1989

One of the issues I find I have inherited in taking on transport is the question of policy for the Scottish lowland airports.

As you know, the validity of the traffic distribution rules which underpin the policy have been challenged in the courts. We have pending an appeal against a judgement that the rules are *ULTRA VIRES*, due to be heard on 19 September. Our legal advice suggests that we shall lose the appeal. The Solicitor General for Scotland, who acts for us in the case, has advised that while there is some advantage in pursuing the appeal to clarify the extent of our rule making powers, there is little likelihood of our rules being upheld.

This puts us in a dilemma. Should we try to maintain a policy which is steadily becoming discredited - because it is entirely at variance with the freedom we allow other airports in the UK to compete for all kinds of traffic - or should we seize this opportunity to announce an end to the restrictions? My own preference would be for the latter and I should like to be able to do so before the appeal comes to court. I realise, however, that you might have some difficulties with giving up the policy and, in any event, that you will have views about handling.

My own inclination would be against opening the subject to public consultation because this would delay a decision until after the appeal, and would make it appear that the Government was being forced to change its policy as a result of losing in the courts. The arguments against changing the policy have been well rehearsed by its defenders earlier this year in response to BAA's public call for a review. I would prefer to present the change as the outcome of my own review of existing policies on arrival, in which I have concluded that the arguments adduced earlier in the year are insufficiently strong to outweigh the



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emphasis on liberalisation and competition which guides aviation policy as a whole. But I recognise that we have to move in tandem, and that your own presentational difficulties may not be dealt with quite so straightforwardly.

I am sorry to spring this on you just as we are both about to depart on holiday. Could we meet to discuss it urgently early in September? My office will be in touch with yours.

I am copying this letter to the Prime Minister in view of her own interest in the issue.

Yours Ever,
Cecil

CECIL PARKINSON

J. Allen STEWART MP



4/8

10 DOWNING STREET
LONDON SW1A 2AA

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8/1/89

From the Private Secretary

21 July 1989

I attach a copy of a letter which the Prime Minister has received from Mr. J. Allen Stewart, M.P.

I should be grateful if you would please let me have a draft reply for the Prime Minister's signature by Friday, 4 August.

(DOMINIC MORRIS)

Roy Griffins, Esq.,
Department of Transport.

ku



HOUSE OF COMMONS
LONDON SW1A 0AA

20 July 1989

20/7

Rg (dip) Pm

✓ Ack
✓ cc MLB.

Dear Prime Minister,

SCOTTISH LOWLAND AIRPORTS POLICY

Because of recent events, I am writing to you and the Ministers concerned about the up to date position on Scottish Lowland Airports policy. As you will know, in May, Paul Channon, after consultation with Malcolm Rifkind, decided not to accede to BAAs request for a review of the present policy under which Prestwick has a monopoly of transatlantic and other long haul flights from Scotland.

Except in Ayrshire, that decision was very badly received in Scotland. The Scottish business and industrial community was publicly appalled. The Government was roundly condemned by virtually every main Scottish newspaper. The substance of the criticism was fairly uniform, namely that the continuation of the present monopoly was against both the economic principles the Government stands for and Scotland's best economic interests. It has resulted in Scotland having fewer transatlantic flights than ten years ago, while Manchester has become the fastest growing airport in Western Europe. It is a highly successful hub airport with a network of transatlantic, domestic and European flights denied to Glasgow.

The critics all wanted either freedom for Glasgow, Edinburgh and Prestwick to take transatlantic flights, or for Glasgow to be given international Gateway status - which bilateral agreements would perhaps make an easier course of action, or at a minimum they agreed with BAAs case for a review. It is worth listing those Scottish organisations who supported this case:

CBI Scotland
Scottish Council (Development and Industry)
Institute of Directors (Scotland)
Scottish Development Agency
Scottish Financial Enterprise
All four main Scottish Chambers of Commerce
Scottish Tourist Board
Scottish Consumer Council
Airlines Users Committee
Association of British Travel Agents
Scottish Passenger Agents Association.

The following airlines have stated they would like the opportunity to fly long haul from Glasgow or Edinburgh, denied to them under current policies:

British Airways
British Midland
Air 2000
Brittania
Wardair
American Airlines
United Airlines
Air Canada

The decision not to renew the present monopoly has been subject to strong editorial condemnation in the following major newspapers - Sunday Times (Scotland), Scotland on Sunday, Glasgow Herald, Scotsman, Daily Record, Evening Times.

