

2/33

MT

Confidential Filing

The Fourth Terminal for Heathrow
Airport and the Fifth
Developments at Heathrow

AEROSPACE

November 1979

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
3-12-79							
4-12-79							
15-2-81							
7-8-81							
12-8-81							
1-11-88							

CLOSED.

PREM 19/2900

Cabinet / Cabinet Committee Documents

[illegible]

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate **CAB** (CABINET OFFICE) CLASSES

Signed Wayland

Date 6 September 2016

PREM Records Team

Not GR

FILE

KK



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

5 January 1990

NEW VIP SUITE AT HEATHROW

Many thanks for your letter of 4 January to Charles. The Prime Minister was interested to see this, and commented that it was very kind of Sir Norman Payne to offer a presentation. She is however, sure that they will make it a good shop window for Britain and will be content to see it in situ when she next happens to use the suite.

(DOMINIC MORRIS)

J. S. Wall, Esq.,
Foreign and Commonwealth Office.

K
L



Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister

4 January 1990

Do you wish to take up
Sir Norman's invitation?
W

Very kind - but I am sure that
will make it a shop window
for Britain.

Dea Charles,

Wait and see it in situ when you next use
the VIP suite? - Yes

DM

New VIP Suite at Heathrow Airport

The new VIP Suite at Southside is now nearing completion. The building will be handed over by the builders to Heathrow Airport Ltd (HAL) on 9 February 1990 and should be available for use on 2 March 1990.

In your letter of 31 July 1987 you indicated that the Prime Minister wished to see any designs and plans for the two reception lounges.

X / Sir Norman Payne, Chairman of British Airports Authority, has offered to give a presentation to the Prime Minister on the interior design and proposed furnishings for the new building.

British Airports Authority and Heathrow Airport Ltd have taken into account the Prime Minister's wish to display "the best of Britain" in the suite. All the furniture and furnishings are British. Two screens by Viscount Linley have also been commissioned.

If the Prime Minister wishes to take up this offer, I will be happy to arrange a mutually convenient date for the presentation.

Jans,
Stephen Wall
(J S Wall)
Private Secretary

C D Powell Esq
10 Downing Street



CF
b + 6

10 DOWNING STREET

① CF.

PLCC letter below
to Detectives
and Jowers
than to

② R. Lawell.

I am well wish
to see.

N. L. W.

18.11

Heathrow Airport Limited
D'Albiac House
Heathrow Airport, Hounslow
Middlesex TW6 1JH
Telephone 01- 745 7146
Telex 934892 LHR LTD
Fax 01-745 4290

GR?
R16/4

BAA
Heathrow

Mr N L Wicks CBE
Principal Private Secretary to the Prime Minister
No 10 Downing Street
London SW1A 2AA

1 November 1988

Dear *Mr Wicks*

SOUTHSIDE VIP SUITE: TEMPORARY ARRANGEMENTS

You may be aware that Heathrow Airport Limited will be building a new VIP Suite alongside the present Southside VIP Suite. Work is due to start in early November 1988, with completion - including demolition and clearance of the existing facility - by mid-December 1989. The contractor will be required to provide a visually-acceptable hoarding around the construction site but, clearly, for a period of about 13 months, the area around the existing Suite will be less attractive and more constricted than is desirable for a prestige location of this nature.

I am therefore writing to advise you of some of the temporary arrangements which will be in force while the existing Suite is being used during the construction period.

Access

Access to the existing VIP Suite during the construction period will be via the two possible road routes, as shown on the attached diagram. Your drivers are asked to follow the route advised to them by the Metropolitan Police officers or HAL security staff on duty at the entrance gates.

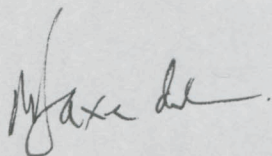
Car Parking

Car parking will normally be limited to a maximum of 18 vehicles in the parking area adjacent to the Suite and I would respectfully ask you to limit the number of vehicles used for a VIP movement to an absolute minimum. Additional parking space will only be considered by prior notification: however, such space cannot be guaranteed to be available for all VIP movements.

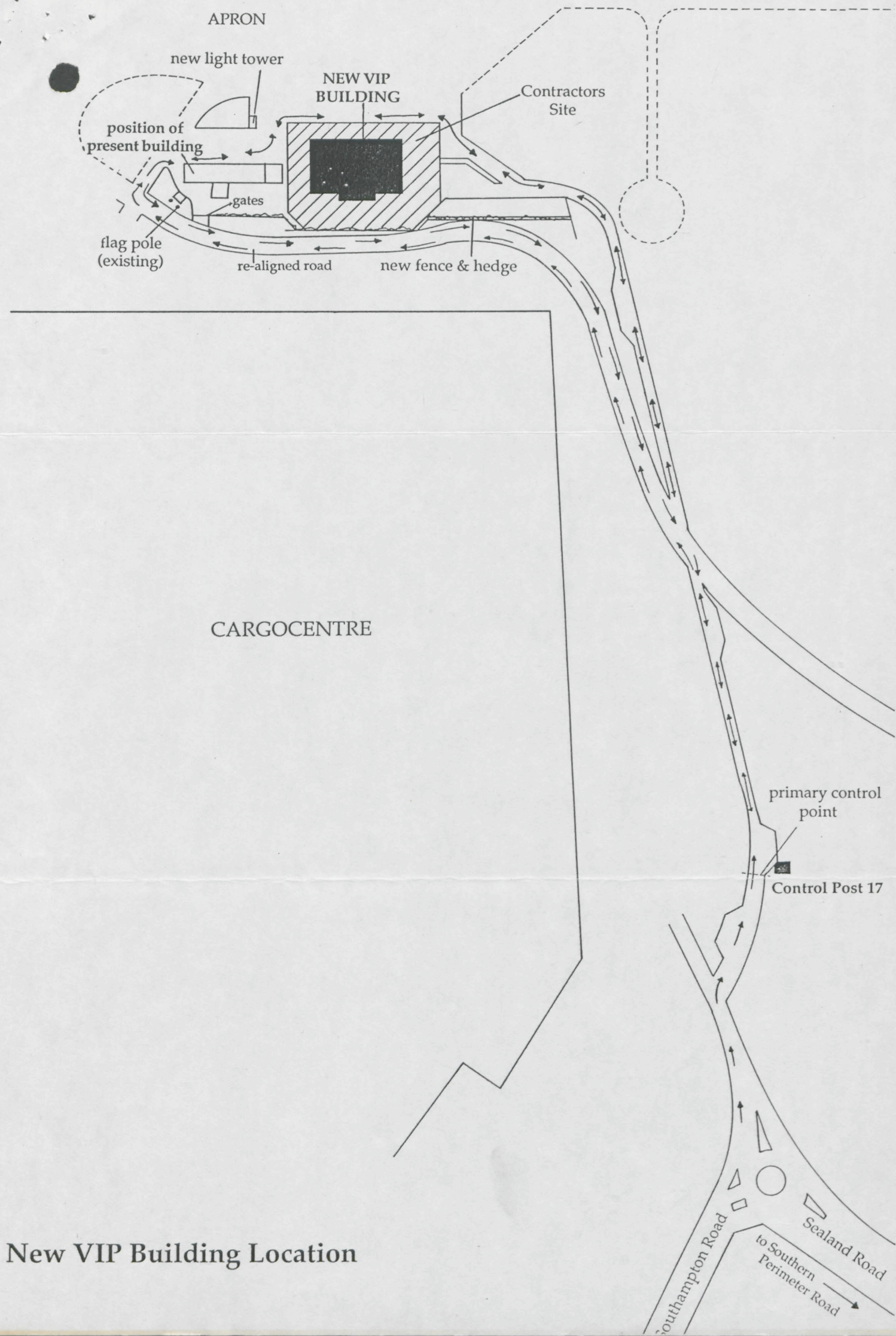
I am confident that, with your co-operation, we will be able to avoid significant difficulties and that we can look forward to operating from a larger, more modern and better equipped facility in the future.