The only major Scottish organisation which to my knowledge supports the continuation of the status quo is the Scottish Trades Union Congress.

Within the House of Commons, for political reasons, the Opposition have not criticised the decision which has indeed been strongly supported by Ayrshire MPs. But it is worth noting that the Select Committee on Transport has recommended Glasgow be given Gateway status, and a newspaper survey showed a clear majority of Scottish MPs against the status quo. Opinion within the Scottish Conservative Party has not been tested since a strongly supported amendment in favour of allowing market forces to operate was not selected for debate at the Perth Conference.

I appreciate, of course, that there are political factors to consider - notably for George Younger's Ayr constituency, and more arguably for Strathkelvin and Bearsden where some residents are concerned about airport noise. My view is that a sensible use of the two airports would be to find a method of moving some holiday charter traffic to Prestwick while allowing transatlantic flights from Glasgow. Holiday makers go from A to B and back. Businessmen need links to other airports. It is the complete absence of feeder services or links to other European airports that makes Prestwick unpopular and Glasgow popular with both airlines and businessmen.

If events had not changed since BAAs request for a review was refused, I would not have raised the question with you and colleagues. Governments do not alter existing policies without good reason. I do so for three reasons.

.../

First, it is now clear the controversy will not disappear. The level of hostility to the status quo remains high and the business community will continue its campaigning.

Second, the Government has now lost two cases in the Court of Session. The Department of Transport has lodged an appeal against the Court's decision last week in favour of Ayr 2000. Air 2000 wishes to fly to Florida direct from Glasgow and Edinburgh and objects to the costs of being forced to land at Prestwick en route. If the Department of Transport loses the appeal, it is difficult to see how the policy can continue to operate.

Third, a major American airline has confirmed its interest in flying direct from the USA to Glasgow as part of a European expansion, and stated that Prestwick is not an option. The more that pattern becomes clear, the more obvious it is that preventing airlines from flying from their chosen airport is harming Scotland as a whole. The effective choice for these airlines is not Glasgow or Prestwick. The effective choice is Glasgow or not at all. The policy of preventing market forces operating will become more and more difficult to sustain.

In the light of these factors I hope you may agree that the Government should reconsider the position over the summer recess.

I am copying this to Paul Channon, Malcolm Rifkind, George Younger, Peter Fraser, and to Michael Forsyth and Bill Hughes because of the party implications.

*Margaret Thatcher,
Alan*

The Rt Hon Margaret Thatcher, M.P.
Prime Minister

SRWBYT

SUBJECT
CE MASTER

NOTE FOR THE RECORD - SCOTTISH LOWLANDS AIRPORT POLICY

The Prime Minister had a brief meeting on 2 May with the Secretaries of State for Transport, Scotland and Defence. Greg Bourne (Policy Unit) was also present.

The Prime Minister said that, on the basis of the advice she had received there seemed little justification for proposed continuation of the present policy favouring Prestwick.

The Secretary of State for Scotland disagreed. It was true that the Glasgow business lobby and the tourist industry strongly supported down-grading Prestwick's position and allowing intercontinental flights into Glasgow and Edinburgh. These interests did however represent a minority. The majority of people, including MPs of all parties in Scotland, wanted the present policy maintained. There were substantial environmental and noise considerations favouring that course. It had to be borne in mind that if business into Glasgow airport substantially increased there would in due course be a need for a costly extension of the runway to keep with the next generation of aircraft. It was recognised that, if Prestwick's position was maintained, it would be necessary to improve the Transport links with Glasgow and Edinburgh, but an announcement of expenditure of some £1½ million to this effect was planned.

Following a brief discussion, the Prime Minister summed up that all Ministers were agreed on the present policy in favour of Prestwick, particularly post-Lockerbie, as long as improvements were made to the transport links with the airport. It was agreed that Messrs. Channon and Rifkind should make planned announcements at the earliest convenient date.

I subsequently reported the outcome of the discussion to Roy Griffins (Department of Transport) and David Crawley (Scottish Office).

Paul Gray

PAUL GRAY

3 MAY 1989

CONFIDENTIAL

PRIME MINISTER

SCOTTISH LOWLANDS AIRPORT POLICY

The attached note from Greg Bourne in the Policy Unit raises a delicate issue.

Existing airport policy rules in Scotland effectively limit intercontinental flights to Prestwick and block out Edinburgh and Glasgow. The economics of this are highly questionable. And there is pressure from Bill Hughes of the Scottish CBI and many others to change arrangements.

But the politics centre on the impact on George Younger's highly marginal constituency. I understand that both Paul Channon and Malcolm Rifkind believe that this political factor should pre-dominate.

The dilemma has been brought into sharp focus because this week the Scottish courts have said that the existing rules are ultra vires. So in order to maintain the existing policy in Prestwick's favour Department of Transport will have to introduce amended rules. That action of itself will increase the controversy about the existing policy.

You will wish to consider where you think the balance of advantage lies:

(i) content for Department of Transport to proceed as they propose and maintain Prestwick's position?

OR

(ii) do you want to approach Paul Channon, Malcolm Rifkind and George Younger and suggest the policy should be changed?

| Yes
no

RecG.

(PAUL GRAY)

28 April 1989

PRIME MINISTER

28 April 1989

SCOTTISH LOWLANDS AIRPORT POLICY

Yesterday a Scottish Court of Session judge ruled that the Traffic Distribution Rules made under the Airports Act 1984 were ultra vires.

The particular rules in question effectively state that direct intercontinental schedule and charter flights may only occur from Prestwick. Edinburgh and Glasgow are limited to domestic and European flights.

Air 2000, the airline which brought the case to court, were put in the ridiculous situation of taking off from their base in Glasgow then flying 25 miles to Prestwick in order to pick up passengers, before flying on to North America. This "hop" serves no useful purpose to either the airline or its customers.

Next week, DTP will receive the text of the judgement and in the absence of direction otherwise, will change the Traffic Distribution Rules (statutory rules not subject to Parliamentary Procedure). The change will reaffirm the Scottish Lowlands Airport Policy.

Paul Channon has been put under some pressure by George Younger not to review the policy lest Glasgow is confirmed the better gateway and his constituency loses out. I understand that Malcolm Rifkind is ambivalent about a review. Events however have overtaken all three.

If the rules are changed and an immediate review of the policy is not agreed to, the Scottish business community led by Bill Hughes will create a huge outcry. They see Glasgow as being the gateway to Scotland and the far north.

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With a change of policy Scotland's economy as a whole will receive a much needed boost in both jobs and confidence.

Prestwick may not lose out too much. My understanding is that BAA would use Prestwick for freight, training and some charter flights.

RECOMMENDATION

This is a delicate political judgement but I would recommend that formal review of the Scottish Lowlands Airport Policy be called rather than just reaffirming a policy which is unpopular in Scotland but popular in George Younger's constituency.



GREG BOURNE

CONFIDENTIAL

21 April 1989

WYH/IS

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The Rt Hon Malcolm Rifkind QC MP
Secretary of State for Scotland
St Andrews House
Edinburgh EH1 3DG

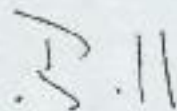
Dear Malcolm

Lowland Airports Policy

One of the topics discussed at yesterday's meeting of the CBI's Scottish Council was the lowland airports policy.

It was the unanimous view of Council that the CBI should press for an immediate review of this policy and that that review should include consideration of the road and rail infrastructure necessary to support implementation of any revised policy. I should stress that in calling for a review, the CBI is not doing so with any preconceived ideas about what the outcome of the review should be. It is however concerned that the existing policy may be restricting the development of air services to and from Scotland and hence inhibiting investment in Scotland not only by inward investors but also by indigenous UK and indeed Scottish companies.

Yours sincerely



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Director Scotland
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CBI

Our Ref: JD/LP 13.141

3 March 1989

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

FAX TO: BRAMPIAN HUGES
FAX NO: 1 PAGE: 1 OF: 3
ATTENTION OF: BILL HUGHES
FROM: CBI DATE: 6/3/89
COMPANY: JOHN DAVIDSON FAX NO: _____
Post-It Notes from 3M

Dear Mr Channon

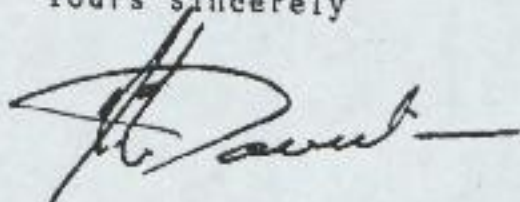
PRESTWICK AIRPORT

In 1984 CBI Scotland submitted evidence to the Scottish Lowland Airports Enquiry conducted by the Ministry of Transport. I understand that the findings of that enquiry are due to be reviewed this year and we believe that it would be appropriate for a detailed study to be conducted.