If you have any queries about these temporary arrangements please do not hesitate to contact me.

Yours sincerely



R S BAXENDALE
Manager Special Facilities



New VIP Building Location

Aerospace

12 August 1981

Many thanks for the brochure about the
Perry Oaks Terminal, Heathrow Airport,
which you kindly sent to us.

As requested, I am now returning this.

A. C. [Signature]
Duty Clerk

Toby Jessel, Esq., M.P.,
H



perispare JD

cc: D/T

10 DOWNING STREET

THE PRIME MINISTER

7 August, 1981

Dear Harry,

Thank you for your letter of 19 July about the possibility of a fifth terminal at Heathrow.

As you know, the Government has made clear its view on several occasions that a fifth terminal should not be provided. However, I fully understand your concern about the recent developments in connection with the Stansted Inquiry, and in particular the submission by Uttlesford District Council of a planning application for a fifth terminal at Heathrow.

I understand that Toby Jessel and other MPs with an interest in Heathrow met the Secretary of State for Trade, John Biffen, on 30 July to discuss the matter and that he has written to them (and to you) to explain the position regarding the forthcoming Public Inquiry.

Yours ever

Raymond

Harry Greenway, Esq., M.P.

RH



10 DOWNING STREET

THE PRIME MINISTER

7 August, 1981

Dear Toby,

Thank you for your letter of 20 July about the Government's policy with regard to a fifth terminal at Heathrow. As you know, the Government has made clear its view on several occasions that a fifth terminal should not be provided.

I note your comments regarding the terms of reference of the Stansted Inquiry; but as you may be aware, objectors to the BAA's proposals have recently submitted planning applications for a fifth terminal at Heathrow and for a new airport at Maplin. These have been called in for consideration concurrently with the Stansted application and will of course have to be determined after the Public Inquiries.

You will appreciate that the normal planning procedures must be complied with, and in the circumstances the Secretaries of State concerned will need to consider the evidence submitted to the Inspector together with his conclusions and recommendations, before reaching a final decision.

I understand that you have discussed the matter with John Biffen on 30 July and that he has written to you explaining the position. I do appreciate your concern, but I am sure you will understand that it would be wrong for me to offer any comment which might prejudice the conduct of the Public Inquiries.

Toby Jessel, Esq., M.P.

Yours ever

James Callaghan

RH



10 DOWNING STREET

7 August, 1981

THE PRIME MINISTER

Dear John.

Thank you for your letter of 10 July about my reply to Toby Jessel in the Commons on 2 July on the question of non-commercial advertising by nationalised industries.

My reply was couched in general terms because, as you may recall, Toby Jessel's was one of several questions on advertising campaigns by nationalised industries; and although I was well aware that you intended to present your case to the Stansted Inquiry, I had no detailed knowledge of the nature of the British Airways campaign referred to by him.

I have now looked into the matter more closely as a result of your letter. Toby Jessel has drawn my attention to his previous remarks - in the Commons debate on airports policy of 23 February 1980 - on a campaign by British Airways to promote a fifth terminal at Heathrow. These related to the brochure "Heathrow Airport - Perry Oaks Terminal" issued in January 1980, shortly after John Nott's airports policy statement in which he made clear the Government's view that a fifth terminal should not be provided at Heathrow.

However, in the present circumstances, where a wide-ranging Public Inquiry into Stansted is about to be held, it is, of course, quite legitimate for BA, as for any other objector, to present a Statement of Case in support of an alternative site, and I would not wish to deter you from doing so.

/I have

Kth

I have noted your views regarding the provision of a fifth terminal at Heathrow as an alternative to development at Stansted and I have no doubt these will be carefully examined at the Public Inquiry. I hope you will understand that, in the circumstances, I cannot offer any comment at this stage; but I can assure you that the Government will take careful note of the Inspector's conclusions and recommendations in reaching its decisions.

Yours sincerely
Raymond Deakin

Sir John King



10 DOWNING STREET

THE PRIME MINISTER

*This is too much
for John King. A
press conference is not
advertising cost. When
was it started?*

Thank you for your letter of 10 July about my reply to Toby Jessel in the House of Commons on 2 July on the question of non-commercial advertising by nationalised industries.

First, ~~I would point out that~~ the Hansard extract attached to your letter does not do justice to the context *my reply*. You will see from the enclosed copy of Columns 1001 and 1002 that Toby Jessel's was one of several questions about advertising campaigns by nationalised industries, notably British Rail and British Gas. He drew my attention to British Airways' campaign for a fifth terminal at Heathrow. My reply was couched in general terms, without specific reference to British Airways, because I was well aware that you intended to present your case to the Stansted Inquiry, and I had no detailed knowledge at the time of the nature of your campaign.

However, I have looked into the matter more closely as a result of your letter. I have seen a copy of BA's booklet entitled "Heathrow Airport - Perry Oaks Terminal" which was issued in January 1980, barely a month after John Nott's airports policy statement in which he made clear the Government's view that a fifth terminal should not be provided at Heathrow, and before any arrangements had been made for the Stansted Public Inquiry. (I am also aware of the briefing issued by British Airways at the Press Conference on 4 June this year

*When was
John King
made
Chairman?*

/ to launch

to launch your Statement of Case for the Stansted Inquiry. I find it a little difficult to reconcile this with your assertion that BA have at no time spent money on advertising a campaign for a fifth terminal at Heathrow. However, I would not wish to deter you from presenting your arguments at the Inquiry in the same way as any other body objecting to the BAA's proposals. It is, of course, perfectly legitimate for you to do so.

I have noted your views regarding the provision of a fifth terminal at Heathrow as an alternative to development at Stansted, and I have no doubt these will be carefully examined at the Public Inquiry. I hope you will understand, that, in the circumstances, ^I ~~it would not be proper for me to~~ ^{can't} offer any comment at this stage, but I can assure you that the Government will take careful note of the Inspector's conclusions and recommendations in reaching its decisions.

Sir John King



10 DOWNING STREET

PRIME MINISTER

I attach a revised draft letter for you to send to Sir John King about Toby Jessel's question concerning British Airways advertising and Stansted. Sir John King did not take over as chairman of BA until February of this year, and we have accordingly toned down the letter as you suggested.