There is great concern in the industrial and commercial community in Scotland at the lack of frequent and reliable air services across the Atlantic. In recent years increasing congestion at Heathrow has added substantially to the cost of travelling through London and the availability of alternative services directly from Prestwick is very poor. The situation has worsened considerably since the Scottish Lowland Airports Enquiry.

In supporting the call by BAA PLC for a review CBI Scotland is not in any way indicating what evidence it might subsequently submit to it. But the substantial changes in recent years in patterns of travel and in technical developments make it imperative that the current situation and the prospects over the next few years should be given the widest possible study. If such a study were to be conducted CBI Scotland would of course be happy to submit evidence based on the views of its members.

Yours sincerely



JOHN DAVIDSON
DIRECTOR, CBI SCOTLAND

Legal doubt cast on flights ruling

By BRUCE McKAIN,
Law Correspondent

AN AIRLINE based in England was yesterday given the go-ahead by a Judge to fly directly from Glasgow to Florida without having to touch down at Prestwick.

The Department of Transport, which fought the court case, is now awaiting full details of the ruling by Lord Dervaird in the Court of Session to see how it affects the future of Prestwick as Scotland's international gateway.

Doubt was being cast on the authority of the ruling by a domestic Scottish court since the decision to accord Prestwick gateway status was made by the Government under international rule. One lawyer described the situation as "fudgy."

The case was brought by Air 2000 of Crawley, Sussex, which wants to run direct flights from Glasgow to Orlando, Florida, from next Wednesday. Under traffic distribution rules issued by the Transport Secretary in 1986, any such flight would have had to touch down at Prestwick en route.

Air 2000 claimed that the Transport Secretary had no power to impose a rule of this kind and that it amounted to an unreasonable and unjustifiable penalty on airlines.

After listening to legal arguments on Wednesday, Lord Dervaird yesterday upheld Air 2000's chal-

lenge to the rules. He also rejected arguments by the Department of Transport that the airline had no right to bring the case to court and that any challenge must be made by the Civil Aviation Authority. He will issue full reasons in writing as soon as possible.

Mr Guy Halford-MacLeod, associate director of Air 2000, said he was very pleased with the ruling and hoped that it would lead to a review of Scottish lowlands airports policy.

The Civil Aviation Authority has still to approve the airline's licensing application, but Mr Halford-MacLeod said: "I am confident we will get a licence and I hope the judgment today will help them make their minds up."

He made it clear that, come what may, Air 2000 intended to fly to Florida this summer, even if it meant having to touch down at Prestwick. The extra cost of having to do this would be about £20

per seat, £4200 a round trip, or a quarter of a million pounds for the season, and the company was prepared to take this "on the nose".

He hoped that they would be able to fly direct from Glasgow, but if the rule about touching down at Prestwick stayed in place, it put a question mark against flights to Florida next summer.

Mr Halford-MacLeod said the decision by Lord Dervaird opened things up not just for his airline but also for other operators. Although the Transport Secretary could appeal, "our view is that he has no case in law".

As far as the future of Prestwick was concerned Mr Halford-MacLeod felt there was "an awful lot" going on at the airport. "It's going to go on very much as in the past."

Mr Colin Gordon, traffic and operations manager at Prestwick, said as far as he was concerned "it's open, it's business as usual and we don't have a

problem at the moment. We have a full summer programme and it's looking very good for us. A couple of flights week won't be make-or-break.

"Just because a Judge in Edinburgh has made a statement, as I understand it on technical grounds, the world hasn't changed. The important thing is the policy of the Government."

Mr John Davidson, director of the CBI in Scotland, commented that the decision underlined the need for an immediate review of lowland airports in Scotland.

"CBI Scotland believes that without such a review Scotland will lose an opportunity window to improve dramatically our international air services. The Air 2000 ruling shows what the customers want. It is in Scotland's interests that a review must be held."

In London Ayrshire MP George Foulkes was in touch with the Depart-

Continued on Page 2

Prestwick at risk from Air 2000 ruling

Continued from Page 1

ment of Transport, which is still waiting to study the written judgment when it is issued.

However, Mr Foulkes said: "We now believe that the situation can be resolved by administrative action within the Department of Transport by producing new traffic distribution rules to take account of the judgment."

That, said Mr Foulkes, would allow the Civil Aviation Authority to reject applications such as the one by Air 2000 to fly direct to the US from Glasgow.

"I am pressing the department very strongly to do that, on the basis that they have a policy which has not changed and they should stick to that policy."

Mr Foulkes said that while on the face of it the judgment could have serious implications for the future of Prestwick, it could also go beyond that and bring chaos to air traffic if the same thinking was applied to airports in the south of England.

"I don't know what the hell would happen in that case. It is not in my view the function of the courts to make a decision about policy," he said.

Mr Sam Milliken, chairman of the Prestwick Airport Action Commit-

tee, who sat through Wednesday's Court of Session hearing, said yesterday that in his view there was ample room for an appeal by the Department of Transport.

"It will be very interesting, meantime, to see if Air 2000 does in fact operate direct to the US from Glasgow next Wednesday as it has said it will do," he said.

Ayrshire MP Brian Wilson launched an immediate attack on the Court of Session decision. Mr Wilson, Labour's Scottish transport spokesman, called on the Government to introduce a short order in Parliament which would reaffirm Prestwick's status as the transatlantic gateway and promised full Opposition co-operation in rushing the order through Parliament.

Mr Wilson said: "Unless it is challenged quickly and effectively, today's court ruling will have devastating implications for Prestwick and will prevent other discussion on airports policy."

"Apart from the consequences for Prestwick, it also raises serious and urgent problems for the people who live in Glasgow's flightpath and have been resolutely opposed to it gaining transatlantic status."



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The Rt Hon George Younger TD MP
Secretary of State for Scotland
Scottish Office
Dover House
Whitehall
LONDON SW1A 2AU

16 July 1984

Dear George

REVIEW OF SCOTTISH LOWLAND AIRPORTS POLICY

Thank you for replying so promptly to my letter of 6 July about the draft consultative document and the timescale proposed for the consultation period.

I accept that the reference to the need to review Scottish lowland airports policy from time to time might prove embarrassing and am content with the amendment you proposed to the first paragraph of the document.

I appreciate that it would be helpful to you if the consultative document was issued before you answer Michael Hirst's oral question about the review and will therefore arrange for it to be issued next Tuesday (17 July). I intend to announce the issue of the document in answer to an arranged PQ.

I am copying this letter to members of E(NI) and to John Moore, Jim Prior, Nicholas Edwards and Sir Robert Armstrong.

James
Nicholas

NICHOLAS RIDLEY

AKROSPACE: Rev. d. Scottish Airports policy: July 84

16 JUL 1984





SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

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

11 July 1984

Dear Secretary of State,

REVIEW OF SCOTTISH LOWLAND AIRPORTS POLICY

Thank you for your letter of 6 July.

I am generally content with the draft consultative document and the timescale for comments you propose. However, on a presentational point, I think that the reference in the first paragraph of the draft to the need to review the policy from time to time could be embarrassing. Only last year in response to the report by the Scottish Select Committee on Prestwick your predecessor and I strongly endorsed their view that frequent reviews of the policy only prejudiced the chances of making it work. I would therefore suggest that the second and third sentences of paragraph 1 be adjusted to read.

"The existing policy has been in force for many years and it is necessary to establish whether it best meets the needs of the air traveller....."

Michael Hirst has tabled an oral question asking me for a statement on the review for answer on Wednesday 18 July. It would be helpful if the paper could be issued before then. Our officials can be in touch on the detailed timing.

I am copying this letter to members of E(NI) and to John Moore, Jim Prior, Nicholas Edwards and Sir Robert Armstrong.