TL

6 August, 1981



From the Secretary of State

Tim Lankester Esq
Private Secretary
10 Downing Street
London, SW1

6 August 1981

Dear Tim,

... I attach an amended draft reply for the Prime Minister to send to Sir John King about British Airways' views on a fifth terminal at Heathrow which I hope is more appropriate.

Yours ever,

Nicholas McInnes

N McINNES
Private Secretary

DRAFT

Addressed to:

Sir John King
Chairman
British Airways
PO Box 10
Heathrow Airport (London)
Hounslow TW6 2JA

Originated by:
(Initials and date)

RJRA
6/8/81

Seen by:
(Initials and date)

Enclosures :

Type for signature of

Prime Minister
.....
(Initials and date)

DEPARTMENT OF TRADE AND INDUSTRY

Thank you for your letter of 10 July about my reply to
John Mr Jessel in the Commons on 2 July on the question of non-
commercial advertising by nationalised industries.

My reply was couched in general terms because, as you may
John recall, Mr Jessel's was one of several questions on advertis-
ing campaigns by nationalised industries; and although I was
well aware that you intended to present your case to the
Stansted Inquiry, I had no detailed knowledge of the nature
of the British Airways campaign referred to by *him* Mr Jessel.

I have now looked into the matter more closely as a result
of your letter. *John* Mr Jessel has drawn my attention to his
previous remarks - in the Commons debate on airports policy
of 23 February 1980 - on a campaign by British Airways to
promote a fifth terminal at Heathrow. These related to the
brochure "Heathrow Airport - Perry Oaks Terminal" issued in
January 1980, shortly after John Nott's airports policy
statement in which he made clear the Government's view that
a fifth terminal should not be provided at Heathrow.

(CONTINUE TYPING HERE)

File No.

XQ/1A/141

However, in the present circumstances, where a wide-ranging Public Inquiry into Stansted is about to be held, it is, of course, quite legitimate for BA, as for any other objector, to present a Statement of Case in support of an alternative site, and I would not wish to deter you from doing so.

I have noted your views regarding the provision of a fifth terminal at Heathrow as an alternative to development at Stansted and I have no doubt these will be carefully examined at the Public Inquiry. I hope you will understand that, in the circumstances, ^{I cannot} ~~it would not be proper~~ for me ~~to~~ offer any comment at this stage; but I can assure you that the Government will take careful note of the Inspector's conclusions and recommendations in reaching its decisions.



From the Secretary of State

Toby Jessel Esq MP
House of Commons
London, SW1A 0AA

4. August 1981

Dear Toby,

I was glad to see you and other Members with an interest in Heathrow on 30 July to hear your views about the arrangements for the forthcoming Inquiry into the proposed expansion of Stansted Airport and the alternatives that have been put forward.

I can well understand your concern about the proposals for a fifth Terminal at Heathrow submitted by some of the parties objecting to the development of Stansted. However, as I explained to you, this does not imply a change in the Government's policy. Indeed, other alternatives such as a new airport at Maplin or one at Severnside have also been put forward, although the Government has made clear that it would not favour such developments.

You may find it helpful if I remind you of the background and explain the current position regarding the Public Inquiry.

As you will recall, in his statement on airports policy of 17 December 1979, John Nott said:-



From the Secretary of State

"We have also given careful consideration to the possibility of constructing a fifth Terminal at Heathrow, on the Perry Oaks site, in order to increase still further the capacity of that airport. However, we estimate that it would take at least twelve years to complete such a project, and it would impose added burdens on the surrounding area; these considerations have led us to the view that a fifth Terminal should not be provided".

In his letter to you of 13 November 1980, which was issued as a Press Notice by my Department, Norman Tebbit, the then Parliamentary Under-Secretary of State for Trade, confirmed that the Government's view remained unchanged; and in reply to a Parliamentary Question by Kenneth Carlisle on 13 May 1981, I re-affirmed the Government's view that a fifth terminal at Heathrow should not be provided. I do not think this can leave you in any doubt about the Government's views on the matter.

However, I must emphasise that when we announced that a wide-ranging Public Inquiry would be held into the proposal to expand Stansted Airport, we made it clear that objectors would be able to put forward alternative sites if they so wished. This was reflected in the terms of reference for the Inquiry (the Rule 6 Statement) which lists among the points to be considered:-

"the need for the new terminal and associated developments and their proposed location at Stansted as opposed to any alternative location which may be put before the Inquiry".



From the Secretary of State

As you know, since these terms of reference were published there has been a further development. The proponents of a fifth terminal at Heathrow and of a new airport at Maplin have submitted planning applications for these developments which will also need to be determined. These applications have been called-in and public inquiries will be held into them concurrently with the Stansted Inquiry. It is envisaged that local sessions will be arranged near Heathrow and Maplin at suitable local venues to give objectors a full opportunity to make their views known to the Inspector.

I am sure you will understand that in the circumstances and bearing in mind that the final decision must be taken jointly by the Secretary of State for the Environment and myself, it would be improper for me to comment on the proposals before the Inspector or to prejudge the evidence which might be put forward at the Inquiry. In accordance with the planning procedures, we will need to consider very carefully the evidence submitted to the Inspector as well as his conclusions and recommendations, in reaching our decisions.

This does not of course prevent the Government from submitting evidence to assist the Inspector. As I mentioned to you at our meeting, my officials have already submitted a statement to the Inquiry setting out the Government's policy including our view on the provision of a fifth terminal at Heathrow, and they will be prepared to give evidence at the Inquiries to explain the Government's policy.

I hope the above comments have helped to clarify the position.

I am sending a copy of this letter to Harry Greenway, Barney Hayhoe, Carol Mather and to David Mellor.

John Biffen

JOHN BIFFEN



From the Secretary of State

Tim Lankester Esq
Private Secretary
10 Downing Street
London, SW1

Dear Tim,

I am replying to your letter of 10 July in which you asked for a draft reply for the Prime Minister to send to the Chairman of British Airways, Sir John King, who complained about her answer to Mr Jessel in the House of Commons on 2 July.

... As you will see from the attached Hansard extract, Sir John may have been misled by reading the exchange with Mr Jessel out of context, with the result that he has somewhat over-reacted. Nevertheless, his assertion that BA are not spending anything on advertising a campaign for a fifth terminal at Heathrow is a little disingenuous.

It is difficult to draw the line between advertising and public relations particularly now that BA are, quite legitimately, intending to appear as objectors at the Stansted Inquiry, but there is no doubt that they are spending considerable sums in promoting their case. Apart from the booklet they published early last year in support of a fifth terminal development which the Government had only recently rejected, they have been entertaining the local press, flying MPs to United States airports to show them how an airport larger than Heathrow can be operated, and making a considerable effort to persuade local authorities to support them at the Public Inquiry. In addition they have retained consultants to advise them on various technical aspects of their proposals for Heathrow and have retained Counsel to represent them at the Public Inquiry.

These activities, which can of course be costly, may not come out of BA's advertising budget, and are perfectly legitimate since objectors at the Stansted Inquiry will be able to put forward alternative solutions, such as Terminal 5. However, the Prime Minister may wish to be aware of the background against which the ... attached reply to Sir John King has been drafted.

... I am also enclosing draft replies to Toby Jessel's letter of 20 July ... which you asked me to submit at the same time, and to Mr Harry Greenway's letter of 19 July on the same subject.



From the Secretary of State

The Secretary of State saw Mr Jessel and other MPs with constituencies in the neighbourhood of Heathrow airport on 30 July and agreed to write to them (and Mr Greenway who was unable to attend) explaining the Government's position vis-a-vis the proposal for a fifth terminal.

... (I attach a copy of the letter which was sent.) In view of this, we do not think it is necessary for the Prime Minister to reply in any detail to Mr Jessel or Mr Greenway.

Yours ever,

Nicholas McInnes

N McINNES
Private Secretary

the present Cabinet indeed suggested that when there were 1.6 million unemployed the total amount of money spent on those matters was as much as £7 billion, so it must be nearly £15 billion now. One of the best ways to reduce the PSBR—

Mr. Speaker: Order. The hon. Gentleman must ask a question.

Mr. Skinner: One of the best possible ways to—
[Interruption.]—reduce the PSBR—

Mr. Speaker: Order. I think that that is the hon. Gentleman's way of asking a question. But he must try to get a question into it.

Mr. Skinner: Will the Minister confirm that one of the best ways of reducing the PSBR is to initiate a massive public works programme on the railways, the sewers and canals, and to introduce a 35-hour week without loss of pay, longer holidays, earlier retirement and measures of that kind which will—

Mr. Speaker: Order. That is enough to get on with.

Mr. Brittan: I can think of no more certain way to bring about economic disaster, if not collapse, than to carry out the policy recommended by the hon. Gentleman. He will recall that somebody who is not unsympathetic to the cause of general reflation estimated that if £4,000 million were spent on reflation the effect would be to reduce unemployment by only 100,000, without taking into account the extremely dangerous consequences for interest rates and our monetary policy that such a policy would entail.

Stamp Duty

Mr. Moate asked the Chancellor of the Exchequer what recent representations he has received about the level of stamp duties on house purchase.

Mr. Lawson: Suggestions for reductions in stamp duty on house purchase are regularly received from both private individuals and representative bodies, especially during the period when Budget proposals are being prepared.

Mr. Moate: Does my right hon. and learned Friend agree that there is no more justification for this tax on home ownership than there was for the tax on newspapers or on cheques? When my right hon. and learned Friend the Chancellor starts his regular discussions with me about his next Budget, will he give rather more priority to reducing the levels of stamp duty than he did in the last Budget?

Mr. Brittan: My hon. Friend will recall that we substantially increased the threshold for stamp duty and general stamp duty levels, and therefore reduced the incidence of stamp duty on house purchase in the 1980 Budget. I am sure, however, that my hon. Friend's representations about the 1982 Budget will be taken most seriously by my right hon. and learned Friend the Chancellor.

PRIME MINISTER

Nationalised Industries (Advertising)

Q1. Mr. Eggar asked the Prime Minister if she will seek powers to control the advertising expenditure of the nationalised industries.

The Prime Minister (Mrs. Margaret Thatcher): It is not my present intention to do so. Most nationalised industry advertising is of an ordinary commercial kind. The exceptions can be pursued through other channels.

Mr. Eggar: Has my right hon. Friend noted the disgraceful advertising campaigns mounted by the British Gas Corporation and British Rail, which clearly have political rather than commercial objectives? Is she aware that the British Gas Corporation's present campaign will cost £2 million? Does she agree that that is an unacceptable use of taxpayers' money and will she take steps to claw back that amount through the cash limits system?

The Prime Minister: I share my hon. Friend's distaste for some of the non-commercial advertising of both British Rail and British Gas, neither of which is commercial and which we believe in both cases was politically directed. My right hon. Friend the Secretary of State for Transport has made his views known to the board of British Rail and my right hon. Friend the Minister for Consumer Affairs has made her views known to British Gas. I believe that this is a wrong use of public money.

Mr. Joseph Dean: Will the Prime Minister explain how she intends to advertise the sale and hiving off of the Royal ordnance factories to the private sector when they are the most important component of the logistics of our Army today? Are the Government seriously suggesting that the private sector of the arms industry can be trusted to keep our Army supplied if the hour of need comes again?

The Prime Minister: A considerable number of firms in the private sector supply defence requirement to our Armed Services. There would be nothing unusual in adding to that number.

Mr. Jessel: Does my right hon. Friend agree that, although it is entirely right for British Airways to advertise for custom against other airlines, it is entirely wrong for it to use money to campaign for a fifth terminal at Heathrow and in doing so to be clearly against Government policy, as the Secretary of State for Trade has clearly stated that a fifth terminal should not be built at Heathrow?

The Prime Minister: The vast majority of advertising is commercial and is not only justified but necessary to get the business into the nationalised industries. I agree with my hon. Friend that anything other than commercial advertising is most undesirable.

Mr. Flannery: Does the Prime Minister accept that on the way here on the wretched railway line from Sheffield to London there are huge advertisements in the fields, painted in black letters on a white background, proclaiming "Choose Corby. It works"? Will she inquire who put those advertisements there—there are at least three of them—telling people to go to Corby because it works, when every hon. Member knows that the people of Corby are out of work and that the Government are doing nothing to put them into work?

The Prime Minister: Corby is an enterprise zone, and it seems to me that that is a legitimate advertisement.

Engagements

Q2. Mr. Chapman asked the Prime Minister if she will list her official engagements for Thursday 2 July.

File No. XQ/1A/141

DRAFT

Addressed to:

Sir John King
Chairman
British Airways

Copies to:

PS/Secretary of State
for Trade

Originated by:

(Initials and date)

ICD

31 July 1981

Seen by:

(Initials and date)

Enclosures:

Copy of Hansard
2 July, Cols 1001/2

Type for signature of

Prime Minister

(Initials and date)

DEPARTMENT OF TRADE AND INDUSTRY

Thank you for your letter of 10 July about my reply to
~~Mr~~ ^{Toby} Jessel in the House of Commons on 2 July on the
question of non-commercial advertising by nationalised
industries.

First, I would point out that the Hansard extract
attached to your letter does not do justice to the con-
text. You will see from the enclosed copy of Columns
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drew my attention to British Airways' campaign for a
fifth terminal at Heathrow. My reply was couched in
general terms, without specific reference to British
Airways, because I was well aware that you intended to
present your case to the Stansted Inquiry and I had no
detailed knowledge at the time of the nature of your
campaign.

(CONTINUE TYPING HERE)

File No.