Yours sincerely

Approved by the Secretary of State
and signed in his absence

Aeropace 7/84

Scottish lowland airports



17 JUL 1984

CEN 10



Chancellor of the Duchy of Lancaster

CABINET OFFICE,
WHITEHALL, LONDON SW1A 2AS

10 July 1984

NCPM AT 10/7

Sir Nicholas,

REVIEW OF SCOTTISH LOWLAND AIRPORTS

You copied to me your letter of 6 July to George Younger.

Isn't there a third option, namely to have two airports instead of three?

The plain fact is that the traffic is insufficient to support three airports. I realise that closing one airport will meet with a lot of opposition. But the kind of constraints we are now seeing in the case of Glasgow mirrors experience elsewhere. Airports sited close to city centres do become increasingly limited in their capacity to serve travelling needs and the traffic has to move further out.

If we are going to review policy, I would think it odd that this third option should apparently be excluded from the scope of the review.

I am sending copies of this letter to members of E(NI), John Moore, Jim Prior, Nicholas Edwards and Sir Robert Armstrong.

COCKFIELD

The Rt Hon Nicholas Ridley MP
Secretary of State for Transport
Department of Transport
2 Marsham Street
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RESTRICTED

NBPM AF 617 *ce*



DEPARTMENT OF TRANSPORT
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The Rt Hon George Younger TD MP
Secretary of State for Scotland
Scottish Office
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6 July 1984

Dear George

REVIEW OF SCOTTISH LOWLAND AIRPORTS POLICY

You will recall that we decided that given the public interest in the review it would be helpful for those wishing to comment if we issued a consultative document setting out some of the key issues that will need to be considered. I attach a copy of a draft of such a document which has been agreed with your officials.

If you are content with this, I would propose to issue the document in about two weeks. I would announce its publication in answer to an arranged PQ.

When announcing the terms of reference for the review I stated that it was our hope that the review would be completed by the autumn so that the uncertainty which it causes will not last too long. If we are to meet this deadline we will need to receive comments from outside interests by mid-September. I doubt that a shorter period would be feasible during the summer holiday months.

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RESTRICTED

I would be grateful for any comments you or other recipients may have, if possible by Wednesday 11 July.

/ I am copying this to John Moore and for their information to members of E(NI), and to Jim Prior, Nicholas Edwards, and to Sir Robert Armstrong.

John Moore

Nicholas

NICHOLAS RIDLEY

RESTRICTED

2F

REVIEW OF SCOTTISH LOWLAND AIRPORTS POLICY

1. The Secretary of State for Transport announced when upholding the British Airports Authority's appeal against the licensing of British Midland Airways on the Glasgow-New York route that he intended to review, in consultation with the Secretary of State for Scotland, the present Scottish lowland airports policy. Current policy has been established for many years and it is right that it should be reviewed from time to time. We need to know whether the existing policy best meets the needs of the air traveller or whether - since many of them consider Prestwick rather remote compared with Glasgow or Edinburgh - passengers could better be catered for by some changes in the roles of the lowland airports.

2. The terms of reference for the review are as follows:-

"To review the Scottish lowland airports policy, in particular whether it continues to offer the best means of meeting lowland Scotland's civil aviation requirements; and to assess the financial, environmental and social consequences of any changes."

The review is being carried out by an inter-departmental Working Group.

3. When announcing the terms of reference, the Secretary of State said that it was his intention to seek the comments of interested parties. This consultation document sets out some of the key issues and invites comments.

Current policy

4. The present Scottish lowland airports policy is that the three airports should complement each other: Prestwick serves the whole of Scotland as the gateway international airport for long haul services; Glasgow and Edinburgh cater for domestic and short-haul European services for the West and East of Scotland respectively. Edinburgh also handles a limited number

of transatlantic charter services related to the Edinburgh Festival and other local events. Additionally, from last year, transatlantic flights stopping at Prestwick have been allowed to fly to and from other Scottish airports.

Passenger traffic

5. The Scottish lowland airports serve a distinct catchment area with virtually no overlap with the major regional airports in the North of England. The scope for diverting traffic from other airports, apart from passengers with origins or destinations in Scotland who at present interline through the London airports, is extremely limited.

6. Traffic at Glasgow and Edinburgh has increased fairly substantially over the last decade. In 1983/84 the two airports handled 2.5 million and 1.3 million passengers respectively. In contrast, the number of passengers using Prestwick remained static until 1981/82 at between 350,000 and 400,000 terminal passengers per year but then declined with the cessation of services by Laker and British Airways. In 1983/84 Prestwick handled 250,206 terminating passengers and a further 84,669 passengers in transit.