XQ/1A/141

However, I have looked into the matter more closely as a result of your letter. I have seen a copy of BA's booklet entitled "Heathrow Airport - Perry Oaks Terminal" which was issued in January 1980, barely a month after John Nott's airports policy statement in which he made clear the Government's view that a fifth terminal should not be provided at Heathrow, and before any arrangements had been made for the Stansted Public Inquiry. (I am also aware of the briefing issued by British Airways at the Press Conference on 4 June this year to launch your Statement of Case for the Stansted Inquiry. I find it a little difficult to reconcile this with your assertion that BA have at no time spent money on advertising a campaign for a fifth terminal at Heathrow.) However, I would not wish to deter you from presenting your arguments at the Inquiry in the same way as any other body objecting to the BAA's proposals. It is, ^{of course,} perfectly legitimate for you to do so.

I have noted your views regarding the provision of a fifth terminal at Heathrow as an alternative to development at Stansted and I have no doubt these will be carefully examined at the Public Inquiry. I hope you will understand that, in the circumstances, it would not be proper for me to offer any comment at this stage, but I can assure you that the Government will take careful note of the Inspector's conclusions and recommendations in reaching its decisions.

DRAFT

Addressed to :

Toby Jessel Esq MP
House of Commons
London SW1

File No. XQ/1A/146

Copies to :

PS/Secretary of
State for Trade

PS/Secretary of
State for the
Environment

Originated by:
(Initials and date)

ICD
31.7.81

Seen by:
(Initials and date)

Enclosures :

Type for signature of

.....Prime Minister.....
(Initials and date)

DEPARTMENT OF TRADE AND ~~INDUSTRY~~

Thank you for your letter of 20 July about the Government's policy with regard to a fifth terminal at Heathrow. As you know the Government has made clear its view on several occasions that a fifth terminal should not be provided.

I note your comments regarding the terms of reference of the Stansted Inquiry; but as you may be aware, objectors to the BAA's proposals have recently submitted planning applications for a fifth terminal at Heathrow and for a new airport at Maplin. These have been called in for consideration concurrently with the Stansted application and will of course have to be determined after the Public Inquiries.

You will appreciate that the normal planning procedures must be complied with, and in the circumstances the Secretaries of State concerned will need to consider

(CONTINUE TYPING HERE)

File No.

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I understand that you have discussed the matter with
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to you explaining the position. I do appreciate your
concern, but I am sure you will understand that it
would be wrong for me to offer any comment which might
prejudice the conduct of the Public Inquiries.

DRAFT

Addressed to:

Harry Greenway Esq Mp
House of Commons
London SW1

Copies to:

PS/Secretary of
State for Trade

Originated by:

(Initials and date)

ICD
31.7.81

Seen by:

(Initials and date)

Enclosures:

Type for signature of

.....Prime Minister.....
(Initials and date)

DEPARTMENT OF TRADE AND INDUSTRY

Thank you for your letter of 19 July about the possibility of a fifth terminal at Heathrow.

As you know, the Government has made clear its view on several occasions that a fifth terminal should not be provided. However, I fully understand your concern about the recent developments in connection with the Stansted Inquiry, and in particular the submission by Uttlesford District Council of a planning application for a fifth terminal at Heathrow.

I understand that Toby Jessel and other MPs with an interest in Heathrow met the Secretary of State for Trade, John Biffen, on 30 July to discuss the matter and that he has written to them (and to you) to explain the position regarding the forthcoming Public Inquiry.



Aerospace

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

31 July 1981

The Rt. Hon. John Biffen MP
Secretary of State for Trade

*Wm
328*

John Biffen

FORECASTS OF AIR TRAFFIC

You wrote to me on 20 July, drawing the Prime Minister's and my attention to the pessimistic Gdp figures which could well emerge from the air traffic figures which you are drawing up for the Stansted inquiry.

I understand that while you will provide air traffic forecasts for quinquennial periods up to the end of the century, you will only reveal the Gdp figures consistent with them for the first five years and for the period as a whole. You would, I understand, set them out as illustrated scenarios, drawn, so to speak, with felt tip pens, of what could happen on the basis of pessimistic and optimistic views of the course of future economic development. This seems to me to be right. We cannot forecast that far ahead, and it is important to give a range which is sufficiently wide to encompass the main uncertainties relevant to the issue in question, while avoiding the spurious accuracy in the use of numbers.

I agree with you that the pessimistic scenario results paint a picture of continuing austerity. But it seems to me that it would be wrong to deny that this could happen. Also, one could argue that the optimistic scenario paints a rosy picture, where we, and the rest of the world, somehow recover the performance of the post-war boom - a boom which we know went together with policies which reduced the supply potential, not only of the UK economy, but more widely. So I conclude that we must continue to use the figures in the fourth paragraph of your letter while, as you propose, avoiding drawing too much attention to any Gdp assumptions. We might counter those who point to the pessimism at the bottom of the range, with the optimism which underlies the figures at the top.

Geoffrey Howe

GEOFFREY HOWE

File

4/8

Harry GREENWAY MP

23 July 1981

I enclose a letter which the Prime Minister has received from Harry Greenway MP about the possibility of a fifth terminal at Heathrow.

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

M. A. PATTISON

John Rhodes, Esq.,
Department of Trade.

John

File

889

23 July 1981

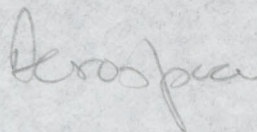
I am writing on behalf of the Prime Minister to thank you for your letter of 19 July about the possibility of a fifth terminal at Heathrow.

I will place your letter before the Prime Minister and a reply will be sent to you as soon as possible.

M. A. PATTISON

Harry Greenway, Esq., M.P.

8-8



21 July 1981

I am writing on behalf of the Prime Minister to thank you for your letter of 20 July, about further development at Heathrow. I can confirm that, as we discussed last week, the Prime Minister will not be replying to Sir John King until she has considered your letter. I shall place it before her as soon as she returns from Ottawa.

MAP

Toby Jessel, Esq., M.P.



10 DOWNING STREET

NOTE FOR THE FILE

Mr. Jessel wants us to
send his glossy brochure
back.

MAP

21 July 1981

Returned 12/8/81

A. Logan to Tshy Jemel 12.8.81 ref.



10 DOWNING STREET

PRIME MINISTER

Here is the letter which
Toby Jessel promised to write
about renewed talk of a fifth
terminal at Heathrow.

I am asking the Department
of Trade to let you have draft
replies both to Mr. Jessel
and to Sir John King.

MD

mb

21 July 1981

~~Kay~~
~~Do you have the~~
~~John King letter?~~
~~28/7~~



he B

10 DOWNING STREET

From the Private Secretary

21 July 1981

I wrote to you on 15 July, about Sir John King's letter of 10 July to the Prime Minister on the subject of a fifth terminal for Heathrow.

B/P ✓
We have now received the promised letter from Mr. Toby Jessel, MP, and I enclose a copy. I should be grateful if you could arrange for draft replies to Mr. Jessel and Sir John King to be submitted together. I hope that it will be possible for this to reach us by 2 August.

Mr. Jessel has copied his letter to the Secretary of State for the Environment, and I am therefore sending a copy of this letter, together with my earlier letter to you and the enclosures, to David Edmonds (DOE).

M. A. PATTISON

John Rhodes, Esq.,
Department of Trade.

2



HOUSE OF COMMONS
LONDON SW1A 0AA

20th July 1981

My dear Prime Minister;

Government Policy against a Fifth Terminal
at Heathrow

You mentioned Sir John King had written to you concerning British Airways campaign against Government policy not to have a Fifth Terminal at Heathrow. I have not seen Sir John's letter. It could have flowed partly from my Question to you on 2nd July (col 1002). You kindly said you would consider my points before replying to him.

Aircraft noise remains a most sensitive issue in constituencies under Heathrow flight paths. I know colleagues such as Barney Hayhoe, Anthony Royle, David Mellor and Harry Greenway will bear me out. There was much local hostility even to the construction of a Fourth Terminal.

The Government's airport policy was announced by John Nott, then Secretary of State for Trade in a statement on 17th December 1979, and in the Airports Policy Debate on 21st February 1980. It was a package. Stansted could be expanded. At Heathrow there would be a Fourth Terminal but not a Fifth. Norman Tebbit confirmed this with a Press Statement on 13th November 1980 which I enclose.

The Government's policy against the Fifth Terminal is fully endorsed by the British Airports Authority, which owns Heathrow. The BAA is, on operational grounds, strongly against a Fifth Terminal.

But now an appearance of doubt has been cast since:-

1. British Airways is openly campaigning for a Fifth Terminal against Government policy.

2. Either the Department of the Environment or the Inspector (I am not sure which) has decided to allow the Public Enquiry into the expansion of Stansted to consider alternatives, including a Heathrow Fifth Terminal.

That turns the Stansted enquiry into another one about Airport policy generally.

In my view, it would have been better if the terms of reference of the Stansted Inspector, when enquiring into planning permission at Stansted, had concentrated on Stansted local aspects, and had excluded any specific consideration of a Heathrow Fifth Terminal which could arouse around Heathrow fears which I hope are unfounded.

To allay any such fears now, I shall be grateful if the Government will make it clear that anything said to or by the Stansted Inspector in his local planning enquiry, in no way binds the Government concerning the Heathrow Fifth Terminal on which the Government intend to stand by its policy which has been announced. Of course the process of handling planning applications is an entirely different matter from basic airport strategy.

As to the position of British Airways in this, they produced the enclosed glossy pamphlet* a year ago but it was withdrawn after the Debate here on 23rd February 1980. However, they have since continued to expend staff time and other costs, in seeking to reverse Government policy against the Fifth Terminal. I see no difference in principle between campaigning by advertising and campaigning in other ways. As to the ethics of this, I feel I cannot do better than to quote my speech in the Debate on 23rd February 1980:-

"I deplore the campaign by British Airways on this matter. I say that as one who is second to none in his admiration for British Airways. It is one of the finest airlines in the world. I travel quite frequently on it, and many of my constituents work for it. I have met several members of the Board, whom I personally admire. That is why I was astonished to receive.....a glossy pamphlet produced by British Airways....I immediately turned to the part referring to aircraft noise, where it was stated that if there was a Fifth Terminal at Perry Oaks there would be no significant increase in aircraft noise. That is not good enough. We need a substantial diminution in noise....."

"I wonder whether I am alone in feeling that it is wrong for the boards of nationalised industries to spend large sums of public money producing glossy leaflets to campaign on policy issues. It is not their province; it is for Parliament and Government to set the framework within which these industries operate. British Airways would be the first to accept rules on traffic and safety control just as there are rules on safety in factories. Surely Parliament has a duty to set limits to aircraft noise."

"It is the job of Parliament and Government to balance commercial interests, whether nationalised or private, with the peace, health and quiet of people. It is the duty of a nationalised board, such as that of British Airways, to accept the framework set out by Government and Parliament and not themselves to bang about on policy issues. British Airways must do the best that they can within the framework set out by Parliament and Government".

The "glossy leaflet" was topical. The point of principle about campaigning remains.

I have expressed my deep concern to John Biffen who kindly offered later this month to see me (though of course these matters overlap with the Department of the Environment). I may also be raising the matter on Thursday, either on the Consolidated Fund or the Summer Adjournment Debate.

I am copying this letter to John Biffen, Michael Heseltine, Anthony Berry and colleagues with constituencies near Heathrow.

Yours ever
Toby Jessel

Toby Jessel

The Rt. Hon. Mrs. Margaret Thatcher, M.P.,
Prime Minister,
10 Downing Street,
London, S.W.1.

*This is my only copy. I shall be grateful if it could be returned.



DEPARTMENT OF TRADE

1 Victoria Street, London SW1H 0ET

Press Office: 01-215 5061

Out of hours: 01-215 7877

Ref 579

Press notice

November 13 1980

GOVERNMENT REAFFIRMS NO FIFTH TERMINAL AT HEATHROW

Mr Norman Tebbit, Parliamentary Under Secretary of State for Trade, has reaffirmed the Government's view that a fifth terminal should not be provided at Heathrow.

In a letter to Mr Toby Jessel MP (Twickenham) Mr Tebbit states:

"I am quite happy to confirm that the Government's view remains as set out in the statement made on 17 December by the Secretary of State that a fifth terminal at Heathrow should not be provided. As the background briefing provided to the House of Commons at the time made clear, the Government looked at this option before making its views on Stansted known. It stated that:

"The only site possible for a fifth terminal is Perry Oaks, at present the site of a Thames Water Authority sewerage sludge disposal works, which would have to be relocated. The cost of such a terminal would have to include expenditure on relocating this facility and the lead times (which it is estimated would be at least 12 years) would have to include the planning procedures and construction period required for such a relocation. Moreover there would be no room for further expansion in due course. There would also be serious consequences for the environment of the area around Heathrow. The Advisory Committee point out that a fifth terminal at Heathrow would not obviate the need for the construction of additional airport capacity in the long run."

"In view of these problems and the major environmental effects such a proposal would cause to a very large number of people the Government concluded that this option should not be pursued."

"In fairness, however, I should make it clear that the Government has also given a commitment that the public inquiry to be held in to the proposals for the expansion of Stansted will be wide-ranging and will give an opportunity for people to put forward alternatives to Stansted. The nature of the alternatives that may be put forward is not, of course, in the hands of the Government, and I cannot guarantee that the question of a fifth terminal at Heathrow will not be an issue at the Stansted inquiry."



From the Secretary of State

CONFIDENTIAL

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer
HM Treasury
Treasury Chambers
Parliament Street
London, SW1P 3AG

1 Mr Lamhermer R
2 Prime Minister 2

To be aware of the
somewhat sombre assumptions
in economic growth that the
Department of Trade have been
using to revise their forecasts
of air traffic. Their assumptions
will shortly become public.

20 July 1981

Dear Geoffrey,

FORECASTS OF AIR TRAFFIC

At the end of 1979 the Cabinet took a number of decisions about airports policy, based on reports from two bodies chaired by officials of my Department - the Advisory Committee on Airports Policy and the Study Group on South East Airports, which had been working for most of that year on the problem of airport capacity in the South East. In connection with their work the Department of Trade carried out an exercise to forecast the likely course of demand for air travel during the rest of this century.