Capacity

7. The Scottish lowland airports, in common with most regional airports, suffer from a surplus of capacity in relation to demand. Following extensive modernisation and improvement the three lowland airports have estimated capacities as follows:

	Approx terminal building capacity (millions of pass- engers per annum)	Runway length (metres)
Glasgow	3.75	2,566
Edinburgh	2.0	2,560
Prestwick	1.5	2,989

8. Prestwick's capacity is therefore estimated to be over four times the level of present demand while, on the basis of existing patterns of traffic, capacity at Glasgow and Edinburgh is probably adequate until 1990 for the kind of traffic there at present (see paragraph 11 below).

Scottish lowland airports: financial position

9. As a result of the under-utilisation of the lowland airports, the four BAA Scottish airports, as a group (including Aberdeen), have not been profitable. In agreement with the Government, the BAA adopted in 1980 a target that the four Scottish airports as a group should break even in Current Cost Accounting (CCA) terms as soon as possible. Significant progress has been made towards this target. Even so Aberdeen and Glasgow are at present the only two airports in profit as the following table for 1982/83 shows:-

£ million	<u>Aberdeen</u>	<u>Edinburgh</u>	<u>Glasgow</u>	<u>Prestwick</u>
Revenue	8.322	6.532	14.770	6.083
Operating costs	7.731	7.790	14.030	9.470
Operating profit (loss)	.591	(1.258)	.740	(3.387)

In 1983/4 Prestwick's results are expected to have been about the same; the others to have shown an improvement.

Future options

10. The Working Group will be examining a number of questions against the background of two basic options. The first of them would be to change the policy so that the roles of the lowland airports are defined differently in terms of the types of service which used them. The prime consideration must be the consequences for the travelling public:-

- How would the Scottish public benefit?
- What would be the economic advantages or disadvantages to travellers of allocating services in a different way among the airports?

11. Such a change would - apart from the convenience and cost to passengers - raise a number of other questions, financial, environmental and social - about Prestwick's future and also about the consequences for the other airports. For example:-

- What investment would be needed at Glasgow or Edinburgh to accommodate long haul traffic in terminal facilities designed to handle smaller loads of passengers and their baggage, and process them through immigration and customs controls?
- would the runways need to be extended?
- Would there be a prospect of sufficient traffic to justify such investment at both airports?
- Could Prestwick without that traffic be sensibly maintained on a smaller scale for other types of traffic?

- Would it make sense - and a better use of the airports' facilities - if scheduled traffic were required to use Glasgow, and charter traffic (both short and long haul) to use Prestwick?
- How would user charges be affected by such changes?

12. Changes of this kind would clearly raise questions for the airlines, such as

- To what extent would they stand to gain traffic, and how would that affect their profitability?
- What would be the prospects of developing Glasgow or Edinburgh in the longer term as a Scottish "hub" airport providing a wide range of inter-linked short and long haul services?

13. Because of their convenience and proximity to residential areas, Glasgow and Edinburgh are less well sited environmentally than Prestwick. Considerable concern was expressed by organisations and individuals about the regular use of Glasgow by wide bodied aircraft if British Midlands' New York service went into operation. On the other hand the noise climate at all airports should improve during 1986 when aircraft which are not noise certificated are banned from operating on the British register. That will apply particularly to the Trident aircraft currently operating shuttle services.

- What net effect would changes in policy have on the noise climate at the lowland airports?

14. A change in the policy would also have social consequences.

- What would be the effect on employment of more services at Glasgow and Edinburgh, and of fewer at Prestwick?
- How would employment be affected in enterprises at Prestwick associated with and located at the airport but not directly involved in its operation?

15. The Working Group will also examine, as the other option, the continuation of the present policy with the aim of increasing Prestwick's traffic. The BAA, in conjunction with the British Tourist Authority and the Scottish Tourist Board, have been marketing the airport intensively in North America since 1982. Other initiatives have also been taken to increase the volume of leisure traffic through the airport. But so far these have had little effect on the volume of traffic.

16. The Government announced at the beginning of the year that a freeport is to be established at Prestwick. It is hoped that this will lead to some increase in cargo traffic. Additionally, there is the prospect of potential business from any oil/gas development off the west coast of Scotland.