As you know one of the decisions taken was that Stansted Airport should be developed progressively to cope with growth in demand beyond the end of this decade, when Heathrow and Gatwick will have reached the limits of their capacity. A public inquiry into the British Airport Authority's proposals for the first phase of expansion of Stansted is due to commence in September. This means that by the time it is in progress, the forecasting work underlying the 1979 assessments will be over two years old, and we shall be expected to provide the inquiry with more up-to-date figures. Hence work has been in progress in my Department for about a year to improve the forecasting model, to adapt it to take into account more recent data on actual traffic flows, and to produce a new series of forecasts using up to date assumptions about the various determinants of traffic volume.

CONFIDENTIAL



From the Secretary of State

CONFIDENTIAL

An important input into the forecasting model is the expected rate of growth of gross domestic product in this country, and also in the other main groups of countries involved in civil aviation. As in the previous exercise, we have tried to identify a range within which air traffic demand is likely to fall, using respectively "optimistic" and "pessimistic" assumptions about growth of GDP and other inputs, such as oil prices. For these we have drawn on the work of the inter-departmental group of economists chaired by your Deputy Chief Economic Adviser, which was set up to prepare long-term economic assumptions for general use in Whitehall as a means of avoiding inconsistency between forecasts relating to different sections of the economy.

Although our detailed work is undertaken by one of the Economics and Statistics Divisions of the Departments of Trade and Industry, the work is overseen by a group, chaired by my Department, which includes representatives of a number of outside bodies interested in the subject. These include the British Airports Authority, British Airways, the Civil Aviation Authority, and the Standing Conference on London and South East Regional Planning. We shall shortly be in a position to issue the results of the exercise to this Working Party. When we do so, we shall indicate (as in the previous exercise) the values we have used for the various economic assumptions, though we do not propose to set them out in as much detail as was done in the 1979 report. For the period 1980-2000 as a whole we are assuming, in line with advice from Mr Byatt's group, a range of $\frac{1}{2}\%$ to $2\frac{1}{2}\%$ per annum for growth in United Kingdom GDP; and for the first five years, 1980-1985, a range of zero to 2%. These numbers are, I believe, known to Nigel Lawson.

CONFIDENTIAL



From the Secretary of State

CONFIDENTIAL

When the figures are given to the Forecasting Working Party, because of the outside membership I have quoted above, they will effectively become public knowledge. They are certainly likely to become quickly known to the local authorities interested in Stansted, some of whom are opposed to the project. We shall, of course, be expected to publish them formally in connection with the Stansted Inquiry. Because the case for Stansted rests above all on judgments about the development of future demand, and because it is a very controversial development, the figures will probably receive a good deal of attention and scrutiny in the Press. The comment is likely to be directed in the main at the output of the model, in terms of numbers of passengers wanting to travel, but the assumptions on which they are based may also receive some publicity. As the "pessimistic" assumptions we are using paint a somewhat sombre picture, I thought you and the Prime Minister, to whom I am copying this letter, would wish to know in advance about these forecasts.

Yours
John Biffen

JOHN BIFFEN

CONFIDENTIAL

cc: M. G. W.

From: HARRY GREENWAY, M.P.

R23



HOUSE OF COMMONS
LONDON SW1A 0AA

July 19th., 1981.

The Rt. Hon. Margaret Thatcher, M.P.
Prime Minister,
10, Downing St., S.W. 1.

Dear Margaret,

Re. The possibility of a 5th. terminal at Heathrow.

I am writing to say how pleased the people of Ealing are with government policy - recently reaffirmed - that there shall be no 5th. terminal at Heathrow Airport, having allowed a 4th. one.

May I say how anxious we all are for the government to stick to its declared policy in this matter despite the pressure I fear you all to be under.

Yours ever,

Harry.

[Signature line]



Aerospace

10 DOWNING STREET

From the Private Secretary

15 July 1981

X
I believe that Tim Lankester has already written to you commissioning a draft reply for the Prime Minister to send to Sir John King's letter of 10 July about British Airways' views on the idea of a fifth terminal at Heathrow. I enclose an extra copy of Sir John King's letter for ease of reference. Mr. Toby Jessel MP is aware of this correspondence, and has now had a word with the Prime Minister about it. She has undertaken to Mr. Jessel that she will not reply to Sir John King until she has received a further letter from him, which I expect early next week. We will forward this to you as soon as it is received.

In the meantime, Mr. Jessel has referred us to his speech in the debate on airports policy which took place early in 1980. I understand that his letter is likely to restate the views he set out there. Whoever is preparing a draft reply for the Prime Minister to send to Sir John King might usefully take a look at that.

M. A. PATTISON

John Rhodes, Esq.,
Department of Trade.

File

059

10 July 1981

I enclose a copy of a letter which the Prime Minister has received from the Chairman of British Airways in which he complains at the Prime Minister's Answer to Toby Jessel last week about BA using advertising money to campaign for a fifth terminal at Heathrow. Sir John King also argues BA's case for a fifth terminal and against moving to Stansted.

I should be grateful if you could let me have a draft reply which the Prime Minister might send to Sir John King, to reach this office by Friday 17 July.

I. P. LANKESTER

John Rhodes, Esq.,
Department of Trade.



Aerospace
2

10 DOWNING STREET

PRIME MINISTER

Sir John King writes complaining at the possible implication in your Answer to Toby Jessel last week that you agreed that British Airways were using advertising money to campaign for a fifth terminal at Heathrow. He takes the opportunity also of arguing BA's case for the fifth terminal, and against their moving any of their services to Stansted.

I will get a draft reply from the Department of Trade for you to send to Sir John King.

[Handwritten signature]

[Handwritten initials]

10 July 1981



British Airways Head Office

PO Box 10
Heathrow Airport (London)
Hounslow TW6 2JA
Telephone: 01-759 5511
Telegrams: Britishair

Chairman: Sir John King

10th July 1981

The Prime Minister,
The Rt. Hon. Mrs. Margaret Thatcher, MP.,
10, Downing Street,
London S.W.1.

Dear Prime Minister
attached

I have read Mr. Jessel's question to you in the House on July 2nd (Hansard; page 1002) and write to assure you that at no time have British Airways spent money on advertising a campaign for a fifth terminal at Heathrow and do not propose to do so in the future.

However, we are in favour of a fifth terminal and have made public our intention to oppose the development of Stansted at the Public Inquiry due to commence in October. Our decision to object was not made lightly but we believe absolutely that to build a fifth terminal at Heathrow is both in the national interest and a commercial necessity for British Airways.

London is internationally considered the Gateway to Europe and this position undoubtedly would be prejudiced if the interline service was further diversified from Heathrow. In addition, it is estimated that the movement of some British Airways services to Stansted would, at 1979 prices, cost the Airline an additional £150M per annum in operating costs.

Apart from our objections as the operators of Britain's national carrier I think you will be interested to know that we believe that the total expenditure required to develop Stansted to the levels proposed will cost some £869M against £324M for the building of the fifth terminal. Again, these are 1979 prices and do not include the cost to airlines of building hangars and cargo terminals etc.

All expenditure undoubtedly will affect the travelling public in that the costs of such airport development will, under present policy, be recouped by the British Airports Authority through additional landing charges, which are already the

...2/

The Prime Minister,
The Rt. Hon. Mrs. Margaret Thatcher, MP.,

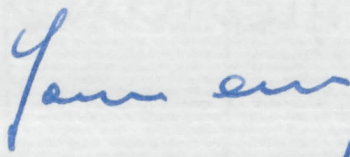
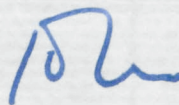
10th July 1981

- 2 -

highest in the world. In this context Gatwick has yet to make a profit.

My policies must be directed towards those which give me the best commercial opportunity of producing a viable and profitable airline which would be attractive to the private investor and no longer dependant upon the State.

Forgive me for writing at such length when you have so many other wretched problems to deal with.


John King 

File 215
10 July 1981

I am writing to acknowledge your letter of 10 July, which I have placed before the Prime Minister. A reply will be sent to you as soon as possible.

T. P. LANKESTER

Sir John King.

Hansard Extract of 2 July 1981

Mr. Jessel: Does my right hon. Friend agree that, although it is entirely right for British Airways to advertise for custom against other airlines, it is entirely wrong for it to use money to campaign for a fifth terminal at Heathrow and in doing so to be clearly against Government policy, as the Secretary of State for Trade has clearly stated that a fifth terminal should not be built at Heathrow?

The Prime Minister: The vast majority of advertising is commercial and is not only justified but necessary to get the business into the nationalised industries. I agree with my hon. Friend that anything other than commercial advertising is most undesirable.

CONFIDENTIAL

Aeroplane

Ref. A0832

PRIME MINISTER

Heathrow - Fourth Terminal

(E(79) 70)

BACKGROUND

This paper, which should be taken immediately after the discussion on the third London airport, illustrates the mounting difficulty of securing public acceptance for any new airport development. But it also poses an immediate operational question on which decisions must be taken. There is a disagreement between the Secretaries of State for the Environment and for Trade, which has to be resolved.

2. The Inspector, who has just finished his enquiry into the Heathrow fourth terminal proposal, has reluctantly recommended that approval should be given for a terminal in the South East corner of the airport, but with certain conditions attached. The Secretary of State for the Environment broadly supports him. The Secretary of State for Trade believes these restrictions are unnecessary, because of the imminent arrival of quieter aircraft.

HANDLING

3. You might start by calling for statements from the two Secretaries of State concerned. Thereafter, you might take the Committee through the main questions posed:

- (i) Should a fourth terminal be built at all? Discussion of the previous paper, about the third London airport, should have made it clear that there will have to be a fourth terminal at Heathrow, and that the alternatives - more rapid development of Stansted, or two runways at Gatwick - are even more unacceptable.
- (ii) Should any conditions be attached to approval? The issue here is not really one of principle: it depends on the difference which will be made by the elimination of night flying by noisier aircraft by the mid-1980s. Mr. Nott also argues that to accept restrictions in this case would make a decision on the third London airport even harder.

CONFIDENTIAL

(iii) If restrictions are acceptable in principle, what form should they take?

There are two separate proposals: to limit the number of flights, and to restrict night-time taxiing. These are free-standing: either or both sets of conditions could be attached. If anything, the case for a constraint on the use of capacity seems rather stronger than the case for a total ban on night-time taxiing.

CONCLUSIONS

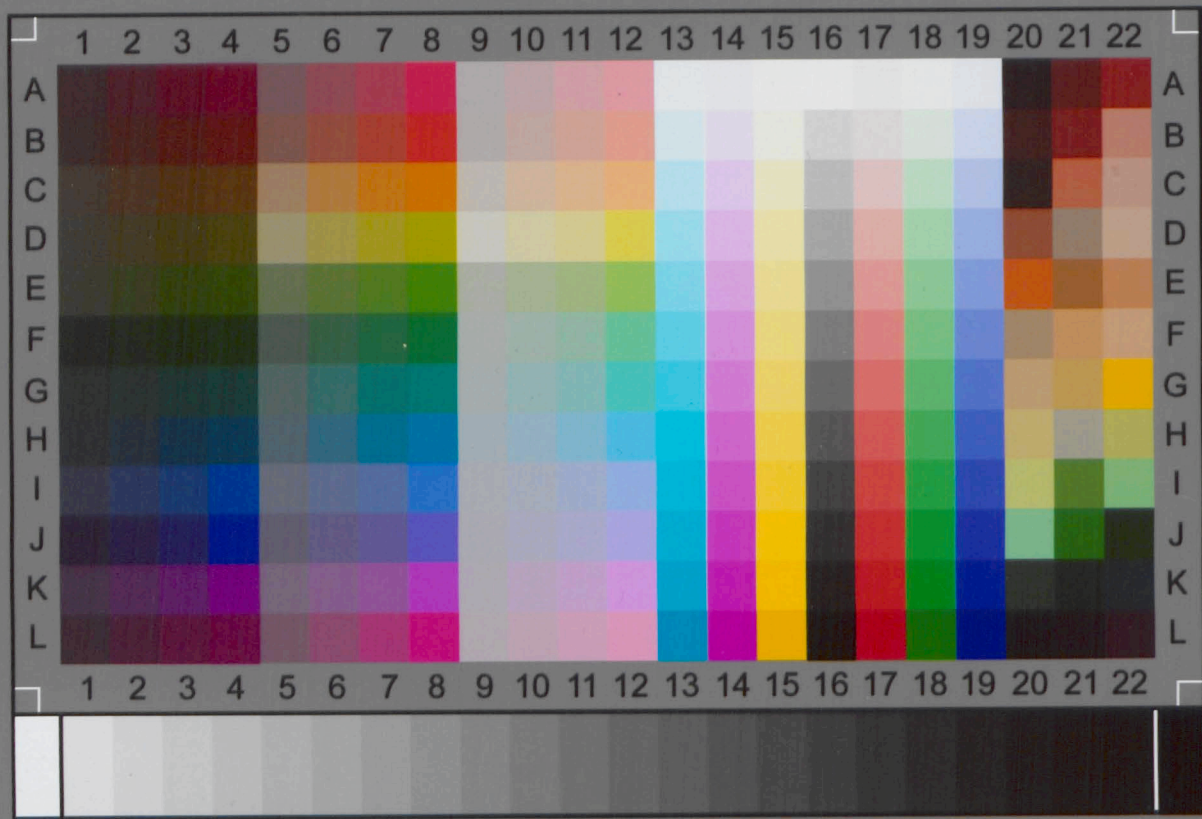
4. It may be that the Committee will accept that there needs to be a fourth terminal. You will also need to record conclusions on:

- (i) Whether the Committee accepts in principle the case for attaching conditions to planning approval.
- (ii) The particular constraints which it considers should be applied.

MR.
R

ROBERT ARMSTRONG

3rd December, 1979



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