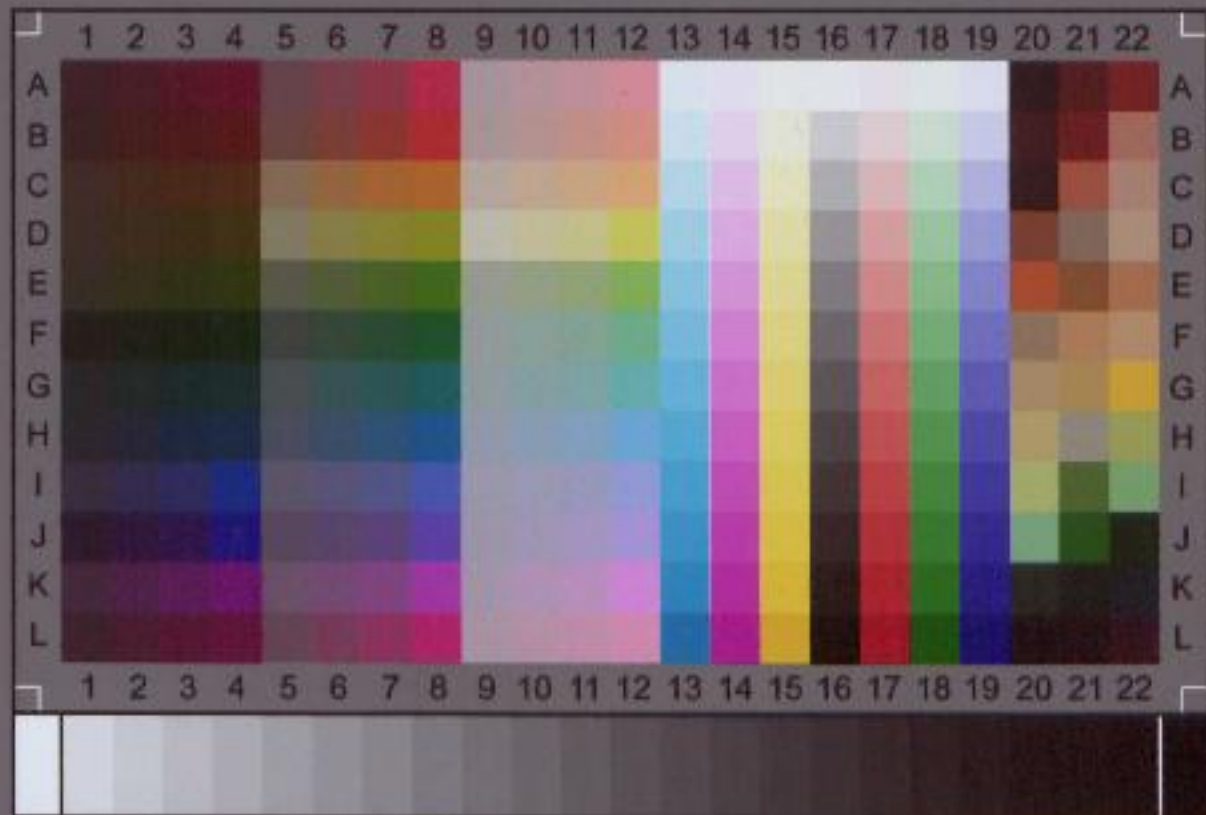
17. Other points that the Working Group will wish to consider include:

- the scope for re-introducing air services between Prestwick and other points in the United Kingdom (at present the only domestic service links Prestwick with Aberdeen and Belfast);
- the extent to which stop-over flights might boost Prestwick's revenues;
- the extent to which additional services at Prestwick would be encouraged by improved road or rail links with the main centres of population in the lowlands.

18. The above paragraphs set out some of the important questions which will be examined. They are intended to stimulate thinking about the future of Scottish lowlands airports policy among industry, local authorities, consultative committees, amenity groups and others with an interest in the subject. Comments on the questions raised in this note, and on any other aspects which are considered relevant are invited by Friday 21 September. They should be addressed to:-

Mr N McInnes
Civil Aviation Policy Directorate
Department of Transport
Room S7/10
2 Marsham Street
London SW1P 3EB

19. It is hoped to complete the review during the autumn.



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